The main reforms prior to the Single European Act

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The first reforms of the Communities

The first reforms of the Communities took place gradually as a result of isolated amendments relating to specific aspects of European integration. These were scattered changes of diverse origins, some arising as scheduled events laid down in the founding Treaties, others introduced by follow-on Treaties, others again originating in acts of a different kind.

From the establishment of the Communities until the first comprehensive reform embodied in the Single European Act, a number of legal acts had a major impact on their development.

The **Treaty establishing a Single Council and a Single Commission of the European Communities**, signed in Brussels on 8 April 1965 (the 'Merger Treaty'), merged the executive bodies of the three Communities. Consisting of 39 articles, it is divided into five chapters relating, in particular, to the Council of the European Communities, the Commission of the European Communities, financial provisions, and officials and other servants of the European Communities. It came into force on 1 July 1967.

The signing of the Merger Treaty took place two weeks after the Commission submitted a proposal for a plan to finance the agricultural policy, which necessitated the reform of the financial and budgetary framework of the Communities and the powers of the various institutions involved in it. This draft was not adopted but became a *casus belli* in response to which France, fearing an increase in the supranational scope of the Communities, unleashed an institutional crisis. The French Government decided to cease all participation in the activities of the Communities. This constituted the 'empty chair' crisis, which was resolved only after seven months of Community inertia. The signing of an agreement concluded on 30 January 1966, the **Luxembourg Compromise**, enabled the Council to resume its regular operations.

The EEC Treaty provided for the gradual establishment of a common market and laid down the successive stages for its completion. Following transition to the **third stage** on 1 January 1966, several matters which had, hitherto, been subject to a unanimous decision in the Council could now be determined by qualified majority.

The **Council Decision of 21 April 1970** provided for the Community budget to be augmented by the Communities' own resources.

The **Treaty of Luxembourg** of 22 April 1970 *amending Certain Budgetary Provisions of the Treaties establishing the European Communities and of the Treaty establishing a Single Council and a Single Commission of the European Communities* provided for an increase in the budgetary powers of the Assembly following the replacement of financial contributions from the Member States by the Communities' own resources. Consisting of 13 articles, it was divided into five chapters concerning, respectively, provisions amending the ECSC Treaty, the EEC Treaty, the EAEC Treaty and the Merger Treaty and final provisions. It came into force on 1 January 1971.

The **Paris Summit** held on 9 and 10 December 1974 provided for regular meetings of the European Council.

The **Joint Declaration** of the European Parliament, the Council and the Commission of 4 March 1975 concerning the institution of a conciliation procedure provided for a legislative procedure which took account of the new budgetary powers of Parliament. This was the first of the procedures by which the European Parliament became a co-legislator.

The **Treaty of Brussels** of 22 July 1975 amending Certain Financial Provisions increased the budgetary powers of Parliament and established a Court of Auditors responsible for carrying out external audits of the Community's finances. The Treaty of Brussels, consisting of 31 articles, was divided into five chapters concerning, respectively, provisions amending the ECSC Treaty, the EEC Treaty, the EAEC Treaty and the

Merger Treaty and final provisions. It came into force on 1 June 1977.

The **Act** of the Council of the Communities of 20 September 1976 (‘Act of 1976’), laying down procedures for direct elections to the European Parliament by universal suffrage, increased the democratic legitimacy of the Communities.

The accession to the Communities of **Denmark**, **Ireland** and the **United Kingdom** in 1973, **Greece** in 1981, and **Spain** and **Portugal** in 1986, and the **Treaty amending, with regard to Greenland, the Treaties establishing the European Communities**, signed in 1985, brought about amendments to the founding Treaties. The most important changes related to the composition of the various institutions (which had to be adjusted as the enlargements progressed), the financial framework of the Communities (following the contribution of the new Member States) and the territorial scope of the Treaties.

The institutional framework

The Merger Treaty of 1965 simplified the Community’s institutional framework, providing for the existence of a single **Commission** and a single **Council** for the three Communities. Thus, nine years after the unification of the Assembly and the Court, all the institutions were common to the three Communities with the exception of the ECSC Consultative Committee, which did not merge with the Economic and Social Committee, its equivalent for the other two Communities. The Treaty also provided for the establishment of common Staff Regulations for all three Communities.

The Council Presidency, which had had a term of three months in the ECSC and six months in the EEC and Euratom, was held in turn by each Member of the Council for a period of six months.

The Luxembourg Compromise of 1966 provided that, in the event of decisions which could be taken by a majority vote on a proposal from the Commission, when the key interests of one or more partners were at stake, the Members of the **Council** would endeavour, within a reasonable time limit, to arrive at solutions which could be adopted safeguarding both their mutual interests and those of the Community. In addition, the Financial Regulation applicable to agriculture and other decisions on agricultural matters had to be taken by common accord.

Parliament acquired new powers in the financial area. It also became more involved in the legislative procedure and acquired greater democratic legitimacy.

Sine 1975, Parliament has adopted the budget, and its President has declared that it had become final and operational.

In addition, Parliament was given greater involvement in the legislative procedure. The Joint Declaration of 1975 instituted a new legislative procedure; when Community acts which were general in scope but had significant financial implications were to be adopted, Parliament could request the application of this procedure, the purpose of which was to seek agreement between Parliament and the Council.

The direct elections for which the 1976 Act made provision were held in June 1979 and gave Parliament new legitimacy.

A new body, the **Court of Auditors**, was established by the 1975 Treaty of Brussels, and began its operations in 1977. It consisted of nine Members offering every guarantee of independence and belonging to or having belonged to external auditing institutions or having special qualifications for the task.

The **European Council**, consisting of the Heads of State or Government and the President of the Commission, was established by the Paris Summit of December 1974. It meets at least three times per year.

The financial framework

In accordance with the Merger Treaty, a single budget was put in place for the administrative expenditure of the three Communities, but special budgets continued to be drawn up for expenditure on the activities of the EAEC and ECSC. Following the **Council Decision of 21 April 1970**, which made provision for the Community budget to be funded by its own resources, and the 1970 **Treaty of Luxembourg** and the 1975 **Treaty of Brussels**, the budgetary powers of the European Parliament were increased. Henceforth, Parliament and the Council shared those powers. The draft budget was adopted by the Council by qualified majority and forwarded to Parliament at the latest by 5 October each year, but it was for Parliament to adopt it finally. The President of Parliament declared that the budget was final and operational. Previously, in connection with the EEC and EAEC, power of scrutiny was exercised by the national parliaments when they voted on the amount of the national contributions to the budget of the Communities. No such power of scrutiny had been provided in the case of the ECSC, which was, from the onset, financed by its own resources.

The 1970 Treaty of Luxembourg completed the unification of the Community budgets by incorporating expenditure on the activities of the EAEC into a single budget. Only the operational expenditure of the ECSC and the expenditure of financially autonomous establishments with their own legal personality were not covered by the single budget.

In addition, the 1975 Treaty of Brussels provided for the establishment of a Court of Auditors whose task was to act as external auditor with respect to the Community's finances.

Territorial scope

The accession to the Communities of Denmark, Ireland and the United Kingdom in 1973, Greece in 1981, and Spain and Portugal in 1986 altered the territorial scope of the Treaties. Certain territories enjoyed special status. For example, the Treaties did not apply to the Faroe Islands or to the British sovereign bases in Cyprus. Special provisions were drawn up for the Channel Islands and the Isle of Man. In addition, Greenland, which had become an integral part of Community territory in 1973, decided by referendum to leave the Communities and become an associated territory of the Communities from 1 February 1985. It was the first time that any territory had left the European Communities.