



THE EUROPEAN COMMUNITY IN THE 1990s



Europe
on the move



ECC

Education and training ought, in future, to prepare young people of all ages for European citizenship, by fostering the free movement of ideas and the acceptance of common values.

The year 1992 marks a watershed for the European Community. At the end of that year, it will put in place the single European market, establishing a vast zone without internal frontiers where goods, services, people and capital move as freely as within one country.

At the same time, the EC is embarked on the road to a single currency and the creation of a political union with a common foreign and security policy. It is also preparing for its enlargement through the entry of new members.

From modest beginnings, its responsibilities have expanded over the years, so that they now cover most areas of economic and social activity. The Community is the world's largest trading power and has become a vital partner for industrialized and developing countries alike.

The dynamics of the European Community are complex. It is run for the benefit of all citizens, rich and poor, and all Member States, big and small. This requires checks and balances in its institutional structure. It also means that EC countries must show responsibility and maturity when seeking consensus and compromise and when deciding where common goals outweigh national interests.

'We are not merging States, we are uniting men'

Jean Monnet



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Man must look after the world or there will be no world to look after.

UNITY IN DIVERSITY

Forty years ago, six nations emerging from the ravages of war decided to pool their basic resources of coal and steel so that armed conflict between them became impossible. They also pooled part of their sovereignty, deliberately and willingly. This was the European Coal and Steel Community (ECSC), the first democratic experiment in supra-national economic management, and precursor of the European Community of today.

The Community's basic constitution, the Treaty of Rome, came into force in 1958. It set the ultimate goal of the Community as the ever closer union of the peoples of Europe. It also fixed more immediate priorities. These included the creation of a common market, the adoption of a series of common policies and action to reduce regional and social inequalities.

The achievement of these aims gave way to the full implementation of the four 'freedoms' of the single market – for goods, services, people and capital.

'The only guarantee that there will be a parallel between economic policy and monetary policy, is a political union'

Jacques Delors,
President of the
European Commission

Now an economic giant, the Community is striving to consolidate the single market into an economic and monetary union and to put in place political structures that will give it a prime role in helping define the post-Cold War world order.

The Community is one of the three pillars, along with the United States of America and Japan, on which the system of pluralist democracy and market economy is built. It has granted trading advantages to the developing countries, giving special emphasis to the nations of the Mediterranean region and the 69 States of the African, Caribbean and Pacific (ACP) group.

Despite its accelerating economic and political integration, the Community has been able to preserve the distinctive cultures, languages and traditions of its 12 Member States. As part of the single market, the Community has developed a citizens' Europe, ensuring that its 343 million people also benefit directly from the integration process and the flattening of internal frontiers.



FROM SINGLE ACT TO SINGLE MARKET

Although the EC's Customs Union was in place by 1968, thereby achieving the free movement of goods ahead of schedule, progress in other areas of EC integration was slow.

When he became president of the European Commission in 1985, Jacques Delors set the 1992 deadline for the full realization of the four freedoms and ordered a blueprint to be drawn up for the single European market. He also proposed revising the Rome Treaty to facilitate the decision-taking processes for single market legislation.

His initiative was immediately endorsed by EC governments who launched seven years of negotiations which are now in their final phase.

The Treaty revisions contained in the Single European Act, which came into force in July 1987, expanded the scope of majority voting within the Council of Ministers. It thereby restricted the requirement for unanimous agreement to sensitive issues such as taxation, the dismantling of borders and workers' rights.

The Single Act also extended the powers of the European Parliament in the decision-taking process and codified procedures on foreign policy cooperation for the first time. The authority of the Community was broadened to cover aspects of energy, environment, monetary and social policies as well as research and technology. Priority was to be given to strengthening the economic and social cohesion of the Community.

In parallel, the Community set about revising its budget structure in order to cut the cost of agriculture and to double spending on regional and social development. In 1989, the Charter on the fundamental social rights of workers was adopted.

'Economics and ecology are in the same boat: there is no viable economic growth without fully and systematically taking the environment into account'

Carlo Ripa di Meana,
Member of the European
Commission



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Ian Berry, Magnum

'A single currency is the cement that binds our economies together'

*Sir Leon Brittan,
Vice-President of the
European Commission*

*To move within the
Community as freely as in
one's own country is a
right which the
Community is to grant to
each of its citizens.*

*The EC is now a magnet
for the newly democratic
countries of Central and
Eastern Europe who seek
a new identity as part of
the Community.*

*He and thousands of
colleagues worked on
this major project. The
European Social Charter
lays down a reasonable
level of social security
and social benefits.*

EMU AND POLITICAL UNION

In order to consolidate the single market, Community Heads of Government agreed in December 1989 to begin the process of economic and monetary union (EMU). Six months later, they gave the go-ahead for negotiations on political union as well. The negotiations on EMU and political union began at two parallel inter-governmental conferences (IGCs) in December 1990.

Economic and monetary union requires the full completion of the single market, fixed exchange rates between the national currencies of Member States and the creation of a single currency, the ecu. A central banking system is to be set up with responsibility for exchange rate and monetary policies.

Economic policies of Member States must be compatible with each other, especially as concerns inflation rates, fiscal policies and the limitation of budget deficits.

Stage I of EMU began in July 1991. The second Stage is due to start in 1994.

The reform of the Community's political structure was seen as a parallel requirement to EMU in the wake of the single market. The Community needed a political dimension to match its new economic strength and responsibilities.

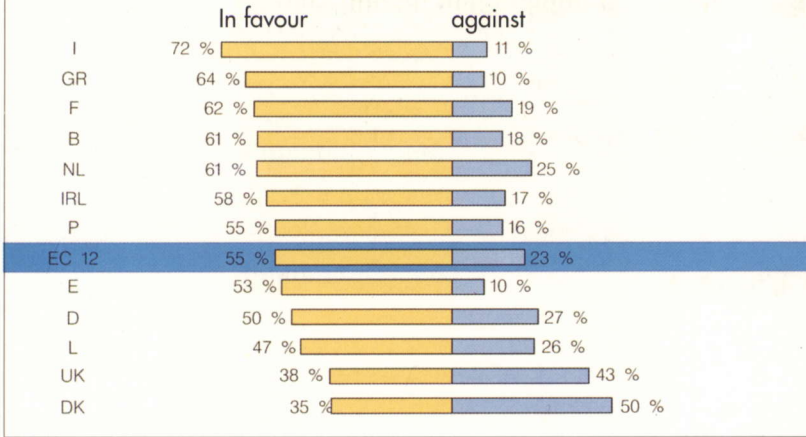
The key external dimension of political union centres on a common foreign and security policy.

The second focus of political union is the revision of the Community's institutional structures, notably by extending the power of the European Parliament, and expanding still further the scope of the Rome Treaty.



Eureka Slide

Attitude of European citizens to a single currency

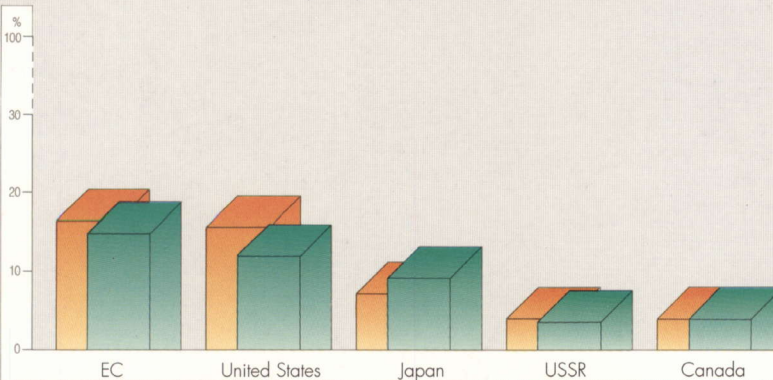


A survey carried out in the autumn of 1990 (Eurobarometer No 34, December 1990) showed that 55 % of Community citizens were in favour of a single currency replacing the existing currencies within five to six years. In Italy the figure was 72 %, and elsewhere it ranged from 64 to 35 %: Greece (64 %), France (62 %), Belgium and The Netherlands (61 %), Ireland (58 %), Portugal (55 %), Spain (53 %), Germany (50 %), Luxembourg (47 %), the United Kingdom (38 %), and Denmark (35 %). Only 23 % of Community citizens were against the adoption of a single currency.

Europe, world partner

The European Community, world's leading trading power

The share of world trade¹ held by the principal trading nations in 1989 (in %):



¹ Excluding trade between Community countries

	Imports	Exports
European Community	16.2	15
United States	15.6	12
Japan	7	9.1
USSR	3.8	3.6
Canada	3.8	3.8



The European Community is world leader in matters of trade. This is due to the quality of its products.

Since 1988 the Community has been operating the Erasmus programme which aims to encourage student mobility within the Twelve. One hundred and fifty thousand young people have already taken part.

ENLARGEMENT

The new treaties on EMU and political union are regarded as a vital deepening of the Community in advance of its coming enlargement.

The Community has brought in new members on three occasions. Britain, Ireland and Denmark joined in 1973, Greece became the tenth member in 1981 while Spain and Portugal followed in 1986.

There are currently five applicants for membership: Austria and Sweden (both members of the European Free Trade Association), plus Turkey, Malta and Cyprus. Other EFTA countries may follow.

The EC is now a magnet for the newly democratic countries of Central and Eastern Europe who seek a new identity as part of the Community. Brussels has replaced Moscow as the centre of their world.

Several of them have stated their desire to apply for membership. The association agreements with Poland, Czechoslovakia and Hungary are considered the first step of these countries on the way to ultimate membership, although entry into the Community will not be automatic.

Any State which is European and democratic and sufficiently economically advanced can apply for membership. Entry follows negotiation between the candidate country and the community concerning the way each newcomer adopts EC legislation and the fixing of a transitional period to full integration.

THE SOCIAL CHARTER

The Charter of the fundamental social rights of workers, adopted in December 1989, sets out 12 basic principles:

1. The right to work in the EC country of one's choice.
2. The right to a fair wage.
3. The right to improved living and working conditions.
4. The right to social protection under prevailing national systems.
5. The right to freedom of association and collective bargaining.
6. The right to vocational training.
7. The right of men and women to equal treatment.
8. The right of workers to information, consultation and participation.
9. The right to health protection and safety at work.
10. The protection of children and adolescents.
11. The guarantee of minimum living standards for the elderly.
12. Improved social and professional integration for the disabled.

'A dynamic research policy is an investment in the future. Today's science and technology will determine tomorrow's industrial reality. Training young research scientists today provides a pool of intellectual capital for the future. The discoveries of today will lead to improvements in our standard of living in years to come'

*Filippo Maria Pandolfi,
Vice-President of the
European Commission*

*Source, EC Commission,
Eurobarometer No 33,
June 1990*

THE INSTITUTIONAL BALANCE

Subsequent enlargements will affect the structure of the Community and the balance between its institutions. It is already clear that present structures, developed over 40 years for a Community of six and then 12, cannot apply to a Community of 25 or even 30 members.

Future changes will not modify the basic functions of the institutions.

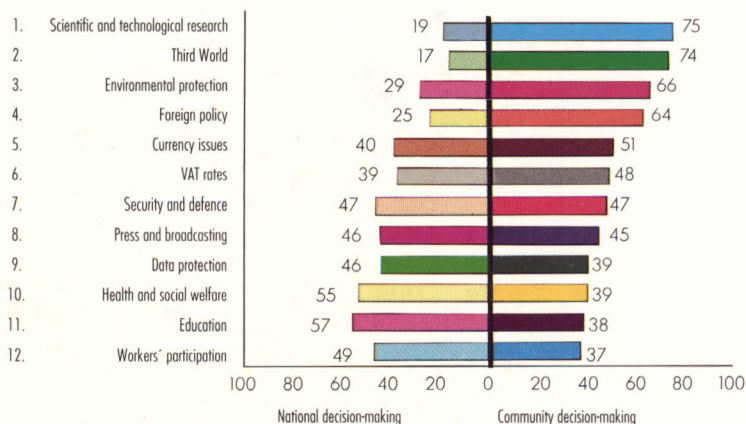
The **European Commission** is best described as the executive branch of EC government. The Commission has the sole right to propose draft legislation to the legislative institutions and is responsible for ensuring that EC decisions, once taken, are effectively implemented by Member States. This is why it is called the guardian of the Treaty of Rome. The Commission has 17 members, one from each of the seven smaller States and two,



each from the five bigger countries. Commissioners are nominated by their governments and serve for terms of four years.

National or Community decision-making?

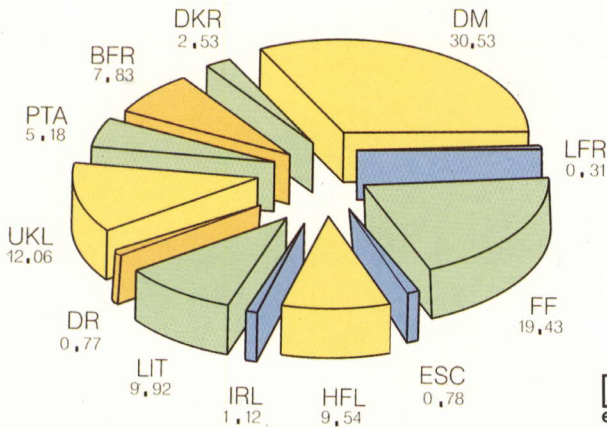
A sample of people from all the EC Member States was asked the question: 'Which of the following areas of policy do you think should be decided by the national government, and which should be decided jointly within the European Community?' Their response was as follows (in %):



'Young people are a precious resource. We must prepare them for the rapid changes which will influence their lives. Cooperation with the systems of training in the Member States is paramount if we are to achieve this objective'

*Vasso Papandreou,
Member of the EC
Commission*

Composition of the ecu (1990) % share of each currency



Eurostat

'If the internal market is to be successful, its benefits must extend to all'

*Martin Bangemann,
Vice-President of the EC
Commission*

'Truly "1992" will mean a transformation of society. Mentalities and habits will change. Everywhere the key players in the economy realize that the future lies in the fullest sense in Europe'

*Karel Van Miert, Member
of the European
Commission*

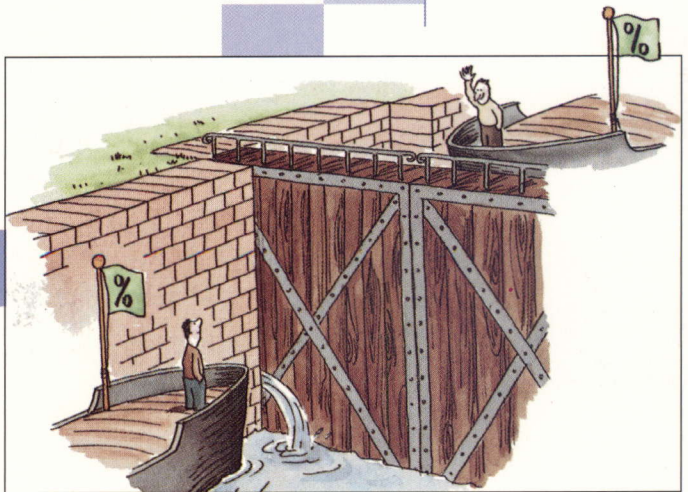
The **Council of Ministers** is the principal legislative and decision-taking institution. It has the power to adopt regulations and directives submitted to it by the Commission. The Council is composed by ministers from the twelve Member States. Member States preside over the Council meetings for periods of six months in rotation. Depending on the type of issue, Council decisions can be taken by a simple majority, a 'qualified' or weighted majority or by unanimity.

In addition to the four institutions, the Community has three important organs. They are

- the Economic and Social Committee, a consultative body to the Commission and Council of Ministers;
- the Court of Auditors, which controls the way the Community spends its money;
- the European Investment Bank, the EC's banking arm.

The **European Parliament** is the second legislative body. Draft legislation is submitted by the Commission to the Parliament as well as to the Council of Ministers. It consists of 518 members directly elected by EC citizens. Parliament was initially a consultative body but acquired new powers under the Single European Act. These extended its say in the legislative process principally by giving it greater scope to amend draft texts.

The **European Court of Justice** is the Community's equivalent of a supreme court. It is the final arbiter of Community law. Community law overrides the national law of Member States when the two come into conflict. The Court has 13 judges: one from each Member State plus one extra to ensure an uneven number.





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