

And internally, of course, the process of European construction proceeds apace. Over the past year, important strides have been taken in three areas, each in its own way holding considerable interest for Canada. The first of these was the inauguration last March of the European Monetary System. Conceived as a step on the road towards European monetary union, the immediate objective of this new system is to shelter intra-Community trade and investment from the effects of exchange-rate fluctuations, to assist member states in the disciplines necessary to combat inflationary pressures and, broadly, to create a zone of monetary stability that will contribute to economic recovery and growth. Although experience with the operation of the EMS has been limited, the initial results appear, on the whole, positive.

Secondly, the successful conclusion of negotiations for Greek membership in the EEC, and the opening of negotiations with Portugal and Spain, have launched the Community on its second round of enlargement. The admission of these three less-developed economies presents the Community with very real challenges on the economic as well as the budgetary and institutional fronts. It is a measure of the vitality of the European ideal enshrined in the treaties of Rome that the member States are resolved to meet these challenges. The road to an enlarged Community of 12 European nations will, I suspect, provide further stimulus to Europe's cohesiveness and sense of purpose. Challenges do produce their responses. And the challenge of enlargement will likely prove no less an exception to that rule than has the latest oil crisis, which has acted as an effective spur to previously lagging attempts on the part of the nine to formulate a common energy policy.

The third notable Community development in 1979 was the holding of direct elections last June to the European Parliament, the first multi-national elections to a representative institution in world history. In common with many historical events, the significance of this occurrence will require the passage of time before its magnitude can be fully appreciated. In due course, however, I am convinced that it will be seen to mark a milestone in the construction of Europe.

The fact that Europe's Parliament is now composed of the directly elected representatives of the people of the member states will lend to the Community's decisions a legitimacy that heretofore was absent. It means that Jean Monnet's dream has been brought that much closer to reality — the dream of uniting not simply the governments, but the peoples of Europe. And I would argue that all this is not so remote from Canada's interests as one might suppose. For one thing, in a world where democracy is becoming rare, we should draw encouragement from the knowledge that henceforth the impulsion towards European integration and political co-operation will find popular expression in the institutions of the Community itself. For another, we can expect that the European Parliament, like most parliaments, will be impatient with technical answers to essentially political and social questions, especially when these technical and bureaucratic responses are expensive. So, for example, it would not be surprising if those in Europe and elsewhere who feel that a major overhaul of the price structure and operation of the Common Agricultural Policy is overdue should discover articulate allies among the ranks of the new European parliamentarians, allies who will act as an effective lobby in bringing home to the Council

---