

## 'The Nine agree on greater powers for the European Parliament' from 30 jours d'Europe (July-August 1974)

**Caption:** The Council of Ministers of the Nine decides to strengthen the budgetary powers of the European Parliament.

**Source:** 30 jours d'Europe. dir. de publ. FONTAINE, François ; Réd. Chef CHASTENET, Antoine. Juillet-Août 1974, n° 192-193. Paris: Bureau d'information des Communautés européennes. "Accord des Neuf pour accroître l'influence du Parlement européen", p. 11-13.

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## The Nine agree on greater powers for the European Parliament

The European Parliament is to have its powers very substantially increased. This is what the Council of Ministers of the Nine has decided. Some of the decisions taken, concerning budgetary powers, will require a revision of the European treaties and cannot be applied until the national parliaments have ratified the changes. However, a major new political development in the dialogue between Parliament and Council could already take effect this year.

At the end of 1972, the Paris Summit decided that proposals should be put forward promptly on the strengthening of budgetary powers, after the Community had been granted its own resources (customs duties collected at the Community's external borders and a percentage of VAT revenue), and that a report should be drawn up before 1975 on European union which would address all the other aspects of adapting the European institutions to meet the new tasks facing the Community, notably the division of responsibilities amongst the institutions, including the possible extension of Parliament's powers to areas other than the budgetary procedure. This is the historic backdrop against which we must view the Council's recent decisions which do, however, go beyond the context of the budgetary procedure as such. They envisage a conciliation procedure, which would give Parliament a greater say in the drafting of Community legislation without the need to amend the Treaty rules.

### A new budgetary procedure

The essential result of the new budgetary procedure is that the European Parliament will be able to take the final decision on the budget, although it will not be able to amend the budget beyond certain specific limits.

The rules differ depending on whether the procedure concerns adoption of the budget itself or of legislative acts which have financial implications (Community decisions or regulations entailing expenditure).

For the budget proper, the procedure is as follows: the draft budget is approved by a qualified majority of the Council of Ministers of the Community, on the basis of a preliminary draft prepared by the European Commission. The draft is then forwarded to the European Parliament. If Parliament approves it, or has not proposed any amendments or put forward any proposals for modifications within 45 days, the budget is deemed to have received final approval.

At this first reading, Parliament may, however, propose amendments or put forward proposals, in accordance with very specific rules:

- In respect of expenditure which is compulsory under the Treaty, Parliament does not have the right to make amendments, only the right to propose modifications to the draft budget, which requires an absolute majority of the votes cast.
- For non-compulsory expenditure, however, amendments may be adopted by a majority of the Members. But Parliament's exercise of its right of amendment is limited by the Treaty of Rome which, for this category of expenditure, sets a maximum rate by which the budget may be increased from one year to the next (calculated on the basis of variations in the Community's GNP, national budgets and the cost of living).

The draft budget, with its proposed amendments, then goes back to the Council of Ministers of the Community. The Council may modify the amendments (relating to non-compulsory expenditure), but it must do so by a qualified majority vote.

In order to reject proposed amendments (to compulsory expenditure) which do not entail an overall increase in expenditure, the Council must reject them by a qualified majority vote. Where they do entail an overall increase in expenditure, the Council must approve them by a qualified majority vote.

### Parliament has the last word

On completion of the second reading, the European Parliament adopts the budget in its entirety. It is, therefore, Parliament which, formally, takes the final decision on the budget. But, in so doing, it can only amend the budget within certain limits. It cannot go back to the proposed amendments to compulsory expenditure which the Council has rejected. But it can, by a majority of the Members and votes cast, express its opinion afresh on the amendments which the Council has rejected. In that respect it has the last word.

Parliament may also reject the entire budget.

In cases where Community acts of general scope with financial implications are being adopted, the formal rules laid down in the Treaty of Rome for the decision-making procedure are not changed. The Council thus retains its decision-making powers. However, before its decisions are taken, a conciliation procedure may be held between Parliament and Council, with the European Commission attending.

### **Conciliation between Parliament and Council**

This is a procedure of major political significance, auguring well for the practical operation of democracy in Europe. Its purpose is to secure agreement between the institutions.

Conciliation takes place within a 'Committee' made up of the Council of Ministers of the Nine and representatives of Parliament, with the European Commission also taking part. When this 'Conciliation Committee' thinks that the positions of the two institutions are close enough to make an agreement possible, the proposal is put to the European Parliament at second reading and then to the Council of Ministers.

The Nine have also recently agreed to establish a European Court of Auditors, to tighten up management of the Community's finances and, at the same time, to counter certain criticisms which have been voiced about the way in which Community funds are used. This Court of Auditors will have nine Members appointed by the Council of Ministers after consultation of the European Parliament.