

The institutions of the European Community



European File

In the 10 Member States of the European Community, June 1984 saw the second direct election by popular vote of members of the European Parliament, one of the institutions which underpins the Community.

The Community traces its origins to the Treaty of Paris, signed on 18 April 1951, to create a European Coal and Steel Community (ECSC). The six founding Member States – Belgium, Germany, France, Italy, Luxembourg and the Netherlands – decided that this experiment, which proved an enormous success, should be deepened and extended to embrace their entire economies. On 25 March 1957 they signed the two Treaties of Rome, setting up the European Economic Community (EEC) and the European Atomic Energy Community (EAEC or Euratom).

A sign of the continuing success of the Community, despite periodic problems and crises, is the accession of new Member States. On 1 January 1973 Denmark, Ireland and the United Kingdom joined the original six; on 1 January 1981 Greece became a member. After lengthy negotiations, the Ten are soon to be joined by Spain and Portugal.

The three European Communities are managed by common institutions. As a consequence, they are increasingly referred to, in the singular, as the European Community.¹

The European Commission – initiator and executive

The Commission is composed of at least one citizen from each Member State. It consists at present of 14 members: two British, two German, two French, two Italians and one from each of the other countries. Members of the Commission are appointed for four years by mutual agreement of Community governments; they act only in the interests of the Community; they may not receive instructions from any national government and are subject to the supervision of the European Parliament alone, which is the only body which can force them collectively to resign. Commission decisions are taken on a collegiate basis, even though each Commissioner is directly responsible for one or more portfolios.

The Commission's tasks are:

- To ensure that Community rules and the principles of the Common Market are respected. As the guardian of the Treaties, the Commission is responsible for seeking that their provisions are observed and that the decisions of Community institutions are correctly applied. The Commission decides on requests from Member States wishing to apply the safeguard clauses in the Treaties which allow, in exceptional cases, temporary waivers or derogations from Community rules. The Commission has investigative powers and can impose fines on

¹ This file updates and replaces our No 6/82.

individuals or companies, notably those who are found to be in breach of Community competition rules. Appeal is allowed to the European Court of Justice. States which fail to respect their obligations can also be taken before this court by the Commission.

- To propose to the Community Council of Ministers measures likely to advance the development of Community policies (in the fields of agriculture, energy, industry, research, the environment, social and regional problems, external trade, economic and monetary union, etc.). In 1983, the Commission sent 663 proposals to the Council of Ministers.
- To implement Community policies, whether based on Council decisions or directly on Treaty provisions.
 - The Commission has especially wide powers of its own in the coal and steel sector (the coordination of investment, price control, etc.), over competition (suppression of monopolies and control of national aids) and nuclear energy (supply of fissile materials, control of nuclear plants, etc.).
 - In other cases the Commission operates under instructions from the Council, in the negotiation, for instance, of trade agreements with third countries or the management of agricultural markets.
 - The Commission also manages the funds and common policies which account for most of the Community budget. These include the support and modernization of agriculture (European Agricultural Guidance and Guarantee Fund), the encouragement of regional, industrial and professional development and the employment of the young (European Regional Development Fund, ECSC grants and Social Fund), the promotion of scientific research (the Joint Research Centre and other services employ about 2 800 people) and the concrete application of European support and concern for the Third World (European Development Fund, food aid programmes, etc.).

The Commission has an administrative staff, based mainly in Brussels and, to a lesser extent, Luxembourg. Apart from the researchers already mentioned, it consists of about 10 000 officials, divided between about 20 directorates-general. This is less than the staff of a good number of single ministries in member countries. One third of the Commission's staff is employed on the linguistic work made necessary by the use, on equal footing, of seven working languages.

Council of Ministers – decision-maker

The Community's Council of Ministers meets in Brussels and, occasionally, in Luxembourg. The Council makes the major policy decisions of the Community. It consists of ministers from Member State governments. Each government acts as President of the Council for six months in rotation. Participants in the meetings

change according to the agenda: agriculture ministers would, for instance, discuss farm prices, employment and economy ministers would discuss the problem of unemployment. Foreign ministers coordinate the more specialized work of their colleagues. The Council is assisted by:

- A Committee of Permanent Representatives, Coreper, which coordinates the groundwork for Community decisions undertaken by numerous meetings of senior officials of Member States.
- A general secretariat, with a staff of about 1 800 people.

Meetings of the European Council have taken place three times a year since 1975 (previously they were only occasional). They bring together the Heads of State or Government of the Community to provide political guidance and impetus. Their importance should not be underestimated but they cannot directly agree Community legislation.

In 1983 the Council of Ministers met 83 times. It can deal only with proposals from the Commission and can only alter them by unanimous vote.

Unanimity is also required in the Council for certain important decisions. In practice it is frequently sought when not strictly necessary, which tends to slow down the Community decision-making process. The European Commission has urged the more frequent use of the qualified majority vote laid down in the Treaties. Out of a total of 63 votes, 45 are needed to approve a Commission proposal. Germany, France, Italy and Britain have 10 votes each, Belgium, Greece and the Netherlands 5 votes each, Denmark and Ireland three votes each and Luxembourg 2 votes.

In the agricultural sector, Management Committees have been created, composed of representatives of the Commission and governments. These have speeded up procedures in certain areas. Commission decisions need only be considered by the Council if they are rejected by a qualified majority within the Committee.

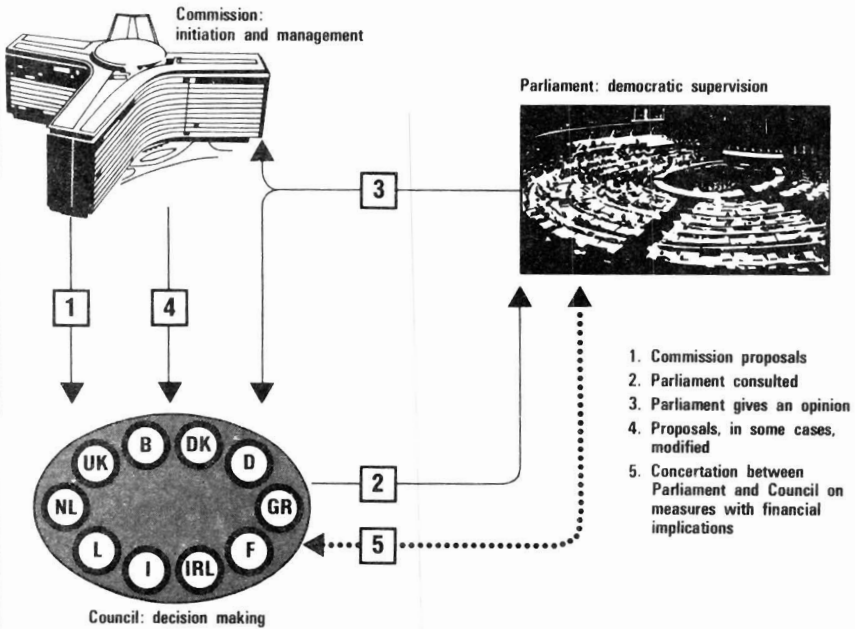
The Court of Justice – servant of Community law

The Community Court of Justice, sitting in Luxembourg, comprises 11 judges, assisted by 5 advocates-general. Both groups are appointed for six years by mutual consent of Member States. Their independence is guaranteed. The Court's role is:

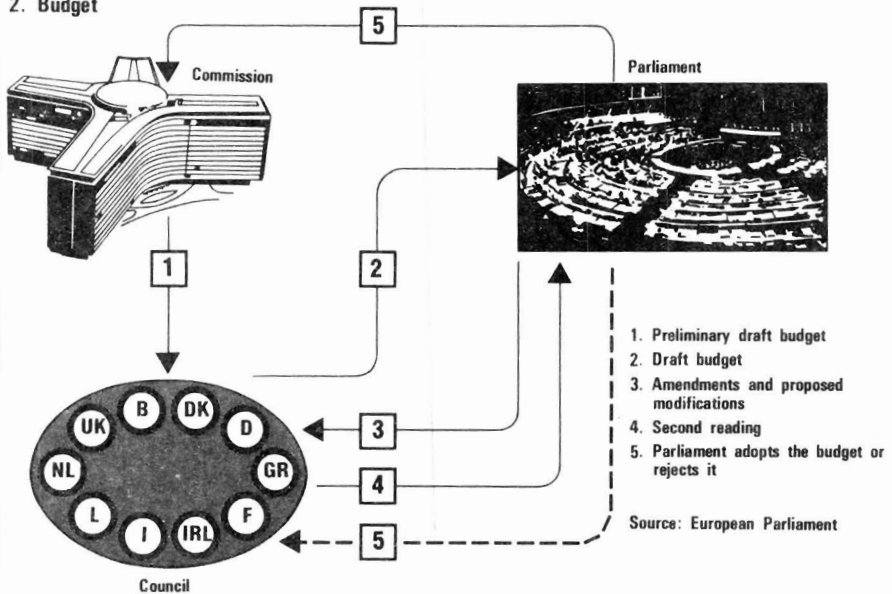
- To quash, at the request of a Community institution, government or individual, any measures adopted by the Commission, Council of Ministers or national governments which are incompatible with the Treaties.
- To pass judgment, at the request of a national court, on the interpretation or validity of points of Community law. If a legal action produces a disputed point of this kind, a national court can request a preliminary ruling by the European

The role of the European Parliament in Community decision making

1. Legislation



2. Budget



Court. It must do so if there is no higher court of appeal in the Member State concerned.

In 1983, the Court dealt with 297 cases (including 98 preliminary rulings) and passed 206 judgments. The Court can also be invited to give its opinion – which then becomes binding – on agreements which the Community proposes to undertake with third countries.

Through its judgments and interpretations the Court of Justice is helping to create a body of truly Community law which will apply to all: Community institutions, Member States, national courts and private citizens. Judgments of the Court, in the field of Community law, overrule those of national courts. And in cases of non-application of Community law by the Council or Member States, the Court has, following complaints brought by individuals, upheld the direct applicability of Treaty-imposed principles, such as equal pay for men and women and the right of the liberal professions to practise throughout the Community.

The European Parliament – public participation

Since June 1979, when the first direct elections were held, the European Parliament has been made up of members elected every five years through universal suffrage, instead of members co-opted from national parliaments. The Parliament has 434 members: 81 from each of the four most populous countries, 25 from the Netherlands, 24 from Belgium, 24 from Greece, 16 from Denmark, 15 from Ireland and 6 from Luxembourg.

Members of the Parliament form political rather than national groups. From 10 October 1984, they were divided as follows: 131 Socialists, 110 Christian Democrats in the European People's Party, 50 European Democrats, 41 Communists and Allies, 31 Liberals and Democrats, 29 in the European Democratic Alliance, 20 members of the Rainbow Group, 16 members of the European Right and 6 belonging to no group.

The Parliament has a staff of about 2 900 officials, based in Luxembourg. It has 17 committees and holds plenary sessions in Strasbourg, in the presence of representatives of the Commission and Council of Ministers, where it discusses and gives opinions on major Community problems.

The European Parliament, it is true, does not have legislative powers like those of national parliaments. Under the present Community legislative process, the Commission has the sole power of initiative and the Council plays the major role in taking decisions. Nevertheless, the Parliament:

- Has the power to dismiss the Commission by a two-thirds majority;
- Supervises the Commission and Council, partly through debating their programmes and reports, partly through incisive written and oral questions (3 163 in 1983);

- Has the right to give an opinion on Commission proposals before the Council can make a decision on the text, possibly revised by the Commission;
- Has budgetary powers which allows it to take part in major decisions on Community expenditure. It is the Parliament which finally adopts or rejects the draft budget drawn up by the Commission and agreed by the Council.
 - In the case of expenditure involving legal obligations to third parties, mainly agricultural, the Council must have a qualified majority to accept or reject modifications made by the Parliament, whether or not they increase the overall budget;
 - In the case of non-obligatory expenditure, often involving the development of new Community policies, the Parliament has discretionary powers of amendment over the budget within the limits of a margin of manoeuvre which is fixed partly by the economic situation in the Community and can be altered by mutual agreement with the Council;
- Has the power to give a discharge to the Commission for its management of the budget: in other words, the Parliament verifies that the Community budget, once adopted, was properly executed;
- Has established over the years concertation procedures with the Council and the Commission to discuss budgetary matters and proposals with major financial implications. The various institutions are thus able to discuss viewpoints and attempt to narrow differences before adopting final positions.

The Economic and Social Committee and the Advisory Committee

Before a Commission proposal can be adopted by the Council, it must be sent for the opinion of not only the European Parliament but also, in many cases, the Community's Economic and Social Committee, a consultative body with 156 members. This Committee comprises representatives of employers, trade unions and other interested groups, such as farmers and consumers. For issues involving coal and steel, it is the Advisory Committee, consisting of representatives of manufacturers, traders, workers and consumers, which performs this same role. The two committees adopted 135 opinions and resolutions in 1983, including many on their own initiative.

Many specialized advisory bodies help to further associate professional and trade union interests with the development of the Community. The leaders of their European federations, established in Brussels, and their experts, are often consulted by the Commission before it adopts definitive proposals.

The budget and the Court of Auditors

Community spending reached about 24 200 million ECU in 1983, the equivalent of about 3% of the money spent by national governments and an average of less than 100 ECU for each Community citizen.¹

The Community budget is no longer financed by national contributions but by the Community's own resources:

- Duties and taxes on imports from the rest of the world;
- A proportion of a uniform assessment basis of VAT collected in the Member States. This is limited at present to a maximum of a 1% VAT rate, but this ceiling is shortly to be increased to 1.4%.

Corrective measures can be applied to VAT payments by countries whose budgetary contribution is excessive in relation to their relative prosperity. Thus the gap between the United Kingdom's share in Community expenditure and its VAT resources will be reduced by two-thirds over the next few years. This formula will replace the budgetary rebates paid to the United Kingdom in recent years, which averaged about 1 000 million ECU a year.

As a percentage of the total, expenditure in the 1983 budget was divided as follows:

- Support for farm prices, modernization of agriculture and fisheries: 66.4%;
- Aid for industrial and infrastructural and service investments in the poorest regions: 9.6%;
- Social measures, especially employment, vocational training and retraining, education, culture, the environment and consumer affairs: 5.7%;
- Joint action in research, energy, industry and transport: 5.6%;
- Aid to Third World countries: 4.0% (plus non-budgetary expenditure arising from the Lomé Convention, which doubles the sums available);
- Administrative expenditure: 4.5%, covering the salaries of 19 000 officials and other employees of all the different Community institutions, plus the cost of buildings, administration and the dissemination of information, etc.

The management of the budget is supervised by a Court of Auditors, consisting of 10 members appointed by mutual agreement of the Council of Ministers for six

¹ One ECU (European currency unit) = about £0.59, Ir. £0.72 or US \$0.72 (at exchange rates current on 10 October 1984). For more details, see *European File*, No 18/84: 'The European Community budget'.

years. The Court of Auditors has extensive powers to examine the legality and regularity of Community receipts and expenditure and the sound financial management of the Community budget.

The European Investment Bank – borrowing and lending

The European Treaties set up a European Investment Bank, which is based in Luxembourg. Provided with separate decision-making powers and capital subscribed by Member States, the Bank raises money on capital markets and grants loans (4 700 million ECU in 1983, including 4 300 million in the Community and the rest to developing countries) for priority investments in regional development, energy, communications, advanced technologies, the environment, etc. In addition, the European Commission raises loans for the coal and steel industries (778 million ECU in 1983), nuclear energy (367 million ECU) and infrastructure, energy and industrial developments through the New Community Instrument (1 200 million ECU). Loans can also be given to support the balance of payments deficits of Member States (4 200 million ECU in 1983). All these measures are strictly coordinated by officials of the Commission and the EIB which often manage them together.

Conclusion

Across the world there are a number of examples of international organizations which link countries who wish to work together. The European Community is something quite different, in both conception and achievement:

- In its goal: the creation, in the long term, of a genuine European Union, as recently outlined in a draft treaty drawn up by the European Parliament;
- In its methods: the management of the Community is not simply inter-governmental; Community institutions have powers in their own right and strive to serve the overall interest of all Community citizens;
- In its achievements: the Council of Ministers and the Commission, where it has autonomous decision-making powers, take measures which have the force of law and which, in many cases, apply directly to Community citizens.

These measures are called:

- Regulations, which apply directly;
- Decisions, which are binding only on the Member States, companies or individuals to whom they are addressed;
- Directives, which lay down compulsory objectives, but leave it to Member States to translate them into national legislation;

- Recommendations and opinions, which are not binding (except in the ECSC sector, where they are equivalent to directives).

Anxious to reinforce the effectiveness of the Community, the European Commission has called for a realignment of institutions, involving, in particular: the full recognition of the Commission's powers of initiative, execution and management; the use, wherever necessary, of the qualified majority vote in the Council; the strengthening of the role of the Parliament, mainly through greater concertation with the Commission and Council. The Parliament, for its part, has put forward a draft treaty of European Union, which would extend Community activities into areas where joint action would be more effective than the efforts of Member States acting separately: foreign policy, security, European citizenship, monetary union, etc. The Parliament suggests that legislative power should be shared between itself and the Council, which would restrict the use of unanimous voting within reasonable limits for 10 years, after which the problem would be reconsidered. Faced with these different proposals, the European Council agreed at Fontainebleau in June 1984 to set up an *ad hoc* committee on institutional affairs to examine ways of improving the functioning of the Community ■

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