

# True or false?

## Questions about the European Community

### European File

According to a survey organized by the European Commission at the end of 1979, 58% of Europe thinks that the Community is a good thing; 12% think the opposite and 30% don't know or have no opinion either way. The proportion of dissatisfied people is 41% in the United Kingdom, 27% in Denmark, but only 12% in Ireland, 6% in France and 2% to 3% in other Community countries. Here we try to reply to some of the questions posed or the criticisms made frequently about the European Community.

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## **The Community is one enormous bureaucracy?**

There are around 16 000 European civil servants. The European Commission employs 11 350, of whom 2 770 are involved with scientific research and investment matters. The remainder work either in the Community's Council of Ministers, the European Parliament, the European Court of Justice, the Court of Auditors or the Economic and Social Committee. The number of civil servants employed in member countries is almost one thousand times greater! For every 100 000 Europeans there are 4 200 national civil servants but only 6 'Eurocrats'.

Are there still too many of these European civil servants for the work they do? This question must be looked at closely :

- the Community's agricultural policy is handled by fewer than 700 European civil servants. In the Federal Republic of Germany, to cite just one example, the Ministry of Agriculture has over 20 000 employees. The figure are the same, proportionally, for other countries
- trade agreements with non-Community countries are now negotiated by the European Commission and not by individual Members States. More than 100 countries are officially represented to the Community. The whole of the Community's external relations is handled by only 520 senior officials, 220 of whom are located abroad
- in the area of food aid to the Third World, 28 Commission officials manage programmes involving money of the order of 500 million European units of account. <sup>1</sup> At the United Nations, a programme of similar scope is managed by a staff of over 300.

And for both political and linguistic reasons, the European Commission's work is not easy. The Commission serves all of Europe and cannot work in a vacuum. In 1979 alone, it submitted 616 proposals and 216 memoranda and various reports to the Community's Council of Ministers, which takes the final decisions. But before any decisions are taken, it must seek the opinion of the European Parliament and that of both sides of industry within the framework of the Economic and Social Committee, or of the Coal and Steel Consultative Committee. And even before that there will have been a proposed draft from the Commission drawn up through a series of consultations with national officials and experts as well as with representatives of interested parties, in particular, trade unions.

## **The Community is an expensive Tower of Babel?**

Consultation with a large number of persons requires translation of documents and the holding of meetings in the six Community languages. Some 8 000 meetings with simultaneous translation were held in 1978. Each meeting costs about 3 200 EUA.

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<sup>1</sup> 1 EUA = about £ 0.61 or Ir. £ 0.67 (at exchange rates current on 26 June 1980).

The European Commission has a full-time staff of 1 200 interpreters and translators. Including the typists who assist them, this means that about one-third of the European civil servants are employed in linguistic work.

An expensive Tower of Babel? Maybe, but it is accepted that the Community addresses Europeans in their own languages. It is also to be expected that representatives from one Member State could not give priority to some other country's language. And even if they could, which language would be selected? If more than one were chosen, where would we stop? Within the Community's administration, everyday work is facilitated by the fact that European officials must know a second language. Many know several.

Is the cost of all this so high that we could perhaps do better without it? In 1979, the Community budget stood at around 14 million EUA. This is, of course, a large sum but:

- it represents about 2.5% of the sum of the nine national budgets, and one-fiftieth of 1 EUA for each European citizen
- the operating expenses (personnel, buildings, translation, publications, etc.) only absorb about 6% of the European budget. Apart from development aid funds (around 3.4%), the remainder returns to Member States in the form of aid for agriculture and scientific research, and for social or regional development, which otherwise would come from national funds for the most part
- this money is spent in a way which tries to reconcile, in everyone's interest, the often divergent positions of Member States. This requires a great deal of discussion and, doubtless, a great deal of paperwork. But as one of the 'fathers' of Europe, Jean Monnet, put it : 'discussion is better than shooting one another'. In Europe, constant negotiation between partners has become the substitute for the wars of the past.

### **The Community only benefits the bosses and technocrats?**

Favouring big business rather than consumers is a criticism sometimes levied at national governments and it has also been carried forward to the European level. The unofficial term 'Common Market' also tends to make people think of a trading association.

Progress in production and in intra-European trade is a Community achievement which has not only benefited the bosses. It has enabled jobs to be created and has brought about a general improvement in the standard of living. The extension of competition throughout Community countries has also increased the choice of goods available to consumers and helped combat rising prices.

In addition, the Community is in the process of implementing a specific consumer protection programme. This should:

- protect health by ensuring good food, safe packaging and clothing, clear labelling which warns of possible dangers in the product, etc
- safeguard economic interests by establishing fair contracts, particularly in the areas of personal loans and hire-purchase agreements. The information supplied by the producer must be exact. The consumer has the right of redress for damages incurred through the fault of the producer
- make information available to consumers on, for example, the precise composition of foodstuffs, an area where the consumer should benefit from the support of public authorities and, in particular, the Community. The European Commission aims, in addition, to promote consumer education as well as consumer organizations so that they can talk on equal terms with producers
- promote representation of consumers to public bodies who deal with consumer questions. The European Commission has set up a Consumers' Consultative Committee in which consumer associations and trade unions, family and cooperative organizations are represented. The Committee gives its opinions on the Community's different policies and on all problems of interest to consumers.

Apart from this programme, Community action is largely favourable to consumers and to European citizens in the following ways :

- the Community's founding Treaties give the European Commission the power to prohibit and to penalize agreements between enterprises, the abuse of economic power, as well as public aid which distorts the free play of market forces in the Common Market to the detriment of other companies, and ultimately consumers. The Commission has, for example, obtained the retraction of certain dangerous clauses contained in a proposed agreement between several large retail groups in the Community; it has imposed heavy fines on companies which in the sectors such as sugar, quinine and hi-fi equipment, had formed cartels to raise their prices
- the European institutions are working to affirm the rights of European citizens throughout the Community territory and to simplify national formalities which are sometimes too complicated and frustrating for the individual. The right has been recognized for employees to look for work anywhere on Community territory, to benefit from their social security payments and to retire where they want. Another more modest innovation which can be mentioned is the raising of duty-free allowances on presents, spirits and other articles for people travelling between Community countries.

These examples show that the Community is concerned with the concrete interests of its citizens and is not slow to fight against certain bureaucratic tendencies. Technocracy is a threat to all of today's advanced societies. To ensure that citizens do not become simple pawns in the tangle of regulations and in the labyrinth of administration, representation and participation in the democratic process must be stepped up. This has been achieved in the following ways:

- for many years the European Commission has been actively involving all interested parties in its initiatives. Before a proposal is submitted to the European Parliament, the Economic and Social Committee and the Council of Ministers, it is discussed with all parties concerned: associations, interest groups, trade unions, etc
- Since 1979, the European Parliament has been elected directly by all citizens. Europeans thereby have at their disposal representatives who can present their point of view to Community bodies and who also have the power to dismiss the European Commission. In total, the European Parliamentarians put forward 2 200 questions to the Commission and to the Nine's ministers in 1979.

### **The Commission is not interested in problem regions?**

In the Community's poorest regions, (southern Italy, West of Ireland), the average income per inhabitant is only one-fifth of that in the richest regions, and the international economic crisis is tending to increase this disparity to the detriment of the weakest regions. The main handicaps faced by the problem regions are dependence on insufficiently modernized farming and the lack of industrial activity (particularly in the Mediterranean zones which will have to face sharper competition from Greek, Spanish and Portuguese farmers in the enlarged Community), the decline of certain traditional industrial activities (steel, for example), geographic distance from the Community centre (in the case of French overseas 'départements' and Greenland).

The Community is fully aware of such problems. Large disparities between the regions, either from the social or the economic point of view, cannot be tolerated. Apart from the injustice, they also threaten the cohesion of the Community. Within the limits of its financial means, the Community has taken numerous measures to speed up the economic convergence of its different countries and regions:

- the European Regional Development Fund grants non-repayable aid to modernize infrastructure and create industrial jobs in the troubled regions. Such aid totalled 966 million EUA in 1979
- more that two-thirds of the industrial and infrastructure loans from the European Investment Bank (2 600 million EUA in 1979) benefit the regions in difficulty
- the same is true for four-fifths of vocational training aid accorded by the European Social Fund (768 million EUA in 1979)
- the European Coal and Steel Community lent 957 million EUA in 1979 to help modernize or reconvert its industries and help the regions where they are located
- farm modernization benefited from European aid to the tune of 134 million EUA in 1979, 54 million of which went to Mediterranean regions, for which a five-year, 1 000 million EUA reconversion plan was agreed.

- a new Community borrowing instrument for the whole of industry will have 1 000 million EUA at its disposal. 55% of the first allocations (made in 1979) went to infrastructure projects in the least-developed regions
- in the framework of the European Monetary System which was set up in 1979, the two least prosperous countries, Ireland and Italy, could receive loans and grants totalling 6 million EUA over five years.

The European Commission wants to go further than this however. A recent report shows that, in federal states, federal expenditure represents on average 20% of the gross domestic product and helps reduce regional disparities by 40%. Community expenditure currently represents 0.7% of the Nine's GDP. By tripling this, we could reduce current disparities by 10% and at the same time open up new markets for enterprises from the most prosperous regions. But it is up to Community countries and their citizens to say what sacrifices they are prepared to make now to obtain, in time, advantages from which all will benefit.

### **The Community wants to harmonize everything?**

Community countries put into practice European directives harmonizing national legislation concerning problems as varied as car seat-belt specifications, car horn and engine noise levels, the use of colourants in foodstuffs, the wording of labels on these foods when they are sold pre-packed, the conditions required for a product to rightfully bear the label 'honey' or 'fruit juice'. Why is this necessary? Because the harmonization of legislation enables non-customs barriers to trade to be eliminated between the Nine. This opens up trade between the nine Member States and, in turn, creates greater competition between manufacturers. The result of this competition leads to a wider choice of goods for the customer and helps keep down prices. Does this mean that the Community obliges us to consume everywhere between Edinburgh and Palermo the same types of beer, bread, etc. adapted to the taste of the average (and non-existent) consumer?

In the past, certain proposals from the European Commission have been subjected to such criticisms, but the drafts were withdrawn or modified. The Commission now only draws up proposals for harmonizing legislation if it is likely to eliminate technical barriers to trade and be justified by the economic interest of the sector concerned:

- the elimination of technical barriers does not always require the harmonization of legislation. The principle of mutual recognition of national standards permits the Commission and the European Court of Justice to safeguard the freedom of trade and ensure the diversity of products while at the same time ensuring that health and safety standards are no less respected in one country than in another. Only when there is a risk to the user does the Commission propose to take national concerns for health and safety to the Community level
- each of the Commission's proposals is the result of awareness of the importance of intra-Community trade and of the barriers to such trade; each is also the result of preparatory work undertaken in collaboration with industry, consumers and ex-

perts from national administrations. The methods ultimately employed depend on the size of the problems encountered:

- in numerous cases, and particularly for industrial products, measuring instruments etc. 'optional' harmonization enables producers who conform to Community standards to gain access to the whole of the European market, without preventing other models or products continuing to sell on the local markets, conforming to national rules or traditions only
- when environmental protection or user-safety demands it, Community standards replace national norms. Such total harmonization applies, for example, to the use of certain dangerous substances in cosmetics. In such a case, setting European limits or defining European characteristics help to increase consumer protection without hindering trade in such a wide range of products.

### **The common agricultural policy is too expensive for the taxpayer and the consumer?**

Three-quarters of the Community budget is allocated to agriculture, which only represents 5% of the European economy. That evidently appears somewhat paradoxical. The reason for this, however, is very simple: it is in the agricultural sector that European integration is the most advanced. It has thus been possible to dismantle national protectionist measures which would otherwise be harmful to industrial trade: it is clear that the Community's most agricultural countries would not have opened their frontiers to free industrial trade if they had not expected to gain from their agricultural exports. Today, new progress in the construction of Europe — in the social and regional areas, for example — are designed to help to 're-balance' the Community budget which carries the burden of certain surplus farm products. All in all, however, the cost to Europe of the common agricultural policy remains within reasonable limits. It should be remembered that:

- this policy finances, at the Community level, numerous actions which, otherwise would be charged to national budgets
- the cost of the European agricultural policy only represents 2.8% of the total sum of European expenditure on food. The relative share of food expenditure in consumer budgets has itself declined by one-quarter between 1963 and 1978 and today only represents, on average, less than 25% of total household expenditure
- the rise in European food prices is not solely due to the rise in farm prices: in 1978, the consumer price of food and drink rose by 7.3% whilst farm production prices only rose 3.8%.

The cost of the common agricultural policy should be assessed in relation to its results. The European policy has enabled us to:

- guarantee food supplies for 260 million European consumers. On the world market, shortages and problems are not a rare thing. They affected corn in 1972-73 and in 1974, cattle feeds in 1973, and sugar in 1974 and 1980;

- regularize price movements in favour of both farmers and consumers. Whilst in 1973 the price of corn rose by 70% on the world market, it only rose 4% in the Community. For sugar and veal, price rises of 62% and 63% respectively were recorded on the world market, whilst they were limited to 2.5% on the European market;
- support farmers' income whilst promoting modernization in farming. Productivity has thus increased each year on average by 7.8% between 1968 and 1973 and since then by 4.7%. In recent times, the changes in progress have been slowed down by the economic crisis which has reduced the number of alternative jobs in industry. Considerable differences in incomes have been observed in the agricultural sector. Through its structural policy, the European Commission aims at redirecting available resources to benefit the less prosperous farmers and regions.

### **The common agricultural policy creates surpluses which have to be destroyed?**

Within the Common Market, around 75% of agricultural products benefit from guaranteed European prices. When the price obtained by the producer falls below this threshold, public organizations undertake intervention purchases to regulate market prices. Surpluses? Not always. A distinction must be made between:

- seasonal trading stocks needed to permit easy supply to the market corresponding to the effective consumption in a period of a few days or a few weeks
- the real 'surpluses' for which buyers cannot be found in current market conditions. Together with technological progress, the price guarantees for unlimited quantities can constitute an incentive to raise production above the level which can be absorbed by the market. This is the case in the milk sector where production increases each year by 2% whilst the population growth and therefore the number of consumers only increases by less than 1%. The Community places more and more importance on combating structural and permanent surpluses which arise in this way and unbalance and inflate its budget. Already in two important sectors, milk and sugar, it has made the producers financially co-responsible for surpluses.

But what does the Community do with the stocks that cannot be sold normally? It intervenes with all sorts of assistance and promotes the use of products in particular areas: low-priced distribution to schools, hospitals, homes and other social institutions; exports to international markets or as food aid to developing countries; processing into industrial products (e.g. food products, preserves, distillation); use as animal feeds, replacing products imported at great expense. Only very limited quantities of certain fruits and vegetables which in full season cannot always find buyers immediately are deemed unsuitable for human consumption.

### **The Community is too protectionist (or not enough)?**

The Community has a common external tariff: goods imported into Europe therefore pay the same customs duties, whether they enter via the port of Rotterdam, London,



Marseilles or Genoa. It is the Community which negotiates, en bloc, trade agreements with other countries. Some reproach the Community for sometimes being protectionist. What is its position exactly?

- calculated on the basis of the average national tariffs existing in 1957, and taking into account a rise in rates for the Federal Republic of Germany and the Benelux, offset by considerable reductions for France and Italy, the common customs tariff since this period has been lower than that of the United States: the 30% level has not been reached at all (whilst it affects 13% of US imports); 41% of European imports (as against 35% in the US) pay less than 10% customs duties; the European average duty is 11.7% (compared to 17.8% in the US). Also the Community and its trading partners have undertaken many reciprocal and balanced customs duty reductions in the framework of major international trade negotiations: Dillon Round (1960-61), Kennedy Round (1963-67), Tokyo Round (1973-79). Following the latter, the average Community tariff for industrial products will fall to between 9.8% and 7.5% by 1988
- the consequences of this policy are evident in the figures. The expansion of trade between the Nine has not prevented external trade from increasing. The Nine's imports from the rest of the world rose between 1958 and 1979 from 23 654 million to 218 228 million EUA. The global trade deficit of the Nine — who represent the foremost trading power in the world — rose to 24 000 million EUA in 1979. The Community has run up, in particular, sizeable deficits in trade with oil-producing countries, the US and Japan
- in the agricultural sector, 'Community preference' aims at basing Europe's food supply on home production. To this end, duties and levies make up the difference between world prices — which are often dumping prices — and European prices. Distortions in competition within the Common Market are thereby avoided, but access to the market is not completely blocked. The Community is one of the world's leading importers. It absorbs 35% of world agricultural exports. The Nine import without customs duties or with reduced duties, numerous products from developing countries. In recent years, they imported five times more agricultural products from the US than they exported in that direction. In total, the Community's agricultural trade deficit stood at 11 700 million EUA in 1978, whilst the US recorded a positive balance of 3 900 million dollars.

The basic liberalism in the Community's trading policy is explained by two very simple reasons. International competition itself is an incentive to produce goods of the best quality in the most economic way. And even if the Community wished to avoid such competition, it could not: to maintain the standard of living of its citizens and to pay for energy imports, it must export. To ensure that other markets are open to its exports, it must in turn, permit access for foreign products to its territory.

This does not imply, however, that the Community does nothing against certain abuses of international competition, for which some reproach it:

- in the course of international trade negotiations, the Community has adopted a firm attitude towards the US and Japan. The Tokyo Round mentioned above

enabled the Community to improve its level of access to the market of its major industrial partners. Also, the Japanese Government has recently begun to reduce its trade surplus; the European Commission is urging it also to put an end to certain difficulties which hinder European exports.

- the policies conducted by the European Commission in the field of energy and industry have the principal objectives of freeing the Community from its dependence on imported energy and of permitting its industries to compete on equal terms with its foreign competitors.
- in the case of textiles, the Community has negotiated with its principal suppliers — in particular the low-cost countries — export limitation agreements which can give Community industry time to reorganize. Similar agreements were concluded in the steel sector. At the end of 1979, the prices of the majority of steels imported into the Nine rose by around 25% compared to the end of 1977, and this helped save many jobs in Europe's steel industry.

### **The Community is not concerned about the Third World?**

The Community is sometimes portrayed as a 'rich man's club' which ignores the problems of international development. This is not the case. The Nine constitutes the premier source of public aid to the Third World (0.5% of the gross national product, compared to 0.02% for East bloc countries). This public aid is composed of financial as well as food aid of over a million tonnes of cereals annually.

But financial and food aid is not enough to assure the development of Third World countries. Markets must be opened for them, markets as stable as possible, to assist their agricultural and industrial progress.

- the Community has eliminated customs duties for almost all (95.5%) exports from the sixty African, Caribbean and Pacific countries which signed the Lomé Convention. It has also done the same for the industrial and often agricultural exports from southern Mediterranean countries, without demanding reciprocal measures for its own exports. On top of this, there is also technical and financial aid exceeding 1 200 million EUA per year
- preferences — removal or reduction of duties — are accorded to all other developing countries (numbering over 150) for the export of certain quantities of the majority of their industrial and semi-finished and some 300 processed agricultural products, including jute and cocoa products which are vital for the economy of the Indian sub-continent. The maximum volume of this liberalized trade represents an annual value of some 9 000 million EUA
- in addition, non-preferential agreements to help develop commercial and industrial cooperation with numerous developing countries in Asia (India, Bangladesh, Pakistan, Sri-Lanka, China, Indonesia, Malaysia, Philippines, Singapore, Thailand) and in Latin America (Mexico, Brazil, Argentina, Uruguay and soon Bolivia, Colombia, Equator, Peru and Venezuela). Financial and technical assistance — as yet modest (110 million EUA per year) — is accorded to these countries

- the availability of stable resources in Third World countries is a fundamental factor in their development. Thus the Lomé Convention has permitted the development of an original mechanism to stabilize export earnings: the 'Stabex' offers the ACP countries a kind of insurance against a drop in the price of the basic goods they export. In cases of poor harvest, the closure of a mine or a fall in world market rates — annual fluctuations of around 30% occur frequently and sometimes are as much as 75% — the Community compensates the lost earnings with advances which are only repayable by the better-off countries. In the case of sugar, guaranteed exports prices and volumes have been agreed with the ACP countries and India. An additional step towards a new international economic order has been made by the Nine who, speaking as one body, have come out in favour of the creation of an International Fund which would help stabilize raw material market rates and benefit the whole of the Third World.

Community cooperation, developed initially with Africa, through the historical links of certain European countries — a heritage of the colonial era — is progressively being extended to the whole of the Third World. The different forms of cooperation proposed by Europe with these countries avoids all neo-colonialist attitudes. The management of agreements is conducted at all levels on the basis of parity in the structure of dialogue. The Community knows that aid is all the more acceptable when it is politically neutral; it refuses, therefore, to favour any particular model of economic or political development and it places itself outside the conflict which can divide Third World countries.

But, it is said, does this cooperation not cost us too much in times of economic crisis? The answer must be 'no'. Development aid is not only a moral duty, it is also justifiable in terms of economic and political interest:

- in the Third World, 20% of the population suffers from hunger. The annual income per inhabitant is often below our weekly incomes, and maintaining such inequality threatens the stability of world peace
- economically, Europe and the Third World are interdependent. We import 75% of the basic products which are indispensable for our industries, products which we purchase whilst selling to the Third World 36% of our extra-Community exports. It has been calculated that a 50% increase in the industrial growth of developing countries between 1972 and 2000, through our technical aid and capital, will raise their exports by around \$ 400 000 million, but it will also increase their imports by \$ 500 000 million. Which is to say that the development of the Third World will open up new markets, whose attraction considerably exceeds the adjustment problems, sometimes difficult, which are created for one or other of our industries.

### **Other Europeans profit from the Community more than my country?**

This controversial question is based on a comparison between Community income from different member countries and European expenditure affecting those countries. In terms of the transitional arrangements following membership, the situation

has become particularly difficult for the British who in 1980 would be required to finance about 20% of the European budget whilst their share of expenditure is less than 10%. The net deficit for the United Kingdom would have exceeded 1 700 million EUA in 1980, a good one-third higher than the input of the Federal Republic of Germany whose wealth in terms of gross domestic product is twice that of the United Kingdom. Two points, however, must be remembered:

- benefits from belonging to the Community cannot be measured solely in budgetary terms. The common trade and farm policies serve the interest of all Europeans. They have helped liberalize and develop trade in goods, both industrial and agricultural, within a Community of 260 million consumers
- the Community's budget is financed by its own resources: part is the VAT collected on a common basis which is proportional to consumption in each member country, and part is from agricultural duties and levies on products imported from non-Community countries. The proportion of these duties coming from the Community will diminish as trade with its Community partners increases.

An imbalance occurs since the largest part of European expenditure goes on agriculture (more than 70% of the budget, but only 5% of its expenditure goes on the United Kingdom) to the detriment of social, regional and other policies, which are often more favourable to the British but which only take a small share of the European budget. This situation is all the more problematic since the United Kingdom is one of the least prosperous Community countries. The European budget cannot be used to bridge the prosperity gaps between member countries, it should, by contrast, play a growing role in redistributing in favour of countries in difficulty. Whilst maintaining the Community's basic principles and finance structure, the budget must be reorientated to stimulate greater economic convergence.

Following difficult negotiations — one country's reduction is an increased cost to another — Community countries have decided to reduce the United Kingdom's payments in 1980 and 1981 by a sum corresponding to two-thirds of the existing gap between European income collected in the country and anticipated expenditure benefiting the UK.

This formula will also be used in 1982, if changes have not been introduced by then in the structure of the Community budget. The Community is committed to reorientate its action and the European Commission is examining ways of developing its policies in a way which preserves the financial solidarity of member countries but which prevents the emergence of situation which are unacceptable for one or other of the partners. The 1980 crisis at least showed that members place high priority on maintaining and developing solidarity which, in the last analysis, is in the interest of all.

### **The Community threatens national sovereignty?**

In signing the European Treaties, Member States recognized that certain matters (e.g. foreign trade, farm policy) can be dealt with more effectively if there is common agreement. They have therefore conferred the power necessary for this on common institutions. A restriction on sovereignty? Yes, but:

- Member States participate in the Community decision-making process. The European Council of Ministers is composed of national ministers who take decisions based on proposals from an independent body, the European Commission, after having heard the opinion of the European Parliament and the Community's Economic and Social Committee;
- in general, the Council of Ministers takes its decisions on a unanimous basis. When a majority vote is used, it is a qualified majority of 41 votes out of 58 (45 out of 63 after the accession of Greece). This procedure accords 10 votes to each of the four most populated countries (France, the Federal Republic of Germany, Italy and the United Kingdom), 2 to Luxembourg, 3 to Denmark and Ireland, 5 to each of the others. A coalition of large countries cannot impose its will on the less powerful partners.

The Community has a long-term objective. In signing the European Treaties, Member States wanted to 'pool' their resources setting up an economic Community 'to lay the foundation of an ever closer union among the peoples of Europe'. In the Copenhagen declaration on European identity (December 1973) the Nine affirmed 'their intention of transforming(...) the whole of their relations into one European union' whose characteristics are not yet fixed but which would have a clearly political dimension: 'the changes in the world and the growing concentration of powers and responsibilities in the hands of a small number of great powers, implies that Europe must unite if it wishes its voice to be heard and to play its proper role in the world'. Rather than deprive our countries of prerogatives which, in any case, their relative weakness often prevents them from effectively exercising, it is a question of giving them the possibility to have an influence on world affairs by acting collectively.

This movement towards a European union cannot be accomplished without the agreement of all Europeans. All changes to the existing Treaties require international negotiation and the agreement of all member countries, in conformity with their constitutional rules. Unanimity within the Council of Ministers this time is also required to give the Community new powers of action needed to realize these objectives, but which were not catered for in the European Treaties.

### **Has the Community really served any useful purpose?**

The Community is based on a customs union which gradually came about between Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands between 1 January 1959, and 1 July 1968. these countries were joined by Denmark, Ireland and the United Kingdom in 1973. Greece will join the Community on 1 January 1981, and after a transitional period, Spain and Portugal should become integrated, in turn, during the decade.

The customs union signified the free movement of goods between the partners. Its advantages are evident:

- trade between the Nine has made spectacular progress. Its value in million EUA increased sixteen-fold between 1958 and 1978 whilst, over the same period, world trade only increased by a factor of eleven. Today it is sufficient to cast a glance in shop windows to be convinced: the choice is more varied, the quality has improved; in short, our everyday life has become European.

- the creation of the Community has given a boost to economic growth which, for the six founding countries, was of the order of 90% between 1958 and 1972, compared, for example, to 42% in the United Kingdom which had not become a member
  
- after the emergence of the international economic crisis in 1973, intra-Community trade continued to progress a little slower than trade with third countries. It represented 52% of the Nine's total trade in 1979. The Community countries have been able to resist the temptation to introduce permanent import restrictions. This refusal to go down the protectionist road and thereby destroy jobs is also due to the work of the Community.



No person or organization is perfect and one can certainly — according to one's point of view or political opinion — criticize various aspects of the Community's work. But here as elsewhere, we must mistrust the ideas and clichés to which we have tried to reply in this document.

In the future, the Community could serve the common interest of all Europeans as long as our countries become better aware of the great challenges of the 1980s: in an uncertain world, we will be stronger together than alone in fighting inflation, overcoming the energy crisis, modernizing industry and in reducing unemployment ■

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The contents of this publication do not necessarily reflect the official views of the Institutions of the Community.

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### Commission of the European Communities

Information offices (countries fully or partially English speaking\*)

- Ireland** 39 Molesworth Street, Dublin 2 — Tel. 71 22 24
- United Kingdom** 20 Kensington Palace Gardens, London W8 4QQ — Tel. 727 80 90  
— 4 Cathedral Road, Cardiff CF1 9SG — Tel. 37 16 31  
— 7 Alva Street, Edinburgh EH2 4PH — Tel. 225 20 58  
— Windsor House, 9/15 Bedford Street,  
Belfast BT2 7EG — Tel. 40 708
- Canada** Association House (suite 1110), 350 Sparks Street,  
Ottawa Ont. K1R 7S8 — Tel. 238 6464
- USA** 2100 M. Street, N.W. Suite 707,  
Washington D.C. 20037-USA — Tel. 202-862-9500  
— 245 East 47th Street, 1 Dag Hammarskjold Plaza,  
New York, N.Y. 10017-USA — Tel. 212-371-3804

\* Offices also exist in other countries including all Member States.