



# European Community

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## A NEW EUROPEAN PARLIAMENT

On June 15 and 18, 1989, elections were held in the 12 member countries of the European Community for the 518-seat European Parliament, the E.C.'s principal "consultative" institution. This election was particularly significant for two reasons: because it was the first held since the Parliament was given new powers, under the Single European Act of 1985; and because of the resulting political shift towards the left. A more thorough assessment of the implications will be possible in the fall, with committee responsibilities determined and work underway. Nonetheless, it is clear that the Parliament is an evolving institution, with a greater ability to have an impact on issues affecting business in Europe, which companies must monitor more closely than in the past.

### BASICS

\* The Parliament is directly elected every five years (since 1979, prior to which members were appointed from national parliaments). Elections take place in each member state. Most use a proportional representation system, except the U.K., which uses a "first past the post" system in which members represent geographical constituencies.

\* The Parliament issues opinions recommending amendments to proposed E.C. legislation (which is drafted by the Commission and adopted by the Council), and also has the power to review the E.C. budget and censure the Commission.

\* The 518 seats are allocated among the E.C. member states as follows: The larger countries, the U.K., West Germany, France and Italy, each have 81 deputies; Spain-60; the Netherlands-25; Belgium, Portugal, and Greece-24; Denmark-16; Ireland-15; and Luxembourg-6.

\* Members of the Parliament sit, not according to country, but in one of eight broad political "groups," each with members from a variety of national political parties. (Groups are listed below.)

\* Plenary sessions are held once a month in Strasbourg. There are 18 standing Committees, which meet mainly in Brussels.

### POLITICAL GROUPS: 1989 and 1984

|   | 1989 | 1984 | Net Change |
|---|------|------|------------|
| Communists                                    | 41   | 48   | - 7        |
| Socialists                                    | 180  | 166  | +14        |
| Rainbow Group (Greens)                        | 39   | 20   | +19        |
| European People's Party (Christian Democrats) | 123  | 112  | +11        |
| Liberals                                      | 44   | 46   | - 2        |
| European Democratic Alliance                  | 20   | 30   | -10        |
| European Democratic Group                     | 34   | 66   | -32        |
| European Right                                | 21   | 16   | + 5        |

\*These figures are estimates based in part on the deputies' national party applications. Not all have yet declared group membership.

### Results...

Despite the increasing importance of the European Community and the Parliament, voter turnout has steadily declined since the first direct elections in 1979. In 1989, 56% of eligible voters participated in the election, as compared with about 59% in 1984 and 62% in 1979.

A principal result of the elections was an overall shift among the groups from a center-right to a center-left majority. The Socialists, Communists, and the Greens (part of the "Rainbow Group") together now hold a total of 260 seats, the minimum necessary for an absolute majority. Previously, the center-right had a majority of about 20. While the Communists gained in several countries (Spain, Italy, and Portugal), they lost several seats overall. But this loss was more than made up for by the Socialists, the largest political group in the Parliament, which gained 14 seats, (primarily U.K. Labor), and by the Greens, which doubled their number.

All groups on the right lost seats except the extreme right. The main loss was by the European Democratic Group (EDG), composed primarily of U.K. Conservatives, which dropped from the third to the sixth largest group. This was due both to the loss by the U.K.

Conservatives to Labor, and therefore to the Socialist Group in the Parliament, as well as to the defection of the 15 Spanish People's Party members, who joined the EDG when Spain joined the Community in 1986, to the centrist Christian Democrats (the "European People's Party").

Another principal characteristic of the elections was what observers have identified as a "protest vote" against national ruling parties. This phenomenon was observed in the vote for mainstream opposition parties (in France-the conservatives under Giscard d'Estaing, and Labor in the U.K.), and in the gains made by non-traditional parties of the extreme left and right (the Greens in most countries, particularly in the UK, France and Italy; and the extreme right in West Germany, Belgium, and France). The gains by non-traditional parties have resulted in an increase in the number of national political parties represented in the Parliament, from 79 to 84.

### What the results will mean...

The impact of the elections on the Parliament and on the issues of interest to business will be clearer once the Committee assignments are made. The composition and chairmanships of the 18 standing Committees, where the bulk of the work is done, are critical. Who will replace Lord Plumb (a British Conservative) as President must also be decided. It is quite possible that a member of the Socialist Group, by far the largest group, will be President. Giscard d'Estaing is also known to have been lobbying for the position.

The new Parliament can be expected to have on its agenda economic and monetary union, social legislation, and environment and consumer protection. These are also high priorities for the French Presidency of the E.C. Council of Ministers, in place from July to December 1989, and major initiatives in these areas can be expected before the end of the year.

In theory, the groups on the left could now push through legislation on their own, but political alignments are not so clear nor discipline so present in the Parliament. Perhaps more important will be a strengthened alliance between the Socialists and the Christian Democrats, the two groups at the "center," and the largest in the Parliament. They worked for alliances in the past Parliament and have reportedly reached an informal agreement to emphasize the "social dimension" of the internal market, and environmental protection.

The Parliament can also be expected to push for additional powers. The workload and the importance of the institution have increased since it was granted new powers by the 1985 Single European Act (SEA). The SEA streamlined Community decision-making in order to facilitate the completion of the internal market. Among its provisions, it established a new "cooperation procedure" that increased the obligation of the Council of Ministers and the Commission to take account of the Parliament's recommendations on proposed E.C. legislation. Now, if the Parliament votes to reject a proposal (on the second reading), the Council of Ministers must act *unanimously* to adopt it. Similarly, if the Parliament recommends amendments, and if the Commission decides to include these in a revised proposal, the Council can only amend this revised proposal unanimously.

Additional powers, which the Parliament had prior to the Single Act, include the power to approve certain elements of the E.C. budget, used on a number of occasions to block the budget's adoption, and the power to dismiss the Commission as a whole, a more drastic measure that the Parliament has never taken.

The Parliament's prestige will also likely be enhanced with the election to its ranks of several prominent European political figures, including: former French President Giscard d'Estaing; Leo Tindemans, former Belgian Foreign Minister; former French Prime Minister Laurent Fabius; former E.C. External Relations Commissioner Willy De Clercq, and former E.C. Commissioner Claude Cheysson.

The Italians, who have a strong European federalist movement, supported a referendum at the time of their Euro-election which called for making the Parliament a constituent assembly to draft a constitution for a federal European government for ratification by national parliaments. Though such proposals are not new, the 1992 program and the Single European Act have created a certain momentum, and there will be less opposition from within the Parliament from the British Conservatives.

Clearly, the Parliament is increasingly important to business, and the U.S. Council will continue to monitor and report to its members on developments.