

EUROPEAN COMMUNITY

BACKGROUND INFORMATION

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BACKGROUND NOTE

COMMISSION URGES STEPS TO STRENGTHEN EUROPEAN PARLIAMENT

The Commission of the nine-nation European Community (EC) has called for steps to give the 198-member European Parliament (EP):

- * a tighter grip over the EC's purse strings
- * firmer control of the Commission and the Council of Ministers in the EC legislative process.

The Parliament, whose delegates come from the nine member countries' legislatures, has mainly consultative functions, but has long been campaigning for powers that would gradually enable it to exercise effective democratic control over the Commission and the Council of Ministers.

Now, the Commission has announced proposals to help shift the balance of power in the Parliament's favor.

Budgetary Powers

At present the EC budget runs to about \$5 billion a year. As the Community expands its activities in sectors such as regional development and industrial and technological cooperation, this figure will rise. At the same time, national parliaments are losing their traditional control over the EC's purse. The EC has been receiving its money directly from member governments, after approval by national legislatures; but under a decision made on April 21, 1970, the EC budget is gradually being funded by its "own resources" -- an increasing proportion of the agricultural import levies and the common customs tariffs goes directly to the Community coffers.

From January 1975 the EC will receive all such revenue, plus up to the equivalent of a 1 per cent value added tax, where needed to cover EC expenditure, less 10 per cent of these amounts, which will be returned to member governments to help meet collection costs.

Under the Luxembourg Treaty of April 22, 1970, the original six member states agreed that the introduction of the "own resources" system called for a strengthening of the European Parliament's budgetary powers. As national parliaments would no longer be able to check the EC accounts, they said the EP should be closely associated in supervising the EC budget.

From 1975, too, the Parliament will have the final say on expenditure that does not "necessarily result from [the Rome]

Treaty or from Acts adopted in accordance therewith" (Luxembourg Treaty of April 22, 1970), but this excludes major budgetary items, such as the common agricultural policy, and is virtually confined to the administrative expenses of running the EC institutions -- only 4 per cent to 5 per cent of the EC budget.

In its proposals the Commission urged the strengthening of the Parliament's powers over the EC budget from 1975, when the EC will rely wholly on its own revenue. Judging that "control over the use of public money by the Community institutions is insufficient and must be strengthened," the Commission called for amendments in the basic EC Treaties that would give the European Parliament "the means and opportunities" to control all EC activities.

Specific proposals

The Commission called member governments to give the Parliament a bigger say in Council decisions of principle and other long-term commitments that involve "obligatory" expenditure. It proposed a "second-reading" procedure for all decisions that would have considerable financial effects over a period covering several budgets. If the Council of Ministers wished to "depart markedly" from the opinion -- which the EP must give on most Commission proposals -- the Council would have to consult the Parliament a second time. The Council would, however, retain the final say.

The Commission said the Parliament should gradually acquire the "last word" over all expenditure that does not result automatically from previous long-term commitments. It urged the Council to

abolish the rule that such expenditure be increased beyond a fixed rate only in "exceptional circumstances."

Other proposed changes were:

* The European Parliament would take over from national parliaments the power to approve the creation of new "own resources" for the Community. EP decisions would require a majority of all members and three-fifths of the votes actually cast.

* The Parliament's agreement would be needed to raise money for the EC budget. Such decisions would be taken jointly by the EP and the Council of Ministers.

* For "obligatory" expenditure the Community would retain the rule (due to expire at the end of 1974) whereby a qualified majority of the Council of Ministers (41 voted out of the total of 58) would be needed to over-rule a Parliamentary amendment to the draft budget that did not increase a Community institution's total expenditure.

* The Parliament and the Council, instead of the Council alone, would enact the EC's financial regulations.

* The Parliament and the Council jointly would fix the rate of the European Coal and Steel Community levy on production.

* The Parliament alone would be empowered to "discharge" -- or formally adopt -- the EC budget, following a recommendation from the Council. At present the EP shares this function with the Council, and before 1970 it was the prerogative of the Council alone.

* A permanent nine-member supervisory body, the Court of Auditors, would replace the present Audit Board. It would have considerable independence in checking all Community accounts. The Parliament

could use the Court of Auditors' report to investigate any aspect of Community policy, including the operations of the European Development Fund, which the Commission said should be included in the general EC budget.

Parliament's Views

Noting that the EC institutions are due to report before the end of 1975 on the plan for a European Union, the Commission said the drafting of the report will offer opportunities to submit "more ambitious proposals" on developing EC institutions. At its session in Strasbourg in July 1973, the European Parliament welcomed the Commission's proposal to set up a Court of Auditors, but almost unanimously decided that its suggestions for increasing the Parliament's budgetary powers were inadequate. The rapporteur concerned, French Socialist Georges Spénale, said the two-reading procedure would still fail to give the Parliament the last word on the Community budget. He also complained that the phrase "depart markedly" was too vague. The Parliament should have the right to reject the budget, he claimed.

Some members of other political groups, however, agreed with Claude Cheysson, the Commissioner in charge of the EC budget, who said a gradual approach was best.

Improving relations with Commission and Council

Another set of proposals, announced by the Commission in June, is intended to strengthen the European Parliament's general legislative

control and improve its working relations with the Commission and the Council of Ministers. In the communiqué issued after their "Summit" in Paris in October 1972, Community leaders urged that such action be taken "without delay."

Drawn up under the responsibility of Carlo Scarascia-Mugnozza, Commission Vice President in charge of the Commission's relations with the European Parliament, the document suggested these changes:

* Members of the EP should regularly monitor Community activities, on the basis of the annual program announced to the Parliament by the Commission President.

* The EP should question and criticize the work of the Commission and the Council more often, and hold more political debates with them. When the Commission disagrees with the EP's views on major Community policies, the Commission should explain its reasons and be willing to hold further debates.

* The EP should be more closely involved in the process of making trade agreements: the relevant EP committees should be informed of the progress of negotiations, and the EP should be consulted on important trade accords.

* The second-reading procedure should be applied in every phase of the Community legislative process. The Commission said that when the Parliament gives a proposal a second reading because its views have clashed with the Council's, the EP's representatives should be invited to present their views to the Council before the Council's final decision. When proposals for new Community action lead to a persistent conflict -- after the second reading -- between Parliament and the Council and a "particularly sizable adverse vote

in the Parliament," the Commission should step in with compromise proposals.

* To help inform the public, the Parliament should hold public and other hearings to gather views on EC policies.

* To stimulate interest in the Community's activities, the Parliament should report yearly to member states' national legislatures. National legislatures should debate the report the same week, and ministers should explain their governments' EC policies to the legislators.

* The Commission should speed up and improve the quality of its replies to written parliamentary questions.

The Commission also welcomed the European Parliament's attempts to cooperate with non-member countries' legislatures through, for example, the visits paid by US Congressmen to Strasbourg and visits by European parliamentarians to Washington.