



# European Citizens' Consultations

## The history of the European Union

The modern-day European Union is a direct result of a determination among European politicians to prevent future violent conflicts in Europe after World War II. The original aim was to tie countries together by forging closer industrial and economic cooperation. Since then, the EU's responsibilities have grown in response to new challenges and many more countries have joined.

- 1950: French Foreign Minister Robert Schuman proposes integrating the coal and steel industries of Western Europe. This leads to the Treaty of Paris, creating the European Coal and Steel Community (ECSC), in 1951, with six members: Belgium, France, Italy, Luxembourg, the Netherlands and West Germany.
- 1957: The same six countries sign the Treaties of Rome, creating the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM). They begin removing trade barriers between the six countries and move towards creating a 'common market'.
- 1967: The institutions of the EEC, ECSC and EURATOM are merged to form a single set of institutions: the European Commission, European Council and European Parliament (with members selected initially by national parliaments).
- 1973: Denmark, Ireland and the United Kingdom join the European Community (EC).
- 1979: The first direct elections to the European Parliament take place, with voters in each EU Member State electing the members.
- 1981: Greece joins the European Community.
- 1986: Portugal and Spain join the European Community.  
The Single European Act is signed by EU governments, providing for the creation of a single market in which people, goods, capital and services can move freely around the EC.
- 1992: The Treaty of Maastricht is signed, creating the European Union and introducing new forms of cooperation between Member State governments – for example, on defence and justice and home affairs issues.  
EU leaders also agree to create an Economic and Monetary Union, with a single currency managed by a European Central Bank, within a decade.  
The Single Market is formally completed, but much work remains to be done to make the promise of free movement of people, goods, capital and services a reality.
- 1995: Austria, Finland and Sweden join the European Union (EU).
- 1999: Europe's single currency – the euro – is officially launched and 11 EU Member States adopt it as their official currency, forming what is known as the euro zone.
- 2001: Greece joins the euro zone.  
The Treaty of Nice is signed, introducing reforms to the EU's institutions to prepare for the expansion of the Union with the admission of ten new Member States in 2004.

- 2002: The euro becomes a reality on 1 January, when euro notes and coins replace national currencies in 12 of the 15 countries which are members of the EU: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.  
A 'Convention' to discuss the future of Europe is launched, with representatives of national governments and parliaments in the Member States and countries waiting to join the EU, the European Commission and the European Parliament.
- 2003: The Convention submits its draft 'Treaty establishing a Constitution for the European Union' to EU leaders. Member State governments begin negotiations on the proposals.
- 2004: Ten new countries join the EU, including eight from eastern and central Europe: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia, plus Cyprus and Malta.  
EU leaders reach agreement on the Constitutional Treaty, which brings all the previous EU Treaties together in one document and introduces changes to the way the Union works. Member States are given two years to ratify the Treaty, which can only come into force if it is approved by all the EU's Member States.
- 2005: Referenda are held on the Constitutional Treaty in four countries: Luxembourg and Spain vote in favour, but France and the Netherlands vote against.
- 2007: Romania and Bulgaria join the EU, bringing the total number of Member States to 27.  
Slovenia joins the euro zone.  
EU leaders begin negotiations on a new EU Treaty, which is signed in Lisbon in December 2007.  
EU celebrates its 50<sup>th</sup> anniversary.
- 2008: Cyprus and Malta join the euro zone  
The process of ratifying the Lisbon Treaty in all 27 EU Member States gets underway. 24 Member States ratify the treaty through their national parliaments, but Ireland votes 'No' in a referendum. Discussions begin on how to respond to the Irish No vote.
- 2009: Slovakia to join the euro, bringing the total number of countries which have adopted the single currency to 16.

## How the EU works

Three main institutions are responsible for the day-to-day running of the European Union: the European Commission, the Council of the European Union and the European Parliament. Two other bodies - the European Court of Justice and the European Court of Auditors - play key roles in, respectively, ensuring that EU laws are upheld and that the EU budget is spent properly. The European Central Bank is responsible for managing the euro.

### **European Commission**

This is the EU's executive or 'civil service'. It has four main roles:

- To propose new EU laws;
- To manage and implement EU policies and the budget;
- To enforce European law (with the European Court of Justice);
- To represent the EU on the international stage, negotiating international agreements on behalf of the EU as a whole in some policy areas.

Every five years, a new President and members of the Commission (currently one from each of the EU's 27 Member States) are nominated by EU governments and approved by the European Parliament. Each Commissioner is responsible for a specific area of EU policy, and has a small private office and a department staffed by permanent EU officials based in Brussels.

The Commission is politically answerable to the European Parliament, which has the power to dismiss the President and members by adopting a motion of censure.

Under the Lisbon Treaty, the number of European Commissioners would be reduced to two-thirds of the number of EU Member States, serving on a rotational basis.

### **Council of the European Union**

This is the main decision-making body of the EU.

It is made up of one government minister from each EU Member State. Which minister attends depends on what subjects are under discussion (so, for example, the environment minister from each EU country sits on the 'Environment Council' and agriculture ministers meet at 'Agriculture Councils').

The Prime Ministers and/or Presidents of the 27 Member States, plus the European Commission President, meet at 'European Councils', generally held four times a year. These summit meetings set overall EU policy and resolve issues which cannot be settled at a lower level.

Under the Lisbon Treaty, the European Council would be chaired by a President appointed by EU leaders for a two-and-a-half-year term, renewable once.

The Council, in its various formations, has six main responsibilities:

- To pass EU laws (on most policy issues, it does this jointly with the European Parliament, but in some highly-sensitive areas, it decides on its own);
- To coordinate the broad economic policies of the EU's Member States;
- To conclude international agreements between the EU and other countries or international organisations;
- To approve the EU's budget, jointly with the European Parliament;
- To develop the EU's Common Foreign and Security Policy;
- To coordinate cooperation between national courts and police forces in criminal matters.

Most of these responsibilities relate to areas where EU Member States have agreed to share their sovereignty and delegate decision-making powers to the EU. However, in the last two, Member States have only delegated very limited powers to the Union, but have agreed to work together on a range of issues (a process known as 'intergovernmental cooperation').

These powers would be increased under the Lisbon Treaty. A new post of High Representative of the Union for Foreign Affairs and Security Policy would also be created, plus the EU's own diplomatic service, in a move designed to enhance its influence on the international stage.

In many policy areas, the Council takes decisions by 'Qualified Majority Vote', a system under which each country has a number of votes roughly proportionate to the size of its population. Under the Lisbon Treaty, the EU would switch to a 'double majority' voting system, with proposals requiring the support of at least 55% of the EU's Member States representing at least 65% of the Union's population to become law.

But the most sensitive issues, including changes to the EU Treaties and decisions on admitting new countries to the EU, are decided by a unanimous vote, giving each country the right to veto proposals single-handedly. The Lisbon Treaty would reduce the number of issues decided by unanimity, extending majority voting to around 50 new legislative areas.

The Council is chaired by each Member State in turn, for six months at a time, under a system known as the rotating Presidency. Under the Lisbon Treaty, the new President of the European Council would chair EU summits and the EU's foreign policy chief would chair foreign ministers' meetings, but the rotating Presidency would be retained for all other Council meetings.

## **European Parliament**

The European Parliament represents the EU's citizens and its members (MEPs) are directly elected by them every five years. Every EU citizen who is registered to vote is entitled to do so.

The present Parliament, which was elected in June 2004, has 785 members from all 27 EU Member States. They do not sit in national blocks, but in seven Europe-wide political groups. The centre-right European People's Party is currently the biggest group, with the centre-left Party of European Socialists the second largest.

MEPs represent all the different views on the EU, from those strongly in favour of closer European integration to those who want their countries to leave the EU.

The Parliament has four main roles:

- To pass EU laws, jointly with the Council, in many policy areas;
- To exercise democratic supervision over the other EU institutions;
- To approve or reject the budget proposed by the Council.
- To agree, with the Council, on the admission of new countries to the EU.

The Parliament is the only EU institution which is fully open to public scrutiny: it meets in public and its debates, opinions and resolutions are published.

Under the Lisbon Treaty, the number of MEPs would be reduced to 750, plus the Parliament's President. The Parliament's role would also be boosted by giving it joint decision-making powers in more policy areas.

## **Who decides?**

Although the European Commission proposes new laws, it is the Council of the European Union (made up of ministers who are accountable to their national parliaments and voters) and the European Parliament (whose members are directly accountable to voters) which decide whether to adopt them or not.

In areas where these two institutions have joint decision-making powers, proposals go through a process of negotiation designed to produce agreement on the final shape of the legislation. This can be a lengthy process lasting many months or years.

## **European Court of Justice**

This Luxembourg-based court is made up of judges from each Member State and is responsible for ensuring that Member States abide by the laws they agreed to in Brussels and that EU law is interpreted and applied in the same way in each Member State.

## **European Court of Auditors**

This Luxembourg-based court is made up of representatives from each Member State and monitors the way the EU budget is spent. It is responsible for ensuring that EU funds are properly collected and are spent legally, economically and for their intended purpose.

## **The European Union budget**

The EU's policies, programmes and activities are funded by a budget to which the 27 Member States contribute. The higher a country's national wealth, the more money its government puts towards the EU's running costs every year.

## **Where the money comes from**

The EU budget for 2007 amounted to 114 billion euro, which is just over 1% of the combined national wealth of the 27 countries.

About three-quarters of this sum is collected from the Member States, roughly in proportion to their relative Gross National Income, but there are two other key money-raising mechanisms: a share of each Member State's income from Value Added Tax revenues and a share of agricultural levies and import (customs) duties.

The limit on how much can be taken from national treasuries to run the EU is set by the Member States themselves. The current agreed maximum budget 'take' from the Member States is 1.27% of their combined Gross National Income.

## **Who manages the EU's budget**

The European Commission is responsible for managing the EU budget. However, most of the money goes back to the Member States in the form of farm subsidies and funding for the EU's poorest regions.

This means that about 80% of all the money in the EU budget is administered by national authorities. It also means that the poorer and more needy Member States receive more back from the EU budget than they put into it.

EU budgets are drawn up on a seven-year basis. The current 'multi-annual spending programme' runs from 2007 to 2013.

However, the size of the budget and the share-out of funding for different policy areas always generates heated debate, and requires joint approval by the Member States, the European Commission and the European Parliament.

## **Where the money goes**

For decades, the Common Agricultural Policy (CAP) has been the biggest area of EU spending. This is because guaranteeing food supply was a top priority in the post-war climate in which the European Economic Community (EEC) was created.

Today, the CAP is still considered crucial to support Europe's agricultural sector, providing subsidies to prop up farmers' incomes. However, agriculture's share of total EU spending has fallen from 70% to around 37%, plus about 10% which is spent on rural development, the environment and fisheries.

Another large slice of the EU budget – around 35% - is spent on the Union's poorer regions in the form of aid for restructuring declining industrial sectors and regenerating struggling regions, particularly those with a per capita income below 75% of the EU's regional average.