

FOR A LIBERAL AND DEMOCRATIC EUROPE



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For a Liberal and Democratic Europe

As a great statesman once said, parliamentary democracy is the worst possible system of government – except for all the others which have ever been tried. Liberals and Democrats, profoundly believing this to be true, want to preserve and strengthen the democratic systems of government we are accustomed to and to see their principles applied to the functioning of the European Community itself.

These two objectives are closely interconnected. Indeed, the move from Community to a Union of states and peoples upholding parliamentary democracy, the rule of law and human dignity may well prove decisive in saving our democracies from complete collapse under the tremendous pressures to which they are exposed.

In June 1984, EC citizens will be called to the polls again. The atmosphere surrounding the European elections is one of crisis, uncertainty and scepticism. At home, our economic and social fabric is strained especially as there is no evidence that economic recovery is bringing a commensurate reduction in unemployment. Abroad the international scene looks more threatening than it has done since the end of the second World War. Europeans are concerned about their economic prospects and full of anxiety about the future. Under these conditions, some of the basic assumptions which have governed our policies for many years are sometimes called into question: Is it right for our countries to remain part of the collective security system embodied in the Atlantic Alliance? Is it right to remain part of the European Community, thus exposing ourselves to the economic competition of others? Can the Community still serve a useful purpose? Or should we lock ourselves in again within our familiar national borders, looking inwards rather than outwards and hoping that the evils of this world will somehow go away, or at least visit our next-door neighbour rather than ourselves?

In recent years, the image presented by the European Community has been less than inspiring. The economic crisis, coming at a time when the process of integration within the Community was still far from completed, has often led the governments of our Member States to seek refuge in the revival of traditional protectionist behaviour, thus forcing the Community into the defensive. The common Institutions were kept weak and the influence of national bureaucracies continued to grow. Thus, the decision-making process stagnated, which in turn increased national temptations to «go it alone».

We European Liberals and Democrats see in our present troubles not only a cause for concern, but also great chances and opportunities for recovery and renewal. Our present difficulties sometimes lead us to forget how important the Community's achievements have been and still are, and how great the possibilities it offers for the future.

Wars between our member nations which have marked European history for many centuries, have become unthinkable. The founding of the European Community has inaugurated a period of economic prosperity and social progress unparalleled in our history. In spite of its failings and imperfections, the Community has transformed the European scene. Its disappearance is difficult to imagine other than as a source of great danger. The disintegration of the European Community and the wave of economic and political nationalism which would be sure to follow, would be a disaster of the first magnitude for us all. The free flow, first of goods, then of persons and perhaps ultimately of ideas across our frontiers would be greatly reduced. The economic and social crisis would deepen even further and generate a political climate in which our free and democratic institutions could find it increasingly difficult to flourish.

Not only Europe itself, but the world feels the need for a strong and effective European Community. On the world scene, the Community bears great responsibilities. It must be a factor for peace, progress and stability: for peace, by using its influence within the Atlantic Alliance to which it must continue to belong, towards balanced disarmament and the reduction of the threat of war; for progress, by its continued efforts to contribute to economic development and trade, for stability, by striving to avoid unnecessary polarisation.

It is clear, therefore, that our Community must be gradually strengthened and developed. Europe needs its own strong industrial base, in order to provide employment for our peoples, face the competition of others and contribute to world economic progress. The creation of such a «common market» was one of the principal aims of the Community when it was founded. Considerable progress has been made since then, but much remains to be done.

The European Community was founded to serve its citizens, not to become the toy of politicians or bureaucrats. It was created to provide Europeans with a wider horizon than the national environment which had become too narrow: the free flow of persons, goods and services would add a new dimension to our economic, social and political activities. We must not allow our present economic difficulties to halt the impetus of this process.

We must mobilize the many forces which operate in favour of cooperation and integration in a liberal and democratic spirit.

In the following pages we set out our programme with regard to what has to be done and how it could be achieved. It is based on the liberal and democratic principles of freedom, individual responsibility and tolerance. We believe these principles to be vital to a European society drawing much of its strength from its diversity and its plurality.

At the same time, liberal principles ensure the flexibility a society needs in order to respond to necessary changes. We reject dogmatic ideologies or well-intentioned, all-pervading bureaucracies which create rigid structures destined to become conservative, intolerant, resistant to change and an obstacle to peaceful evolution.

The life of the first directly elected European Parliament is nearing its end. This Parliament has had to function in particularly difficult conditions; even more than other Community Institutions it has suffered from the worsening atmosphere which the economic crisis has generated. Nevertheless, it has been able to maintain itself and to prepare the ground for future development. It has used its present powers with regard to the budget wisely and to the full. It has strengthened its grip on the preparation of Community legislation. It has established that it cannot be prevented from openly debating the problem of peace and security about which many millions of our citizens are gravely concerned. It has outlined proposals for the future development of the Community and its institutions, a subject which will become more and more pressing in the coming years. It has not performed miracles, but it has laid the groundwork for its successors to build on.

In all this, the members elected by our parties in 1979 have played a major part. They have formed a coherent group, acting not along national lines but on the basis of our common liberal and democratic ideals.

In December 1983, the parties adhering to the Federation of Liberal and Democratic Parties of the European Community adopted a common programme to put before the electorate. We believe that its underlying principles and the practical proposals it contains correspond to the needs of the Community's states and peoples in the 1980s. The candidates standing for each of our member parties are pledged to defend these principles and proposals. Liberals and Democrats throughout the Community stand united to fight for what they believe in.

A. From European Community to European Union: a democratic order based on freedom, human rights and the rule of law

I. The functioning of the European Community and its institutions.

- 1. More than ever before, the Community needs a decision-making machinery which renders it capable of acting decisively on behalf of the states and peoples whose interests it serves.**

The economic crisis and the decline of our industrial strength have made abundantly clear that the EC institutions are not functioning as they should. National governments and bureaucracies dominate the process of decision-making at the expense of both Commission and Parliament so that common decisions are often not arrived at. It is necessary to break the present deadlock in decision-making in order to get the Community moving again and to overcome the urgent problems of economic stagnation and unemployment. Furthermore, without a marked improvement in the decision-making process it must be feared that the machinery will grind to a complete halt when the Community is further enlarged to include Spain and Portugal.

- 2. The Community's Treaties have created the institutions which remain the basis on which we must work. But as the scope of Community activity broadens to cover all matters where joint action is appropriate, so must the powers of the institutions be increased. We must improve the working of the Community as a democratic representative system.**

Liberals and Democrats oppose the idea of a centralized European super-state. The Community is not a nation state writ large. Its Institutions cannot be compared to those we have in each of our Member States; they are highly original and correspond to the specific needs and circumstances accompanying the Community's development. Their basic structure is sound, reflecting as it does a proper division of functions between the Commission, an independent body acting as the motive force behind the integration process and as the guardian of the Treaty obligations, the Council, in which the governments of the Member States as such are represented, the Parliament, which brings together the directly elected representatives of our peoples, and the Court of Justice which ensures the correct application of Community law. But what has gone wrong is that among the Institutions the Council has become too dominant, whilst at the same time suffering from internal paralysis. This has to be changed and a better balance struck.

- 3. In the interest of the Community and its states and peoples, the Council must take its decisions by a majority vote in those cases where the Treaties so provide. Although the Member States must be given the possibility of invoking their essential interests in specific cases, it is nevertheless unacceptable that Community action should be blocked by their doing so. The practice of unanimity is contrary to the Treaties, does great harm to the Community and cannot continue in its present form.**

A return to a correct application of the Treaties with regard to voting in the Council will help to restore the proper independent role of the Commission. At the same time, the influence of the Parliament must be strengthened,

both to ensure that decisions are in fact taken and to establish proper democratic control over Community policies.

- 4. As a matter of urgency, legislative authority in the Community must be exercised jointly by Parliament and Council. In addition, Parliament must be given a real say in the appointment of Commissioners by having the power to consent, or withhold consent, to each appointment. It must be granted powers of ratification of treaties concluded between the Community as such and third countries. Parliamentary control over the Community budget must come to include the revenue as well as the expenditure side. Loans taken up are also to be considered as revenue while loans granted should be counted as expenditure, over and above budgetary expenditure for all Community policies.**

In the 1970s the Treaties were modified to make Council and Parliament jointly responsible for the Community budget. The time has come to do the same for Community legislation. Community law is binding on all our citizens and it is not acceptable that the representatives they have elected to look after their interests should continue to play only an advisory role in the making of it.

Parliament has the power to force the Commission to resign, but plays no part in its appointment. This anomaly must be removed.

The Community is the most important trading bloc in the world and frequently concludes treaties with third countries. As these are negotiated at the Community level, parliamentary ratification at that level should also be required. Meanwhile, Parliament's considerable budgetary powers only concern expenditure. Liberals and Democrats hold that the power to spend public money should not remain separated from the responsibility for raising funds and imposing taxes.

- 5. Institutions which are closely and permanently involved in the political decision-making process need to be established close enough together to be able to function properly.**

The problem of the seat of the European Community still remains unsolved. The Parliament suffers more than any other Institution from the resulting confusion. As a recent judgement of the Court of Justice confirmed, a decision in this matter lies within the exclusive competence of the governments. But as the same judgement also confirmed, there is an obligation upon the governments to make such a decision.

- 6. European parliamentary elections must be based on a uniform system of proportional representation, in order to ensure fair representation of the political forces taking part. The law should guarantee the right to vote and to be a candidate to every EC citizen irrespective of which Member State he is a resident.**

According to the treaty under which the 1979 European elections were held, the new Parliament had to work out proposals for more uniformity in the way they were to be organised. This the Parliament did, advocating a system

of proportional representation to be applied in all Member States. In the face of strong objections by the UK Government, it has so far proved impossible to make the necessary provisions for the 1984 European elections to be held under a system of proportional representation in all Member States, as proposed by the Parliament itself.

In 1979, a number of European citizens found themselves to be disenfranchised because they were not residents of their country of origin. Here again, Parliament proposed the necessary remedies and, again, lack of unanimous agreement in the Council prevented these proposals from becoming law.

Liberals and Democrats will continue to fight for the right of all European citizens to use their vote regardless of their place of residence within the Community and to be fairly represented in Parliament.

- 7. The Member States of the Community must place their national law enforcement agencies at the full disposal of the European Court of Justice in order for it to enforce its judgements. Furthermore, where the complaints procedure provided for in the EC Treaties is concerned, the Court of Justice should be granted the power to verify the compatibility of national and European law.**
- 8. The financing of the Community by its own resources must be upheld. These resources should be adjusted to meet agreed commitments through Community procedures. This should not mean that the contributions and returns of individual Member States must always be in balance.**

At present, EC own resources consist of the common external customs duties, the agricultural levies and a small part of V.A.T. revenue (to an annual maximum of 1 %), collected by each Member State on behalf of the Community.

A large part of the Community budget is spent on agriculture. As some parts of the Community benefit more from the CAP than others, a degree of budgetary imbalance is created which should be rectified by developing Community policies in other fields as well as in agriculture.

On that basis, a Community procedure should be devised through which the budgetary authority assesses financial needs for the coming year and raises the necessary revenue accordingly, either by adjusting the percentage of V.A.T. to be allocated to the Community or by creating new resources.

Liberals and Democrats insist that the financing of new common policies where these are needed, e.g. for transport, energy, industrial renovation and social progress, should not add to the existing overall burden of taxation. Common policies must not come on top of national programmes, but be complementary and partly replace them. Thus, the total financial burden should be lessened rather than increased.

- 9. At the moment the citizens of the United Kingdom (and in future, Portugal) – who have lower average earnings – contribute more per capita to Community revenue than citizens in other countries who have higher average earnings. This is clearly against the basic**

principle of either proportional or progressive taxation accepted at the national level in all Community countries. In the long term new principles for the raising of Community revenues must be adopted which makes all Community taxation at least proportional to regional wealth and income.

10. In view of the scale and gravity of the Community's current problems, the paralysis of the decision-making process, the financial crisis and the need substantially to increase its external and economic policy powers, Liberals and Democrats maintain that there is a need to reinforce European integration as a matter of urgency and thus to come out in favour of adopting a new Treaty establishing the European Union.

We want the present Community to develop into a free European Union of equally respected states and peoples within which national, regional and local powers of decision-making are placed in the context of the new European dimension and thereby given added significance. The task of the Union will be to complete the Community process of integration and unification, on the twin foundations of liberal democracy and human and civil rights. Furthermore, it must assume its role in ensuring European security and in the world at large, it must stand for the principles on which it itself is founded: peace, freedom, equal rights, individual responsibility and social justice.

Liberals and Democrats believe that the Parliament's suggestions for a Treaty on European Union should be the subject of a full public debate during the 1984 election campaign.

The Genscher-Colombo initiative bears witness that the governments of some Member States are beginning to appreciate the need for a more complete Union.

The liberal view is that the Union's sphere of competence should apply especially in the fields of economic, social and monetary strategy, of security and foreign policy. Its powers will not always be exclusive, but will often be brought to bear in parallel with national responsibilities and through co-operation with and between Member States. Thus, conflict between the Community and its members can be avoided in areas where Community policies are not needed, not (yet) possible or not desirable.

For our Member States, it will not be a question of losing sovereignty, but of exercising it jointly with our partners, thus increasing its effectiveness. National Parliaments for their part will retain full control over national policies, but it will be complemented by parliamentary control at the European level over policies and activities which might otherwise escape parliamentary supervision altogether.

II. Human and civil rights.

1. Liberal democracy is based on the belief that every individual citizen has fundamental rights and that the supreme task of government must be to ensure that these rights and freedoms, together with social, economic and cultural opportunities, can be fully enjoyed by all.

The Universal Declaration of Human Rights (1948) and the two U.N. Conventions on Human Rights (1966) should be considered as inseparably linked with this programme. We call upon the present and prospective Member States of the Community to ratify both U.N. Covenants on Human Rights of 1966, as well as the additional Protocol, so as to guarantee the individual's rights of petition.

2. The European Community and all its Member States must undertake to:
 - strive for the implementation of human and civil rights throughout the world;
 - safeguard the full respect of human and civil rights in all legislative and administrative actions of the European Community and eliminate restrictions of personal liberty and periods of preventive detention that conflict with democratic principles;
 - guarantee, protect and promote human and civil rights within Member States by their own measures.
3. European Liberals and Democrats call on the European Parliament to draw up a Charter of human, civil and political rights for the Community, confirming the Human and Civil Rights spelled out in the Human Rights Convention of the Council of Europe, which should include the right:
 - to open government,
 - to participate in political decision-making through representatives elected by universal suffrage,
 - for any citizen to inspect and correct any information held on her or him by public or private bodies,
 - to participate in the organisation of his/her workplace.

This Charter would establish standards to be observed by Member States and by Community institutions. The European Parliament should monitor progress towards the implementation of these rights. The rights thus established should eventually be incorporated in European law and in the European Convention on Human Rights and become binding law.

The Community will have to work out and agree on measures to be taken in cases of violation of the Charter.

4. European Liberals and Democrats will seek to add a number of new rights in the European Convention on Human Rights, including the unconditional ban of the death penalty, the right to asylum for political refugees and the right to conscientious objection to military service, thus making these rights enforceable in most of Western Europe.
5. Liberals and Democrats also call on the European Parliament to draw up a Charter of Social, Economic and Cultural rights including the right to:
 - equal pay for work of equal value,
 - safe working conditions,
 - collective bargaining and collective action,
 - social security and social assistance,
 - free and equal education.
6. Every citizen and resident of the Member States must be guaranteed the right to seek remedy before the European Court of Justice against any legislative or administrative act promulgated or executed by the European Community's institutions which violate individual rights as set down in the Charter.

At present, the European Court in Luxembourg established by the EC Treaty is not expressly empowered to decide upon possible violations of human and civil rights by the authorities of the European Community. Such violations can only be dealt with at national level.

In future, the European Community must itself safeguard its citizens and other residents against any legislative or administrative act of its bodies which could infringe upon their basic rights and liberties.

7. The European Community must accede to the European Convention on Human Rights and thereby accept the ultimate jurisdiction of the European Human Rights Commission of the European Court of Human Rights at Strasbourg.

The European Community should cooperate as closely as possible with the Council of Europe.

The two bodies safeguarding individual rights and civil liberties throughout Western Europe, the Human Rights Commission and the Human Rights Court at Strasbourg, should be established as the ultimate authority to which every citizen may appeal in cases not only against individual member states of the Council of Europe but also against the European Community as such. Full protection will then be given to any European citizen regardless of which authority, national or European, threatens or violates his rights.

8. European Liberals and Democrats believe that all citizens of EC Member States should have the right to vote in and stand for elections to local councils in their place of residence whether or not they are nationals of the Member State in question. Later on, ways should be examined to vote in other elections for larger regional bodies if the individual concerned from another Member State of the European Community has been resident in the host country for an extended period.

B. Overcoming the economic and social crisis: the European dimension

III. Principles of economic policy.

European Liberals and Democrats believe that both Community and national economic policies should aim to establish an integrated European industrial base, and so help us to face outside competition without resorting to self-destructive protectionism. In developing the policies which could be pursued to achieve this at both European and national levels, we recognize the important differences that still exist between our Member States in rates of inflation, public deficits and the level and organisation of welfare provision, all of which affect the ways in which individual Governments can achieve the common objective of stimulating economic recovery and in which each member Party of the Federation will apply the recommendations contained in this chapter.

EUROPE IN A CHANGING WORLD ECONOMY.

1. The structural modification of the world economy places demands on the European economies which they can no longer meet individually. The completion of the internal market and the complete integration of national, economic and monetary policies into a coherent Community policy are indispensable for the European Community successfully to accommodate this structural change.

The world economy and with it the international division of labour, are subject to more rapid change than at any time in the past. It is the vital responsibility of the European Community to influence this evolutionary process in such a way that the forces of protectionism and nationalism do not become paramount. Properly guided, the process of change need not be a threat to peace or to the expansion of democracy.

If the Community is to play this wider constructive role it will need unity and economic coordination as well as the vast human, technological and scientific resources already at its disposal.

2. To offer a prospect of lasting prosperity in Europe and to contribute to the proper functioning of the world economy, fundamental changes in the economies of the Member States are required. These should be obtained by creating favourable conditions for a coherent industrial and technological policy, aiming at industrial innovation co-ordinated with accompanying social changes.

The inexorable process of economic development and industrialisation in hitherto underdeveloped countries is producing powerful competition for many of Europe's traditional economic activities. Europe must respond to this challenge by accepting the need for change and innovation.

There are a number of vital aspects to the liberal strategy for the future. First, European industry should be encouraged to employ innovation and greater efficiency in meeting the new competition to their traditional activities. Sec-

ond, and of greater importance, must be the willingness to accept and stimulate the development of new industries based upon new technology. Neither response by itself will be sufficient to tackle the massive problem of unemployment. Thus, in addition to harnessing new technology the nations of Europe must discover the immense scope for activities involving direct human service which, of their nature, tend to be labour-intensive.

Europe must also welcome the fact that the availability of new technologies may well enable the developing world to avoid the major environmental errors which have been committed in the West.

Flexibility must be the keynote of European strategies, flexibility in investment, in the labour market and in the availability of appropriate education or training sufficient to provide support and confidence to those whose normal working lives will inevitably span major economic upheavals.

- 3. The social market economy, which is a foundation of the Common Market, must be renewed and strengthened. This is essential to healthy economic activity in a free and democratic society. The European Community must encourage closer economic integration between its members. It must pursue the objective of being as open as possible, both inwards and outwards, and of opposing protectionism in Member States of the Community and in world trade. Even structural crises should be tackled without resorting to undue intervention.**

Economic policy measures aimed at improving the climate for investment and innovation would make an important contribution to combating unemployment.

However, European Liberals and Democrats resist demands for greater Government control and more protectionism as the right ways to combat the economic crisis.

Only an economic society based upon substantial economic, political and personal freedom can make possible the flexibility essential if structural changes in industry and work patterns are to proceed successfully.

European Liberals and Democrats see in the social market economy the only means of sustaining the principles of economic integration between free and independent states. The alternative is a politically-enforced economic system incompatible with democracy and self-determination.

- 4. Liberals and Democrats demand quick and steady progress towards the establishment of a uniform European internal market, with equal competitive opportunities for enterprises and with free consumer choice for European citizens in the Member States. They particularly insist on:**
 - the further reduction of trade barriers, customs formalities and controls; in particular, the task of collecting Value Added Tax on imports should be transferred from the customs authorities at EC frontiers to the national tax authorities;**
 - the harmonisation of those framework conditions important to the functioning of the Common Market, especially in the field of tax and company law, as well as other commercial and economic laws;**
 - the elimination of subsidies creating unfair competition.**

THE EUROPEAN LIBERAL STRATEGY FOR COMBATING UNEMPLOYMENT AND EXCESSIVE PUBLIC DEFICITS.

5. Liberals and Democrats affirm the need for Government to favour free enterprise by improving the competitive climate, with a view to stimulating economic recovery and reducing unemployment, in order to enable existing industries to strengthen their positions and to provide opportunities for new activities which will create more jobs, especially in the labour-intensive sector. The economic crisis will be best overcome, present jobs guaranteed and new ones created if excessive public debts are contained and if the total investment rate is increased by reducing bureaucratic barriers and through tax incentives.

Liberals and Democrats propose that national governments be guided by the following principles in their efforts to return to adequate growth rates and stimulate demand for labour:

- *the public debt must be contained: the best way in which to reduce the overall debt burden and sustain the downward trend of interest rates is to ensure that the long-term growth of revenue exceeds that of expenditure. Efforts so to balance the budget must take into account cyclical trends.*
- *the overall rate of investment is too low: measures should be taken to encourage private investment and new private enterprise, whilst an increase in public investment can also help to achieve higher growth rates and reduce unemployment. By strengthening investment and providing incentives to invest in specific areas such as construction, energy-saving, environmental protection and new communication techniques, governments can help to ensure that growth will proceed along socially and ecologically responsible lines. In order to finance public investment, national governments should step up investment-oriented budget expenditure accompanied, where necessary, by a commensurate reduction in public consumption.*
- *tax incentives are a useful way in which to increase the savings ratio and generally to strengthen the propensity to invest and inhibit consumer spending. Similarly, fiscal policy measures aimed at a wider distribution of capital invested in business and industry through the promotion of profit-sharing and share-holding will stimulate investment and help to reinforce social consensus.*

6. European Community and national policies to stimulate employment and renewed growth must be harmonised to secure more complete integration.

Democracy implies choice and the electorates of each member country have the right to support either a more centrally-planned or a more politically-governed economy. But there is a point at which divergence between one national policy and another becomes counter-productive.

Therefore Liberals and Democrats advocate a common basic approach to common economic problems. The Community should lay down suitable guidelines for common action to ensure sustainable growth within a framework of responsible resource use and not least to minimise the damage which the un-coordinated action of one nation can do to its neighbours.

7. European Liberals and Democrats recognise the vital role of the workforce in the creation of wealth. They consider it essential that a higher proportion of the active working population find employment in the private and social market-regulated parts of the economy in order to fight overall unemployment and reduce public deficits and inflation at the same time. The European Community must respond to the challenges of information technology and other sun-rise industries by developing a European telecommunications strategy backed by a major joint Research and Development programme.

A combination of measures are required to contain and reverse the rise in unemployment. The broad strategy outlined above of regaining Europe's competitive position in many existing industries while developing new activities and at the same time procuring a better economic climate for labour-intensive occupations, are the principal lines of liberal policy.

8. Research into and use of modern technologies make a considerable contribution to reducing labour costs. The resulting economic savings must be used to create new jobs, especially in the private sector, and for the training of the unemployed. The educational system should be better geared to these new requirements. At the same time, the introduction of new technologies and working methods can only be successful with the active co-operation of employees, who have a right to be directly involved in taking decisions which affect their work and to a share of the profits. The development of democratic participation and profit-sharing is a key element of economic policy.
9. The increasing rate of industrial and social change means that people will have to acquire new skills throughout their working life and need assistance in adapting to new patterns of work and leisure. The Social Fund should support a Community-wide programme (with additional help to the poorest regions) to assist people of all ages.
10. Liberals and Democrats believe the reduction of working time to be a gradual process, not necessarily linked to growth and prosperity. They do not regard this restructuring process as a solution to the problem of unemployment as such, but as a possible instrument to spread the available work over more people. The various formulae for reducing working time can also be applied differentially, sector by sector, or even from enterprise to enterprise.

Ways must be found to restructure working time without impairing the competitive position of enterprise. In particular, various forms of part-time work and a reduction in the overall length of individuals' working life, with a clear emphasis on flexibility, can make a valuable contribution to easing unemployment.

11. If the general demand for labour is to be increased, the aggregate unit cost of labour must be reduced.
Reducing the burden of taxation and other public levies affecting

labour costs can help to avoid cuts in the employee's net income (which might lead to industrial unrest, falling living standards and further economic depression) as can implementing incomes policies in the framework of a controlled inflation rate that takes account of the various factors that increase the cost of living. Aid must also be given for expenditure on investment and technological research aimed at increasing labour productivity and slowing down the automatic indexation machinery that continues to stimulate inflation. Where necessary, a reduction of public expenditure should be realised as much as possible in the consumption sector so as to create more scope for public investments in the productive sector.

Whilst acknowledging the profound differences between conditions in member countries, European Liberals and Democrats acknowledge that there is an optimum proportion of GNP which can be taken for revenue purposes.

It is important to recognise that the incidence of taxation, i.e. how and where taxes are applied, is significant.

The levying of taxation increases connected prices and reduces related demand. At the present level of taxation on employment, the economies of Europe will become less and less competitive, and the taxable bases of member countries will diminish, giving rise to a need for even higher taxes. This vicious spiral must be reversed.

Throughout Europe taxation systems are in need of overhaul to reduce the incidence of taxation upon employment and to find substitute means of raising revenue of less damage to the economy.

12. In the pursuit of economic recovery, the European Community and the member countries must seek to release the great reservoir of unused and under-used human energy to meet the great backlog of unfulfilled needs within society and to make a greater contribution to resolving the problems of the world as a whole. The European Community and its Member States must adopt a fiscal strategy which encourages incomes from work, in order to mobilise these reserves of human energy. In particular, reducing taxes on employment would assist many labour-intensive activities.

Increased unemployment is not the inevitable consequence of technology and structural development. It is partly the consequence of trade cycles but more still of inept fiscal policies. It is literally true that whilst governments seek new devices to create jobs the burden of taxation on work is destroying forms of employment which would otherwise be viable and bankrupting enterprises which would otherwise play a useful part in society.

The countries of Europe need to adopt a fiscal strategy which takes account of genuine capacity to pay taxation and does not treat the volume of employment within each enterprise as the principal measure of the ability to pay taxation.

This approach of not charging more than can be borne could benefit many labour-intensive industries and particularly small and medium-sized enterprises. It would stimulate a revival of service activities and craft manufacturers. It would reduce the burden upon national exchequers of supporting the unemployed. This strategy would reduce the incentive for unemployed workers to resort to the black economy.

THE WORLD MONETARY ORDER AND INTERNATIONAL TRADE.

13. The solidarity of the EC Member States within the European Monetary System is a determining factor in the future of the European Community itself. European Liberals and Democrats support further progress towards Economic and Monetary Union with greater co-ordination of financial systems. As a first step, those Member States not yet part of the European Monetary System should join as soon as possible. On this basis, together with the USA and Japan, a durable world monetary system could be developed.

Since the collapse of the Bretton Woods agreement, the European Community has been unable to maintain stable relations between EC currencies, which has thrown the common agricultural policy into disarray and generally impeded the process of economic integration.

Political and economic conditions now seem ripe for the establishment of a common point of reference in the world monetary arena. However, true monetary stability can only be achieved if the currencies of all three major communities of the Western world applying the principles of market economy and practising political democracy are jointly represented.

14. On the basis of EMS, EC Member States must promote the wider application and use of their common currency, the ECU, including creating ECU banknotes and coins.
15. National discriminatory practices, especially non-tariff trade barriers, on the internal market must be eliminated and the EC Treaty provisions on free movement respected. These provisions must also be applied to services, transport, insurance etc. Tenders for public contract should be put out in a European context.
16. The European Liberals and Democrats advocate as free as possible a world trade system, based on reciprocity. This brings the greatest advantages for all states concerned and for their citizens. The European Community itself must pursue these principles and take an active role in implementing them. It should not try to limit Third World countries' exports of any lawful merchandise to EC markets, and should seek to ensure that its own aid, assisted exports, etc. avoid distortion and are compatible with market economy conditions.
17. The acceptance and implementation of these themes demand the formulation of an EC-level strategy for industry specifying that it should be based on a stabilised currency; promotion of investment in manufacturing and service industries, particularly in small and medium-sized businesses; in the training of more skilled labour and the enhancement of existing labour skills; and a controlled pursuit of growth through acceptance of innovation, increased productivity and the free movement of goods and services throughout the world.

IV. Social policy

1. **European Liberals and Democrats wish for greater selectivity in social security in order to ensure a balance between individual responsibility and collective solidarity.**

In a liberal society, all individuals should enjoy equal opportunity to develop themselves to the maximum of their ability. Education and training facilities as well as job opportunities should be available to all and sensible forms of industrial democracy instituted. The liberal emphasis on self-reliance does not, however, imply a negative attitude to social solidarity: citizens have a collective duty to take care of those who are unable or no longer able to be economically active.

2. **Social security systems must primarily aim at enabling individuals to secure their basic material needs (the insurance principle) and at guaranteeing a minimum standard of living for all (the solidarity principle).**

Social security systems, in the introduction of which liberals have had an important hand, have by and large been successful in securing the above aim. But we wish to reverse the growing tendency to see the state as a limitless provider. There is an urgent need to review the structure of social security systems and the way in which they are financed. It should be borne in mind that if the burdens of social security costs, both to private and collective budgets, become excessive, they may have anti-social effects in preventing new investment and further aggravating unemployment.

3. **Citizens and those working within the Community should be able to collect benefits they have paid for through taxation, contributions to pension schemes etc., wherever they settle.**

Harmonisation of social security schemes in the Member States should begin in those areas affecting citizens of Member States living in another Member State.

European Liberals and Democrats do not believe in harmonisation for harmonisation's sake. Not all details of national social security arrangements, their structure and application require the establishment of a uniform system in the Community. However, in some areas a lack of harmonisation at the EC level constitutes a distinct disadvantage to certain categories of people, in particular migrant workers.

4. **European Liberals and Democrats would give higher priority to vocational training and part-time working, with special emphasis on the needs of young people and women, and to measures to reduce the social costs of unemployment.**

Vocational training especially geared to the needs of the young should be part of an integrated European policy. Such a policy should include provisions for assessing the supply/demand situation on the job market at EC level, both in order to provide realistic

career-orientation and to promote the mobility of young Europeans within the Community. In general, vocational training should be available to all citizens throughout their lifetime.

5. The introduction of new technologies requires a comprehensive policy for additional or alternative vocational training («permanent education»). This is particularly crucial to older employees in a rapidly changing society.
6. European Liberals and Democrats back current plans for reform of the Social Fund with a view to establishing closer and more efficient coordination between its projects and general EC priorities in the field of youth employment and vocational training, and to heightening its overall flexibility. They realize this will require a strengthening of the financial means at the Fund's disposal.

The Fund is one of the few tools at the Community's disposal which enables it to make a concrete contribution to improving the job situation for young people and certain underprivileged categories of people particularly hard hit by unemployment, as well as people affected by redundancies directly attributable to EC policies.

7. European Liberals and Democrats believe that greater employee participation in enterprise and capital-sharing is necessary to the development of a healthy economy.

At a time when the economic viability of the company is of overriding importance to employees and employers alike, critical thought should be given to ways in which to improve company management structures.

Employee participation on the one hand, and greater emphasis on the effectiveness of management procedures on the other are essential features of good business management today.

The right to information about and appropriate participation in decisions which may influence employees' future must be established at EC level and proper instruments for representation and cooperation developed. The acquisition by employees of a financial interest in their company should be encouraged.

8. The European Community must promote the principle of free movement of its citizens throughout its territory, regardless of their occupation.

It should pay special attention to those working outside their country of origin, whether they be EC citizens or migrant workers from third countries.

Diplomas at all levels must be made reciprocally comparable and be recognized as proper professional qualification.

In addition to disadvantages in the field of social security benefits, there are other practical impediments to free settlement and the freedom to exercise a professional activity anywhere in the Community. Chief among these are lack of progress in the field of recognition of diplomas and degrees and work

permit requirements. Migrants for their part also suffer the continuous handicap of language and differing cultural background. In this area the European Community can be instrumental in providing for educational schemes adapted to the special needs of these groups, both as regards their integration into Community life and the possibility of their wishing to return to their country of origin.

9. **The European Liberals and Democrats demand abolition of personal controls at the internal frontiers of the Community, in order to give European citizens a stronger sense of belonging to the same Community.**
Personal controls of citizens from third countries should be transferred to the outside frontiers of the Community. European Liberals and Democrats demand a uniform visa policy applied by all Member States to third countries. In order to take into account security needs, European Liberals and Democrats advocate closer cooperation of the security forces of all Member States. As a first step towards this goal, personal controls should be reduced and limited to spot checks if the traveller proves that he belongs to the Community by showing his « European Passport ». Special frontier entry points reserved for citizens of the Member States are to be established at major airports and ports.
10. **European Liberals and Democrats demand that the countries of the European Community develop and apply a uniform strategy to fight drug abuse, drug addiction and drug-induced criminality. This also requires preventive and therapeutic measures, in particular a wide-ranging plan to reduce illegal drug sales.**
11. **European Liberals and Democrats support the proposed renewal of the EC anti-poverty programme. It should encourage co-operation in the provision of community support and revival; national governments must not be allowed to restrict the operation of this programme.**

V. Environmental policy

1. The objective of a liberal environmental policy is to maintain and improve the fundamental natural conditions necessary to human life and development.

Phenomena such as our dying forests and the pollution of European waters have made it clear that environmental protection in important areas is a European problem demanding Europe-wide measures to deal with the matter effectively. The establishment of a European environmental policy is therefore of prime importance.

2. The three basic principles of a European environmental policy on which all further developments depend, should be:

- the principle of prevention:

concerted action should be taken within the framework of a long-term environmental strategy, geared to preventing environmental problems from arising;

- the causal principle:

those responsible for any adverse impact on or damage to the environment should be liable for their elimination and future avoidance; the polluter pays for all costs incurred, also in the case of cross-frontier damage;

- the principle of cooperation:

all bodies and states concerned should cooperate in good understanding to solve environmental problems.

3. The problem of water, air and soil pollution should be handled at the Community level, without endangering progress already made at the national level. Furthermore, Liberals and Democrats demand Community participation in international environmental protection agreements. As the looked-for legislation on environmental protection takes shape, a uniform European criminal legislation on pollution should be drafted and a department for pollution crimes established with the European Court of Justice. In order to keep the seas clean, pollution of the sea by toxic waste and residual waters (from the mainland and from rivers) should be progressively reduced and ultimately eliminated. The supervision of existing provisions should be improved.
4. In any European policy on the environment, special attention should be paid to the prevention and combating of cross-frontier environmental pollution. An information and consultation procedure should be implemented by the appropriate authorities in the Member States concerned, and effective checks on cross-frontier pollution sought by delegating national authority in the field of environmental control to the competent authorities in the frontier regions.
5. A European criterion should be established to measure and monitor pollution of all kinds. National legislations should be approximated and in the long term harmonised, so as to fulfil the need for

environmental protection in the most efficient manner possible and to avoid unfair competition.

6. Standards of environmental and public health protection must be defined. All EC Member States should introduce comparable tests to establish the environmental compatibility of new products, constructions and technologies. Air pollution, the rapidly expanding death of forests and the deterioration of cultural sites in Europe must be fought at source by setting rigorous, compulsory limits. A European programme of forestry aid is required. Further action can be taken through market-economic means, such as a bonus/malus system.

7. Greater efforts must be made to improve environmental protection techniques.

Financial support should, in certain cases, be available to producers and manufacturers to further research into ways of improving environmental protection.

8. The protection of nature, especially of moorlands and wetlands, forests, seas, including the North Sea shallow sea area, as well as the conservation of farmland are vital to the ecological balance in Europe. Europe's fauna and flora are a vital component of its heritage. All possible provisions should be made to protect species threatened by economic, industrial and social needs. An active policy for animal protection must be promoted and strict standards applied to vivisection.
9. Energy supplies must be secured while conserving the environment. The security of energy supplies, although paramount, must not be achieved to the detriment of the quality of air, soil, water and plant life.
10. It is essential to combat the waste of raw materials by means of appropriate recovery processes.

With consumption of many raw materials still on the rise, the danger of shortages is increasing. Measures should therefore be taken providing for the systematic recycling of raw materials from waste and other products.

11. Effective education is required to train young people from their early school years to respect the environment. This education must be continued in a consistent manner for adults, since pollution is largely caused by people in the course of their working life.
12. Ecology and economy should no longer be considered as contradictory. Within the framework of the «ecological» market economy we look for, market forces must be used to maintain the environment. The factor environment should not be treated as expendable, but must become a cost factor as a scarce commodity. The total environmental impact must be steadily reduced.
13. European Liberals and Democrats will work for the establishment of an environmental charter, which should treat infringements of environmental legislation as criminal offences.

VI. Consumer protection policy.

- 1. A consumer protection policy must ensure optimum protection of the consumer while remaining compatible with the technical and economic possibilities of producers.**

Liberals and Democrats feel that mere regulations are not sufficient in this connection. If too inflexible they cannot realistically be applied in practice; hence voluntary restraint may in some cases prove the better course. At the same time, some producers or administrations tend systematically to block any progress towards more effective protection, and we should be vigilant in determining whether or not their objections are legitimate.

- 2. Public access to more comprehensive information on products and services is essential if the consumer is to have true freedom of choice.**

Producers must be encouraged to provide accurate and comprehensive information about the products which they put on the market.

The Community should either encourage professional codes of standards or impose regulations as the case demands. In particular, dangerous products whose use is essential in everyday life should be specially labelled.

- 3. European Liberals and Democrats demand uniform European safety standards and the harmonisation of labelling regulations for products which may damage public health.**

- 4. Any product, method of production or service which is shown to have defects causing accidents or damage to public health without society deriving a proportionate advantage should be withdrawn from the market or adjusted. The European Commission should be informed of accidents caused by such products, methods of production or services, enabling it, if necessary, to recommend their withdrawal or adjustment in all the Member States.**

Consumers must be informed about products and services liable to damage public health; the decision whether or not to use the product should remain up to the consumer.

Consideration should be given to the establishment of a European data bank on accidents caused by products.

VII. EC action in favour of women.

1. **European Liberals and Democrats are committed to breaking down the array of artificial barriers and traditional roles which still prevent men and women from exercising their right to personal development in a free, responsible and autonomous manner.**

The liberal principle of equal opportunity for all individuals, man or woman, is based on the concept of free choice within the limits set upon all individuals. In a society which even today relies on role differentiation between men and women, such free choice is not yet wholly possible. European Liberals and Democrats believe that an essential pre-condition to effecting a breakthrough in traditional role-thinking is to eliminate as much as possible the existing legal and organisational barriers to and restrictions of equal opportunity, by revising the substance and the spirit of legislation where necessary.

The emphasis should be on four areas:

- *the redistribution between men and women of paid professional employment, responsibilities within the family and in society at large, and other unpaid work,*
- *improving education and vocational training,*
- *access to employment and re-entry into the labour market,*
- *special measures in favour of special categories of women.*

The European Community could participate in these efforts through greater Social and/or Regional Fund involvement.

2. **A more equal division of paid and unpaid labour between men and women can be brought about by promoting equal sharing of responsibilities within the family and in society at large through improved vocational training and education aimed at altering traditional roles. Both must be made fully accessible to women.**

Equal responsibilities within the family:

- *flexible school and working hours and measures to encourage the organisation of child-minding facilities could enable more men and women to combine paid employment with domestic responsibilities.*
- *Tax and social security legislation must be adjusted in order for part-time work to provide a viable alternative to full-time jobs for both men and women.*
- *National legislation on maternity/paternity leave and rules on leave for family reasons (e.g. illness of dependents) should be harmonised.*

Improving education and vocational training:

A more objective approach to what is «right» for both men and women in terms of their preparation for and entry into employment will greatly enhance real freedom of choice. The keyword here is information. The overall aim is to liberalize career-orientation by removing the traditional «male» and

«female» labels from the different career options. Priorities for action in this area could be twofold:

- *the local and regional media could be instrumental in bringing about a change of attitude at family level,*
- *the educational system both at primary and secondary level could provide the necessary information and guidance, both on an ongoing basis and through special projects (Social Fund!) to encourage both sexes to consider non-traditional careers. A necessary accompaniment to such action would be for the EC to pool and disseminate information about short, medium and long-term job prospects and about the supply/demand situation on the labour market in the different sectors of employment.*

A special effort should be made to inform girls in particular about prospects in the new, high technology sectors. Women especially are often the victims of convention which may have prevented them from completing their early schooling. Special facilities for completing basic education and for retraining could be set up on the lines of the Dutch «moedermavo» whose flexible schedules and timetables are particularly suited to women raising children.

Finally, abolition of the age limit on access to vocational training programmes is essential.

3. The conditions of access to employment and of entry and re-entry into professional life, as well as opportunities for promotion, must be adjusted to take account of the special difficulties encountered by women.

The freedom to choose and train for the occupation for which one is best suited in terms of ability and natural inclination is a fundamental, individual right. Tight conditions on the labour market may restrict access to employment for both men and women, but they should not be used as an excuse to prevent women in particular from exercising this right. Positive steps towards a change of attitude here should include:

- *the abolition of age limits on access to employment.*
Women tend to be more affected than men by the application of age limits – in fact a very common criterion – because they often enter or return to the job market later in life after raising a family. National authorities and the EC institutions should set an example in this connection.
- *Specific measures could be taken on a temporary basis to speed up the integration of women in professions and careers where they are patently underrepresented (notably in the high technology sector).*
- *The content of the three existing European directives on equal pay, equal treatment and social security should be better publicized and their application by Member States monitored more consistently. Progress towards implementing the directives over a period of time could constitute a pre-condition to the granting of EC aid under the Social and Regional Funds.*
- *The social security directive should be extended to cover pension and family benefits. Social security and tax legislation in many Member States still flouts the principle of individualised, i.e. equal treatment of men and women regardless of their marital status. The concept of the «head of family», in practice generally the man, is not compatible with this principle.*
- *Legal provisions on health protection at work which discriminate against women should be replaced by uniform protection of both male and female workers.*

4. An attempt should be made to improve contraceptive and family planning services throughout the Community according to common criteria. Similarly, the wide differences in abortion legislation in the Member States give rise to an inadmissible cross-frontier trade which is totally at odds with the principle of equality of all EC citizens. Member States should at least seek a common definition of hardship situations which would entitle all EC women to aid in their own country.
5. The European Community should take specific action in favour of certain particularly underprivileged categories of women. Their position should be improved by European directives establishing their basic human rights.

Large numbers of women working in family businesses (often in farming) enjoy none of the protection afforded to employees generally. New EC directives should contain provisions establishing their legal, social and financial status, recognition of professional status, right to legal and financial participation equal to that of their spouses in the family business, right to training and teaching commensurate with the demands of their profession, right to arrangements providing notably for them to be replaced in case of confinement, sickness, vocational training and invalidity and establishing their right to annual leave and to individual old-age pensions. In addition, special aid could be set aside under the three EC Funds (Regional, Social and EAGGF) for especially disadvantaged women in thinly populated rural areas where the usual problems are exacerbated by geographical isolation and lack of basic facilities.

The situation of immigrant women could be improved through a European Statute establishing some basic rights.

C. Strengthening Europe's common economic base

VIII. Agriculture, food and fisheries

1. A liberal agricultural policy for the European Community should ensure that the EC population is provided with sufficient food at a fair price, and that farmers and farm workers obtain a fair return for their efforts. A healthy environment is a condition for attaining these objectives.

In our policy, pride of place goes to the efficient family farm as a vital element in vigorous rural communities.

To this end also, aid must be given to young people wishing to enter the farming industry.

At the same time, adjustments to changes in the economy should also be possible. While European Liberals and Democrats firmly support the aims of the CAP and believe them correct, they nevertheless regard vigorous reforms geared to a more market-oriented agricultural policy with market-oriented prices as unavoidable in the light of the increasing surpluses and the growing constraints of the financial deficits of the CAP.

2. We seek a continued and speedier integration of national policies into one Community policy for food supply and farming, and believe that the successful pursuit of this aim requires the establishment of economic and monetary union. In the interim, monetary compensatory amounts must be eliminated on the lines proposed by the Commission. It will also be in our interest for the Community to continue to work for harmonisation of food legislation. Uniform rules on quality, ingredients, plant health conditions and labelling need not, by definition, limit the variety of products or the range of choice available to the consumer. A better balance in production should be sought and production of crops of which Europe is a net importer encouraged.

Liberals and Democrats will be vigilant in their scrutiny of, and opposition to, national aids which distort the price structure of European agriculture and make the operation of the CAP more difficult.

3. Liberals and Democrats will adopt a more rigorous attitude towards food supplies in structural surplus and in this context apply the principle of co-responsibility whenever appropriate. At the same time, they will ensure that adequate stockpiles of food are maintained both to meet our own needs and as a contribution to a world stockpile for famine relief.

An essential feature of better agricultural management could be an annual assessment of how much food is needed to meet both Community and world long-term demands made in the context of the volume likely to be available from Community and world production.

Some Community countries have long been producing food for export – it is an integral part of their trading pattern. All members must accept that the Community as a whole is an agricultural exporter. We must not confuse this trade with the disposal of so-called surpluses. We look for a vigorous trade in foodstuffs between ourselves and with the rest of the world.

Surplus production subject to intervention, as well as its cost, should be better controlled on the basis of quality criteria.

- 4. We see a revised CAP as being a positive policy for all kinds of land use. We therefore believe that as well as its economic aspects it must continue to have social and environmental dimensions. We would seek changes in the method of financing so that costs fell more properly on the Social and Regional Funds.**

Thriving rural communities must provide local employment opportunities for the young, both in farming and in the ancillary industry, to minimise the drift from the land.

The family farm, small units and part-time farming, all have their part to play. In the less-favoured areas, a policy that encourages small family enterprises in conjunction with tourism is much to be preferred to the present policies of a support price for an unlimited number of animals, regardless of their density on the land, and the size of herd or flock one man owns. This leads to large units, fewer people and poorly managed uplands.

- 5. We look to a better integration and more coherence between environmental protection, animal welfare and agricultural policies; as a first step, we believe this will be helped through more support being given to research that has wider objectives than simply an increase in output.**

Rural areas should also in future be able to fulfil their balancing function against urban concentrations. Areas in agricultural use should remain as varied as possible and appropriate steps should be taken to adjust to sensible ecological requirements.

Responsible exploitation in tune with nature should serve in particular to protect farm and forest areas.

When agricultural exploitation is excessively restricted owing to the imperatives of nature conservation, fair financial compensation should be provided.

- 6. We seek a coherent policy to stimulate the development of agricultural trade and industry, both through cooperative and private enterprise. This policy should aim at providing financial support for the modernisation of medium-sized and small enterprises trading in or manufacturing agricultural products.**
- 7. The fish stocks of the waters around the Community are a common resource. Liberals and Democrats believe that the Community should adopt a more rigorous policy in favour of the conservation of fish stocks and look for development and encouragement of the Community Fisheries Service.**

The CFS should have the responsibility for supporting and guiding research on stock assessment, so essential to set proper quotas. By making this a Community responsibility, arguments about quotas should no longer be the subject of national bargaining but be based on objective scientific criteria. The CFS should also be responsible for overseeing the proper control of fishing operations, using appropriate national facilities.

We welcome, after ten years of effort, the first Community agreement on fisheries policy, but we note that it is a modest beginning largely limited to North Sea fish stocks. We believe therefore that more action is required to extend and improve the CFP.

The underlying aim is to enable all levels of the fishing industry to control, as much as possible, their own catching and marketing arrangements, but to do so within the framework of a rigorous and objective assessment of the capacity of the fish stocks to provide (and continue to provide) fish to catch, along with a firm Community structure that ensures the rules are obeyed.

IX. Small and medium-sized enterprises.

- 1. Small and medium-sized undertakings play a key role in the economic life of EC Member States both by reason of their productivity and their impact on employment.**

Small and medium-sized businesses can make a major contribution to the creation of new jobs. They are generally the most active in developing new economic activities, possessing a speed of reaction and a flexibility which render them more responsive to market forces and technical innovation and enable them rapidly to gear organisational structures and production levels to changing conditions.

- 2. European Liberals and Democrats are deeply convinced of the need to promote the development of small and medium-sized businesses on both political and economic grounds. They guarantee an active market, economic pluralism and the presence of independent, efficient economic forces: they are free from the bureaucratic practices of state-owned industries and the general tendency to bureaucracy of large companies. Small and medium-sized businesses, including those organised on a cooperative basis, produce trained people in management and skilled people for the workforce; they are essential for the spread of economic power which is linked with the spread of political power. They form one of the cornerstones of the social market economy which is the basic aim of Liberals and Democrats in the European Community.**
- 3. Liberals and Democrats call for the implementation of a programme specifically geared to the problem of small and medium-sized businesses in the Community. Such a programme should aim at minimizing or abolishing excessive or unnecessary governmental interference.**

A further considerable contribution to the promotion of small and medium-sized enterprises is to be made by a more determined fight against concentration processes and price agreements at a European level.

Full exchange and coordination of information and practical experience in respect of measures taken by the Member States to help their small and medium-sized businesses can contribute to identifying possible initiatives in favour of this sector of the economy. All measures initiated by the Community must take full account of the interests of small and medium-sized businesses.

This applies in particular to regional policy initiatives. In the interest of optimum efficiency, a Commissioner should be made responsible for this integration process at EC level.

Departmental infrastructure should be suitably reorganised, including the introduction of proportional representation of the small and medium-sized sector in the Economic and Social Committee and other EC bodies.

Differences in national economic planning can lead to clear distortions in competition (often national support measures for industry are not in line with the provisions of the Treaty of Rome).

As part of progress towards Economic and Monetary Union, the Commission should seek to harmonise and integrate these national economic plans and policies and propose clear options reflecting the specific needs of small and medium-sized businesses.

Monetary stability is crucial to small and medium-sized undertakings: successive fluctuations in exchange rates pose a threat to their financial viability.

National arrangements in respect of profit and income taxes, industrial taxation and estate duties must be harmonized to make them more flexible and to encourage enterprise and new businesses. With regard to value added tax, the thresholds for full or partial exemptions should be raised to allow for inflation in recent years. The Commission should also suggest ways of simplifying tax collection procedures.

As guardian of the Treaty, the Commission must ensure that the rules of competition pursuant to Article 85 and 86 of the Treaty of Rome are respected. It should also keep small and medium-sized businesses informed of the types of cooperation which it allows.

*The coordination of information on and practical experience with national credit arrangements for smaller businesses constitutes an essential step towards harmonisation of credit policies at EC level. **Community financial intervention through the European Social Fund, the European Regional Development Fund and financial aid from the European Coal and Steel Community and the European Investment Bank must be coordinated and strengthened.***

Meanwhile, experience unfortunately shows that only large enterprises are in a position to take advantage of some of the Community's financing provisions for business. The Commission should make concrete proposals aimed at the rationalization of financial aid and preferential treatment for smaller businesses.

More than any other type of enterprise, the small and medium-sized sector offers stability of employment. At the same time, however, while providing this essential service in times of recession, steadily growing social security costs are placing a heavy burden on this sector.

The Commission should take this factor into account in the framework of its Social Action Programme and ask Member States to adopt a more selective approach to social security financing.

*The management of small and medium-sized businesses requires a variety of skills. **Legislation should provide for professional training for those who run small and medium-sized businesses and make such training easily available, along the lines of arrangements already in existence for employees. The Commission should give the self-employed access to aid from the European Social Fund and provide specific opportunities through the European Centre for Vocational Training.***

Small and medium-sized businesses possess limited funds for research, and company budgets frequently cannot allow capital to be tied up in research activities. Some Member States award «research contracts» to encourage and assist innovation in smaller businesses. The Community financing institutions too should make it easier for small and medium-sized businesses to gain access to research facilities and to benefit from industrial innovation through joint research agreements.

Company law varies very considerably from one Member State to another. This is a potential source of discrimination against businesses from the different Member States compared with the Community as a whole. There must be more exchange of experience between Member States and standard conditions for the operation of businesses must be developed.

Common commercial policy (with third countries) should serve the interests of small and medium-sized businesses by giving them easier access to markets and providing adequate cover for the risks involved in export operations.

Invitations to tender must not close markets to small and medium-sized undertakings.

X. The supply of energy.

1. Energy is one of the fundamental preoccupations of the West, and of Europe in particular. The energy policy followed by the European Community may have a decisive influence on the type of society in which we and future generations will live. For this reason this policy has to be based on both short-term and long-term perspective.

In our view, the basic aims of such a policy should be to ensure the availability of clean energy under safe conditions, at a reasonable price and from secure sources of supply. Priority should also be given to ensuring safe removal and final storage of waste in the case of nuclear energy. All decisions pertaining to energy policy must be assessed as to their environmental impact and other consequences. In order to achieve these aims the Community will have to display strong solidarity and a common political will.

Europe must become more independent in the field of energy. Over-reliance on outside sources can lead to economic and political dependence.

Europeans must be provided with energy at the lowest possible cost through multiple, secure and mutually competing sources of supply.

In this search, no possibility must be left unexplored; no source of supply is superfluous.

2. An essential element in a Community energy policy must be a major programme of energy-saving and the promotion of alternative energy sources together with the rational exploitation of the Community's existing resources.

It is important to encourage exploration and the production of oil and natural gas in Europe, establishing a comprehensible price structure enabling us to present a united front in our dealings with other producers. A coherent and rigorous policy must be adopted with regard to coal, a further source of energy which is in abundant – though not sufficient – supply in the Community. The saving of energy must be encouraged by many means, including tax incentives or soft loans. Liberals and Democrats are against taxing energy sources. This only serves to increase energy prices.

3. Faced with economic crisis and mass unemployment, the European Community must encourage the development of the most efficient sources of energy. Liberals and Democrats recognize that all the major sources of energy available to us involve disadvantages and a number risks. It is clear that energy saving and the increased use of coal, natural gas and alternative energy sources cannot, in the short and medium term, be relied upon fully to meet the Community's energy requirements. Hence nuclear energy necessarily has an important contribution to make. But the ways in which nuclear power is used must be subject to a series of guarantees. Effective Community safety standards must be drawn up, and waste storage techniques and processing of the waste itself must be improved.

Moreover, European Liberals and Democrats recognize that the public must be kept fully informed, both as to the problems of securing supplies and questions arising from the use of power stations and the processing of waste.

In view of the rapidity of technical progress, to focus exclusively on certain energy production processes is hazardous and can have serious and expensive consequences which could tie us down for decades. Instead, we advocate a wide spread of research funds in the field of energy and demand the use of the most wide-ranging technology, since a lasting, inexpensive and efficient energy supply can only be ensured through such a flexible policy.

Besides making Europe less politically and economically vulnerable by helping to reduce its energy dependence, the nuclear industry, as a high technology industry, can generate a new type of employment.

Moreover, nuclear fusion may in future provide a safe and virtually unlimited source of energy. European Liberals and Democrats urge the Council of Ministers to establish an EC fusion research programme as part of a common energy policy.

Procedures must be worked out for consultation and agreement between the countries concerned when Member States plan the construction of nuclear power stations in frontier areas.

- 4. As the Community's response to the energy challenge, we propose a Common Energy Policy (CEP) which would ensure the pooling of a proportion of available financial resources and direct them towards basic research in the energy sector.**

Meanwhile, the research and development programme into energy conservation and renewable energy sources must be expanded.

- under the CEP, European research centres with associated laboratories should be set up in fields such as solar and biomass energy, geothermal energy, wind energy and tidal energy.*

They should be located in those Member States having gained an undisputed lead in the field under consideration.

- There should be joint investment in new technologies such as offshore drilling, gasification and liquefaction of coal, and recovery of waste heat. Moves towards convergence should be made in sectors which do not in themselves require joint investment but presuppose a common political purpose, such as a concerted European energy-saving programme and the harmonization of the principles governing energy pricing policies, in order to guarantee the unity of the market.*

- « Green » energy or biomass energy can be a connecting link between agricultural and energy policies. It may help us in the medium-term to absorb certain agricultural surpluses and reduce the Community's dependence in the field of energy. The possibilities of a European gasohol plan should be studied with this in mind.*

- In order to finance the investment necessary for implementing the Community Energy Policy, we call for new European funding through an increase in the Community's own resources, either by raising the 1 % V.A.T. ceiling or by Community loans. Such additional expenditure would be largely compensated by a reduction in spending at the national level.*

- 5. Aid and advice to developing countries, which enables them to make better use of natural energy sources, must be an important element of a Community Energy Policy linking it to EC development cooperation policy.**

XI. Research and technology.

Basic or fundamental research and its technological application and development into new products and processes is the foundation for any developing economy – without new ideas or better understanding of how present processes and systems work there can be no progress. The present economic and social problems facing Europe, many of which are outlined in this programme, repeatedly show how much we need a vigorous and well-supported research effort, ranging from the most fundamental, through development and technological application to that which assesses the implications of new products and methods in both environmental and sociological terms. European Liberals and Democrats believe that Community funds have a wider role to play in supporting research than has so far been the case, and that Community institutions have an important part to play in laying down guidelines for areas of research that may be supported.

Scientists have long communicated well between themselves and new fundamental ideas are rapidly and widely exchanged, but more needs to be done in other kinds of research. Commercial considerations will always mean that some information is kept protected, but where research is supported by public funds, or its application has implications for society as a whole (as so many applications do) then, in accordance with the liberal principle of freedom of information, as much information as possible should be available to all.

- 1. European Liberals and Democrats advocate more cross-frontier cooperation in science and research. Direct support for project-linked research and development is justified when the risks and investment involved are too big for individual enterprises or when the objectives (for instance public health, environmental protection, raw material supply) can only sensibly be achieved in common.**
- 2. In industry, the research and development efforts of small and medium-sized enterprises should be promoted on a priority basis and care taken to avoid favouring large enterprises. Financial aid should be limited to research and development not linked to the market. A fair financial participation by the beneficiaries must be ensured.**
- 3. Cooperation between institutes of higher education should be improved. At the same time, non-university research establishments, business and the public authorities should be involved in such cooperation in order to ensure and improve the transfer of scientific findings. The mobility and individual development opportunities of researchers and teachers should be stepped up.**
- 4. When fixing new research objectives for the Community, particular attention should be paid to the coordination, preparation and implementation of the relevant programmes, as well as to the assessment and distribution of results.**

XII. Communications and transport.

- 1. In order to stimulate the greatest possible freedom of movement of persons and goods, European Liberals and Democrats hold that the main lines of action to achieve a meaningful transport policy, based on free choice of transport modes and on appropriate competition both in passenger and in goods transport, should tend towards harmonising transport regulations in the Member States wherever required, towards breaking down protectionist barriers, towards constructive planning of infrastructure and towards establishing common safety and environmental criteria in matters concerning transport.**

A coherent European transport policy is a necessary accompaniment to the achievement of an economic union. It will serve the liberal aim of facilitating contacts, exchanges and trade of all kinds between Member States for political and human no less than for economic reasons. Such a policy should be as market-regulated as possible within the limits set by social requirements. In general terms, this demands the adoption throughout the Community of common principles for direct and indirect capital investment and revenue support concerning freight and passenger transport, where significant Community interests are at stake.

They urge the EC Council of Ministers to adopt a coordinated approach to transport policy in line with the proposal adopted by the European Parliament in September 1974, and in particular to implement article 75 of the EC Treaty without further delay.

- 2. The liberal approach is to harmonise and to simplify regulations and standards affecting cross-frontier transport in order gradually to bring about a free market in goods transport and free trade in transport services through fair competition. Liberals and Democrats take a strong stand against protectionist measures and regulations hindering this freedom within the Community. Steps should be taken drastically to reduce the delays caused by customs controls.**

Cooperation, concertation, greater transparency in decision-making and where necessary, harmonisation should ultimately get the better of the many restrictive regulations with regard to prices, capacities, transport permits, air links, fares, technical requirements and similar barriers. In addition, while excess capacity is a problem in transport generally, a common policy would be particularly useful in inland waterway transport in N.W. Europe as the countries concerned cannot successfully deal with this problem individually. Wherever possible, a common approach should be adopted to tackle goods transport problems in the wider international framework, notably vis-à-vis countries which practise political setting of transport prices, quotas, etc.

- 3. In the field of air transport, European Liberals and Democrats advocate an all-out effort to achieve lower tariffs for European flights through a more non-regulated market.**

4. Given the interdependence between economic growth, its spatial distribution, and transport facilities, Liberals and Democrats urge the concerted planning of and selective financial EC support for infrastructures of vital importance to the economic and social objectives of the Community. Such support should stimulate, not hamper private competition. In particular, we call for a Channel tunnel between France and England and further recommend building a European high-speed train network.

Good infrastructures connecting the Community's peripheral regions with its economic and social centres as well as a good basic infrastructure network between those economic and social centres themselves are a necessary part of the process towards economic and social convergence, which is one of the Community's basic aims.

5. The further development of Eurocontrol should be actively promoted. Efforts to dismantle this useful organisation should be resisted.
6. All transport policy decisions taken in the member countries should take account of traffic safety and environmental impact criteria. Liberals and Democrats call for the complete elimination of lead from petrol.

Should the situation warrant it, a common traffic safety policy should be drawn up.

7. In order to secure the technological means through which the widest possible diversity of views may be expressed and information shared, European Liberals and Democrats believe that the Community should pursue a strategy for the integrated development of telecommunications throughout Europe, including cable vision and satellite television.

XIII. Regional development.

1. An effective EC regional policy seeks to eliminate the economic disparities between rich and poor, central and peripheral regions of the Community while respecting and encouraging the common cultural, historical, economic and language heritage which distinguishes one region from another.

Decentralisation of the decision-making process is a fundamental feature of such a policy. The autonomy of local and regional government should be strengthened by delegating authority and duties.

Liberals and Democrats believe that, as long as it is compatible with an effective and democratic structure of government, decisions should be taken as close to the people as possible. This both maximises opportunities for people to participate in the decision-making process, and ensures that it is the citizens resident in each area who have the opportunity to adjust local policies to their local conditions. Where Member States already have a democratic regional level of government, we believe that the Community's regional policy should take due account of it. In other countries, if such a democratic regional level of government is desired, the sort of European Union that we envisage will make this easier to achieve.

2. European Liberals and Democrats place the highest priority on equality of opportunity for all regions. In particular, the special problems of the areas in a peripheral position within the Community must be addressed in such a way as to lighten the undue burden of unemployment and general industrial decline in these areas.

The disparities of wealth and opportunity between rich and poor, metropolitan and peripheral regions in the Community have increased in the past few years despite EC efforts to redress the balance. Besides being fundamentally unjust, such inequalities are a major obstacle to the economic and monetary union which is a key element of political union.

All too often the benefits of economic modernisation and the growth of the service sector, although not an unmixed blessing, have been heavily concentrated in the metropolitan areas, while the peripheral ones have paid a price in outward migration, poorer public facilities, lower wage levels and unemployment in their traditional industries. There is justified fear that European integration will produce a similar problem in the whole economic area of the Community. Monetary union in particular, which is desirable on other grounds, could well make the situation worse. We must not allow the benefits of integration to be unduly concentrated in the central areas of the Community but promote policies which will further a fairer sharing of these benefits. Liberals and Democrats do not see this as being in opposition to the true interests of the central areas, but rather as an essential part of the integration which should bring benefits to every part of the Community.

3. **The exclusive goal of the European Regional Development Fund (ERDF) is to provide financial back-up for the economic development of underprivileged regions in the Community, in conjunction with national support for specific projects. Its resources must be increased to reflect the fundamental importance of regional economic convergence in the Community in combating the economic crisis. In addition, it should coordinate its activities with those of the other EC financial instruments (Social Fund, EIB, Agricultural Orientation and Guidance Funds, ECSC Fund), all of which have a regional dimension.**

The present Regional Fund has very limited financial resources. In the period 1975-1980, it spent a total of 3 625.20 million ECU on 11 745 projects in nine countries, mainly on job-creating or job-saving investments in industry and the services and on infrastructure and tourism projects.

Clearly, a substantial increase in Regional Fund resources would enable it not only more effectively to carry out its initial objectives but also to finance new measures under a reformed Fund, now still in the planning stage. At the same time, the Fund should concentrate more heavily on the least developed areas of the Community in order to avoid the excessive spread and consequently, the impaired effectiveness of its resources. In particular, the introduction of new « integrated operations » and « specific actions » should be encouraged. These would receive aid from all European financial resources in addition to national and regional aid. Such an approach could be useful, for example, in the field of tourism, with its special opportunities for small and medium-sized businesses.

Both an increase in the Fund budget and a new approach to spending it take on added significance in the context of EC enlargement.

4. **Liberals and Democrats insist that all Community expenditure in the regions should be additional to existing national government expenditure.**

Regional and local authorities should have more opportunity of direct access to the Community institutions for the exchange of information and mutual consultation. They should also have the right to apply directly to the Regional Fund and the Social Fund without the intervention of national governments.

European Liberals and Democrats insist that the principle of complementarity of EC and national aids to regional projects be respected. EC subsidies should not be used simply to reduce or replace government aid. They should be devoted to specific projects and not disappear into the anonymity of national development budgets. In this connection, Liberals and Democrats advocate greater publicity for EC subsidies on the project site in order to enhance public awareness of Community involvement in their development. Both local and regional authorities must be involved in the coordination of regional policies at the proposal and planning stage by means of direct and informal links with the EC institutions. « Access » procedures must be progressively simplified without abolishing vital controls, including those at intermediate stages, on the ways in which European aid is used.

5. Steps must be taken to achieve effective coordination of regional and other policies by means of trans-frontier institutional and administrative integration.

The Community should have a special concern for cooperation between frontier regions and promote the Euregion concept.

EC policy should promote rather than discourage regional coherence extending beyond the frontiers of the European Community.

Trans-frontier associations should be encouraged and allowed to have organised access to Community Institutions. EC decisions, regulations and directives should take account of trans-frontier problems.

In general, existing efforts in certain trans-frontier regions to step up cooperation in a variety of areas should be actively encouraged and possibly used as a basis for similar cooperation in other such regions. While most of the outer frontiers of the European Community, particularly after enlargement, will consist of the most natural boundary (the sea coast), there will always be some areas where the local historic, cultural and economic interests of people within the Community are closely bound up with those of a neighbouring region outside it. The special needs of such areas must be recognised, and care taken that policies designed to promote equality of opportunity throughout the Community do not hinder their particular interests, even where these look away from the rest of the Community.

A case in point could be the frontier and peripheral region of Friuli-Venezia/Giulia with its port of Trieste, as a link between Central Europe and the Mediterranean.

D. Protecting and developing Europe's cultural heritage

XIV. Culture and education in a liberal and democratic Europe.

- 1. European Liberals and Democrats hold that culture and education are inextricably linked. They wish, on the basis of our common European identity, to safeguard the unity in diversity of European cultures through education and by promoting cultural and educational mobility at the European level.**

Liberals and Democrats believe that the co-existence and interchange of a wide range of cultures and languages are vital to the preservation of a true European identity, founded on a common religious, scientific/humanist and legal heritage. It is in promoting the sense of unity in diversity and in fostering understanding among citizens of the various cultures making up our Community that the need for a European dimension to national education activities can best be served.

A liberal policy in the field of cultural instruction aims at stimulating individual demand for culture rather than focusing on mere supply. The future citizen must be instructed in the use of collective equipment in the scientific and cultural spheres so that he/she may become a discriminating user of culture instead of a passive spectator. The danger of cultural manipulation and nationalism, were the supply of culture to become a monopoly of government or of other public or private bodies poses a real threat to pluralism and democracy in Europe. Culture must never be used for political ends.

- 2. The diversity of Europe's architectural, historical, linguistic and natural heritage must be preserved. A liberal approach to culture places great emphasis on EC involvement in practical projects to safeguard the intrinsic cultural and natural wealth of the Community.**

Urban development, economic pressures and the need for growth must be constantly reconciled with the need to protect our cultural legacy. The European Community can make a significant contribution in this respect by channelling available funds into specific projects at the local and/or regional level (e.g. saving Venice, or support for national parks).

- 3. In order to promote reciprocal cultural exchange and to foster a sense of European identity, European projects such as film and theatre festivals, European courses, fielding European sports teams, should be encouraged and a comprehensive exchange programme for schoolchildren, students and young professionals implemented. Furthermore, opportunities for studying abroad in the EC countries and the establishment of new European universities should increasingly be stepped up.**
- 4. European Liberals and Democrats demand the harmonisation of all national laws which seek to protect artists' rights, hanging rights, public lending rights and those which seek to prevent video-piracy.**

5. In education, the liberal emphasis is on pluralism. But the purpose of a European educational policy must be greater mobility in the educational field together with a sustained effort by the EC authorities towards reciprocal recognition of diplomas, certificates, professional certificates and other proofs of qualification by the Member States. Failure to achieve equivalence of certificates and diplomas would constitute a very serious barrier to the freedom of movement and of residence of EC citizens in the whole Community.

Liberals and Democrats have pioneered and always fought for every individual's right to access to education as a permanent process. How the educational systems are organised in the Member States must remain a national prerogative. However, despite a conspicuous lack of reference to education in the EC Treaties, the Community has, in the course of the past decade, come to recognize that there is a European dimension to education that should be furthered at the EC level. Since the early 1980s education has in fact moved from the periphery to a more central position in the spectrum of EC policies through the now official link with vocational training in the context of the fight against unemployment. Apart from this vital connection, there are a number of possibilities for practical initiative in education at all levels, from primary school to university. In fine, the thrust of European educational policy should be threefold: the objective study of the European Community and its Member States as an integral part of the regular school curriculum, greater student mobility through opportunities for organised educational experience abroad, and improved foreign language teaching.

European Liberals and Democrats believe the improvement of language teaching in the Community to be essential both to the free movement of EC citizens and to their understanding of other cultures in Europe. They argue that the inclusion of at least one foreign language in the compulsory school curriculum in all Member States would help to fight the erosion of linguistic achievement in the Community.

The Community can help to provide opportunities for students to spend carefully organized periods of study in another Member State either individually or as part of an exchange of classes, at secondary but in particular at university level. The various existing trusts and foundations might provide the means of financing these activities or else a separate instrument might be created. The twinning of schools could also be developed.

In addition, the mobility of language teachers within the Community should be promoted with a view to extending the principle of language tuition by teachers using their own mother tongue. At the very least, all foreign language teachers should spend a period of preparation abroad in the country whose language they intend to teach, and be given the opportunity, while in service, to return periodically to perfect their knowledge and proficiency.

6. In order to improve the integration of the various European population groups in the host countries, efforts should be made to give foreign children the opportunity to maintain their mother tongue as their first foreign language or, at least, have it counted as their first foreign language.

XV. Culture and the mass media.

1. The principle governing the use of new communications systems (eg satellite and cable TV) as well as of the traditional media should be free access to information and freedom to supply information across national boundaries. European Liberals and Democrats reject any form of monopoly in the field of mass communication and the new media. They hold that pluralism and the diversity of news sources are the key to as high a degree of objectivity and as broad a spectrum of information as are humanly possible.

Modern communications systems can be a powerful instrument for intensified cultural exchange between European citizens and to further the causes of European unification and democracy. Competition within and interchange between the media can encourage the free flow of ideas, opinions and information. Hence European Liberals and Democrats are firmly opposed to any attempts by national authorities to restrict the broadcasting of information or other programmes from other countries. Radio and television should be able to operate in full freedom and be subject to regulation only when technical reasons like scarcity of frequencies make this imperative.

2. Freedom of speech and expression through the press, radio, television and advertising is a prerequisite for European citizens to make up their own minds about important issues affecting their daily lives and future. European Liberals and Democrats therefore advocate that a European Charter be drawn up, implementing the principle of free exchange of opinion and including guidelines for an advertising code.
3. European Liberals and Democrats call for closer cooperation between national broadcasting networks in order to promote the exchange of programmes, provide factual information about other countries and in general create a European dimension in these media at the national level.

They also demand the establishment of a European radio and television service. In addition, the technical conditions should be created to enable direct reception of television programmes from all European countries.

We advocate greater involvement by national broadcasting systems in promoting European cooperation and integration through appropriate programmes and exchanges. The EC authorities could be associated with the efforts at the conceptual stage and provide information back-up where necessary.

European Liberals and Democrats would like to see modern technology placed at the service of cultural dissemination in other ways. A case in point is the dubbing of films which constitutes a cultural impoverishment. Modern, push-button computer systems could help at least to give viewers a choice between the original and the dubbed version of films and documentaries both at home (television, video) and in cinemas. Research into this field could be usefully promoted and co-financed by the Community.

E. Europe's role in the world: a factor for peace, progress and stability

XVI. Foreign and security policy.

1. The central concern of a European foreign and security policy should be to contribute to the establishment and maintenance of peace and freedom in Europe and the world. A liberal foreign policy should be based on co-operation in pursuing our common ideals and the rule of law.

At world level, Europe should stand for peace and freedom, pluralistic democracy and self-determination, and the right for all to individual liberty, social justice and equal opportunity.

Despite the undertakings given by all signatory States to the UN Charter, many people are still denied civil rights and elementary freedoms. Liberals and Democrats renew their pledge to universalize these rights and freedoms and to give full support to attempts to increase understanding and tolerance, especially as regards the free movement of people, information and ideas across frontiers.

2. The European Community must be developed into a Union with a common foreign and security policy whose instruments and objectives should enable it increasingly to determine its own destiny. In the immediate term, European Liberals and Democrats demand the establishment of a permanent Secretariat for European Political Co-operation (ECP).

In an area of global power politics, where political and economic forces interact on a world scale, no single European country can stand entirely on its own. The European Community has both the stature and the potential to play an active role in world affairs. Its political weight would substantially exceed that of its component parts taken together, provided Member States would agree systematically to consult each other in the framework of political cooperation before taking decisions on foreign and security policy issues. A common foreign policy should be developed at EC level whether or not the Treaties provide for the Community to deal either fully or in part with all the problems that may arise.

The strengthening of European political cooperation constitutes a vital step in this direction. The European Community should also gradually extend its network of diplomatic missions in third countries and at international organisations.

3. Effective and coherent European action on the world scene demands co-ordination of the different forms of external conduct: foreign policy, international economic policy, and aspects of security policy, including arms control and disarmament policy.

The European Community conducts its external economic and trade relations on the basis of its own procedures. The main thrust of its policy in this area in coming years must be the defence and consolidation of a free world trading system.

The European Community's external relations have both a political and an economic dimension. National governments still bear sole responsibility for the purely political questions arising in this connection, but they coordinate their moves in the framework of Political Cooperation. On the economic side, and in particular on commercial policy issues, the European Community has the final decision-making power. European Liberals and Democrats wish to promote a coherent approach to external relations which should en-

compass both areas of competence – after appropriate revision of the Treaties. Overall responsibility for foreign policy could then fall to the European Union.

The issue of security must form an integral part of a coherent EC policy drawn up in the framework of European Political Cooperation. In this context, «security» has to be understood as a broad concept comprising more than military defence alone and including trade/economic, industrial and scientific co-operation, arms procurement and exports, confidence building, arms control and disarmament policies.

- 4. Atlantic co-operation remains fundamental to our freedom, peace and prosperity. The policies of the United States are crucial in this respect and it is vital that we develop a united European voice to influence those policies.**

The European Union must contribute to strengthening the Atlantic Alliance and its own role within that partnership. The Union should seek to coordinate the defence policies pursued within NATO by those Member States which are members of the Alliance. This would serve the dual purpose of influencing NATO policy as a whole to take more account of Europe's special interests while strengthening the Alliance as a body.

Moreover, Western Europe, the United States and Canada share a deep concern with the maintenance of democracy, respect of human rights and world peace and they have a common interest in promoting a stable and just world economic order. It is this common purpose which makes it imperative for the European Community to maintain special links with North America.

- 5. Europe has a vital interest in maintaining stable and peaceful East-West relations. Increased trade, closer economic links as well as a broadening of contacts both between countries and between individuals are important elements of such a policy. Full implementation and further development of the provisions of the CSCE Final Act will contribute to lowering the barriers to free movement of people, information and ideas, and as such should be central to European efforts in this area.**

The European Community should promote the negotiations on disarmament – in which it should itself take part – and take its own initiatives in this respect.

European Liberals and Democrats consider that the cause of peace is served neither by an uncontrolled arms race nor by unilateral disarmament. We argue strongly in favour of balanced reduction of nuclear and conventional weapons down to the lowest possible level.

Both the Community as such and its Member States should promote strict implementation of existing treaties against chemical, biological and toxic weapons. In addition, they should seek the conclusion of better, properly verifiable treaties so as to impose a complete ban on producing, storing or using these weapons.

Liberals and Democrats share the worldwide fear of nuclear weapons. We urge negotiations with a view to reducing their number to the strict minimum necessary for maintaining a mutual deterrent effect and thus preventing their use. The need for deployment of new medium-range missiles in Western Europe can be obviated by the dismantling of newly deployed missiles in Eastern Europe.

Furthering the process of détente remains one of the cornerstones of EC foreign policy. Its success should be measured in terms of the effective removal of present barriers and the extent to which the current level of military confrontation in Europe is reduced on both sides.

In accordance with the Rome Treaties, the European Community must also take joint action on the economic aspects of East-West relations.

6. The European Community must persist in its efforts to facilitate and contribute to the peacemaking process in the Middle East. Direct contacts between the parties in the conflict are an important feature of this process. Europe should favour a solution enabling all the nations in the region, including Israel, to live within secure and guaranteed frontiers. The Palestinian people should be enabled to determine their own political and territorial future through negotiations. Terrorism must be renounced. The contractual links between the European Community and the countries in this area should provide the basis for a gradual extension of economic co-operation.
7. The enlargement of the Community should be seen primarily in political terms. All free and democratic European countries should in time be given the option of joining the Community provided they fulfil the obligations of membership, including the organisation of free and representative elections to the European Parliament. European Liberals and Democrats call for an early and favourable conclusion of negotiations with Spain and Portugal so that they can become members as soon as possible. At the same time, enlargement must not be allowed to jeopardise the steady and effective development of the Community itself. A firmly united Europe within clearly defined boundaries is a prerequisite for the smooth integration of new Member States.
The European Community must declare its opposition to the occupation of Cyprus by Turkish troops which is contrary to United Nations resolutions.

Many serious economic difficulties are bound to arise in the process of enlargement, especially in connection with agriculture, migrant workers and the European Community's overall budget policy. To settle these, provision must be made for an adequate transitional period, during which the new members will enjoy the legal status of full membership and participate fully in the political cooperation process but do not yet entirely share the economic obligations and rights of full members. In addition, institutional adjustments must be made and additional funds raised over and above the present 1 % VAT ceiling.

8. The European Community should not export weapons to areas of tension. Countries grossly violating human rights should not receive weapons. Export of armaments should not be assessed according to economic and unemployment criteria. Export of weapons is not development aid.
9. Military service in another Member State of the Community is to be regarded as equal to serving in the home country; the period served is to be recognised and counted against the period to be served in the home country.

XVII. European development policy.

1. European Liberals and Democrats consider Development Policy to be an important task for the European Community. Transferring development policy to EC level will enable it to be better co-ordinated and more efficiently organised. Liberals and Democrats want a development policy which effects a lasting improvement in the economic and social circumstances in the beneficiary country. Such a policy should serve the interests of the vast majority of the population and help to eradicate dire poverty, illiteracy, bad health and sanitary conditions and other such deficiencies as soon as possible.

This policy should uphold the right to self-determination and self-reliance of the people in the Third World and must encourage respect of human rights. Priority should be given to the development of human potential, the respect of natural resources, the restoration of the ecological balance, the autonomous development of scientific research, and the safeguarding of the developing countries' own culture.

2. The efficiency of development policy should be increased by dialogue between the beneficiary and the donor. This requires that the implementation and evaluation of development projects be improved. Non-public bodies (private aid associations and foundations, private enterprises, churches and trade unions) should participate fully in development activities in order to reinforce government policy, decentralise its execution, and strengthen the private sector in the developing countries. In order to ensure optimum benefit from development policy, the Community should concentrate on backing and promoting integrated development projects. Experience has shown that this form of development aid offers better opportunities of lasting success than sectoral development aid. The use of the Community's development aid funds should be under the democratic control of the European Parliament.

A liberal approach would combine measures of reform, particularly in agriculture, with education programmes designed to ensure equal opportunities for men and women in the Third World.

3. Community policies towards the Third World should ensure that help reaches the poorest countries and the poorest people in those countries. European Liberals and Democrats believe that preference should be given to self-sufficiency in food and the development of small-scale rural projects and of small and medium-sized enterprises.

The development of rural areas should aim to secure a sound economic structure. Agricultural reform should enable the Third World countries to reduce their dependence on cereal imports and boosting domestic production. Care should be taken not to focus too exclusively on export crops.

4. European Liberals and Democrats consider that the existing world economic order must be further developed. In view of the particular situation of the developing countries, exceptions and temporary regulations for their trade should be granted and their exports promoted. At the same time, the right sort of investment of private capital can help economic progress in the development countries. Liberals and Democrats wish to encourage private investment of this kind, provided appropriate guarantees are devised for investors and recipients alike.

Arrangements similar to the Lomé Convention should be made with other regions in the world such as the Mediterranean Basin, and stable relations should be forged with the countries of Latin America and Asia. The European Community should favour codes of conduct subject to international law, for multinational undertakings.

5. A liberal development policy must seek to stimulate self-reliance in the developing countries. These countries must make their own political decisions to secure their economic and social development. European Liberals and Democrats refuse to involve the East-West conflict in North-South relations.
6. European Liberals and Democrats consider that the Community should not make the granting of aid subject to the existence of a Western-type democracy in the beneficiary countries. However, no support should be given to regimes which flagrantly and persistently violate human rights. The Community should keep a close watch to ensure that its aid benefits the entire population of a recipient country rather than a privileged group. The surest way of doing so is to exercise great care both in selecting the type of projects eligible for EC backing and in selecting the organisation and institutions through which the aid is administered and finally, effectively to check that the aid actually reaches its intended destination.
7. The growing indebtedness of Third World countries constitutes a major impediment to their development. The main victims of the present world economic situation are the poorest among the less developed countries. The European Community should help the developing countries gradually to reduce the heavy financial burden by suggesting appropriate measures for each country or group of countries. The European Investment Bank should be asked to increase its investments. Commodities agreements, leading to a stabilisation of the developing countries' income, are useful provided that they do not contribute to a structural imbalance in the economy of these countries. The application of counterpart funds to prevent this lack of balance should be promoted.

The system of generalized preferential tariffs should be improved, a special EC instrument created to encourage investments in Third World countries, and agreements concluded offering outlets for products from countries in Central America.

8. The industrialised countries can also help Third World countries by making more careful use of all kinds of natural resources. Too extensive and rapid an exploitation could lead to considerable difficulties for future generations, difficulties which could be tragic, especially for the people of the less developed countries not possessing any energy resources or raw materials.

*The European Community should help the developing countries to exploit of-
ten still unknown resources for the benefit of local populations.*

9. The European Community should seek to associate other countries with its aid programme. Only joint action by all industrialised countries offers a possibility for rendering development aid fully effective.
In this connection, notwithstanding the prevailing economic crisis, all industrialised nations should endeavour to fulfil the UN target of official development aid amounting to at least 0.7 % of their GNP. Similarly, all forms of protectionism should be avoided.
10. Emergency aid and food aid remain necessary. The organisation of international emergency aid should be improved and steps taken to prevent disasters. Food aid should not lead to the neglect of indigenous food production in the developing countries. The counterpart funds (of food aid) should be used to improve own food production.
11. European Liberals and Democrats explicitly support the early conclusion of a new agreement with the associated developing countries (Lomé III). The provisions of this agreement could serve as an example for aid to other developing countries.
12. The developing countries should be helped to protect their environment, especially against desert encroachment. Pressure should be brought to bear on countries with tropical rain forests to stop further unbridled deforestation.



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