Chapter I

European Parliament's Institutional Evolution

This chapter deals with the institutional evolution of the European Parliament since its inception in 1957, and particularly since it began its metamorphosis in earnest in the 1970s. It will also focus on the EP’s increasing control over the EU budget since 1975 and the ability to delay, amend, and even veto legislation. Today the EP deserves to be considered a “transformative” legislature capable of significantly impacting the decision-making and policy processes of the European Union.

Institutional theory focuses on the deeper and more resilient aspects of social, economic and political structures. It considers the processes by which structures including rules, norms, and routines, become established as authoritative guidelines for socio-economic and political behaviours of various organisations and their actors. So the socio-economic and political factors constitute an institutional structure of a particular environment which provides firms with advantages for engaging in different types of activities (John Knetter, 1989, pp. 26).

Different components of institutional theory can explain how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse.

Section I: Theory of Institutional Evolution

An institution is defined as an enduring set of rules, norms, procedures, precedents, agreements, or formal organizations that may shape the expectations, interests, and behaviour of actors or even impose constraints on actors, whether they are explicitly specified as binding or nonbinding forces. In this sense, institutionalization or institution building is essentially a process of accumulating and mapping rules, norms, procedures, precedents, agreements, or formal organizations into a coherent incentive structure such
that actors are subject to its constraints, through which institutions can be legalized. For example, European Union law (historically called European Community law) is a body of treaties, law and court judgments which operates alongside the legal systems of the European Union's member states. It has direct effect within the EU's member states and, where conflict occurs, takes precedence over national law (Craig and de Burca, 1992, pp. 24).

At the other side, it is possible to have a fully institutionalized regime without legalization. Legalization refers to a particular set of institutional characteristics, namely, obligation, precision, and delegation. Obligation means that states or actors are legally bounded by a commitment to observe general rules, procedures, and discourses of international law and domestic law. Such institutional regime denotes that third parties are awarded authority to interpret, implement and apply the rules to resolve disputes or to create further rules. The European Convention for the Protection of Human Rights and Fundamental Freedoms, for example, authorizes states to interfere with certain civil rights in the interest of national security and the prevention of disorder when necessary in a democratic society, and more broadly during war or other public emergency threatening the life of the nation (Goldstein and Keohane, 1999, pp. 44).

On the other hand, a large number of institutions apparently acting on unconditional obligations even though the institutions or procedures through which they are created have no direct law-creating authority. For example many of the UN General Assembly declarations enunciate legal norms, though the assembly has no formal legislative power, instruments like the 1992 Rio Declaration on Environment and Development and the 1995 Beijing Declaration on Women’s Rights are approved at UN conferences with no agreed law-making power (Raustalia and Skolnikoff, 1998, pp. 64).

Though institutional theory has made great advances in recent years, but it has a number of significant theoretical and methodological problems to explain the structure and function of various institutions. It is not only the apparent theoretical inconsistency within institutionalism that presents problems for extending mode of institutional analysis
but there are also other important empirical problems of institutionalism which can be analysed through the study of theory of institutional approaches. The measurement of institutions and variations in their characteristics pose perhaps the greatest challenge to the use of several theories and approaches in a more systematic manner to understand the theories of institutional evolution (Weaver and Rockman, 1993, pp.122-124).

1.i Approaches to Study Institutional Development

The first major approach to study the institutional evolution is the normative approach advocated by March and Olsen. They argue that the best way to understand political behaviour (both individual and collective) through logic of appropriateness that individuals acquire through their membership in institutions. March and Olsen argue that people functioning within institutions behave as they do because of normative standards rather than because of their desire to maximize individual utilities. Further, these standards of behaviour are acquired through involvement with one or more institutions and the institutional principles are characterized by the historical values, traditions, customs, socio-economic conditions, political behavior and physical feasibility of member states.

The rational choice of institutionalism is that institutions are arrangements of rules and incentives, and the members of the institutions behave in response to these basic components of institutional structure. According to the rational approach of institutionalism, the individuals who interact with the institutions have their own well ordered sets of preferences that remain largely unchanged by any institutional involvement (Hall, 1986, pp. 27-28).

The historical approach of institutionalism argues that the policy and structural choices made at the inception of the institution will have a persistent influence over the behavior of participating members for the existence of the institution (Thelen and Longstreth, 1992, pp.25-28). This approach is obviously well suited to explaining the persistence of
policies but is much less promising as a means of explaining change in policies or structures.

The other version of institutionalism is termed as empirical institutionalism. This term is employed to describe a body of literature which asks the question that whether institutions make any difference in policy choices, or in political stability? So the definition of institutions defined in this approach emphasises the formal structures of government, and in particular, it focuses on the differences between federal, nonfederal, intergovernmental and supra-national institutions (Von Mettenheim, 1996, pp. 43-44).

In some ways the empirical version of institutionalism is similar to rational choice versions in which institutions are conceptualized as exogenous to the values of the individuals functioning within the institutions. This statement means that it is assumed that individual values will not be altered by involvement with the institution. Behaviour will change in response to the assortment of opportunities and constraints presented by the structure, but the values and behaviour are assumed to be unaffected by the institution.

The study of various theories and approaches for institutional evolutions suggest that different approaches and theories have different implications to analyse the process of institutional development in the European Union as a supra-national entity.

But, considering EU's geographical vastness, socio-cultural diversities and economic differences, the institutional development of EU can be studied from two broad paradigms i.e. inter-governmental and federal. For inter-governmental, governments are the ultimate decision makers in the EU, they define the process of integration and set its limits. For federalists, governments are not the sole important actors in the EU. The focus shifts to the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations, and political activities towards a new and larger center, whose institutions possess or demand jurisdiction over the pre-existing
national states. This study by focusing on the European Parliament tries to ascertain which of the perspectives reflect EU reality (Martin, 1994, pp.135-137).

I.ii Intergovernmental Method

Intergovernmental method refers to an arrangement where nation-states, cooperate with each other on matters of common interest to control. So intergovernmentalism allows the exercise of control. The presence of control, which enables the participating states to decide the scope and nature of the cooperation, so that national sovereignty can not be hurt. Intergovernmentalism or exercise of control in the decision-making policies of all participating states in EU is apparent in the following instances:

1. In major areas policies are still decided upon at national levels. These include foreign affairs, defense, fiscal policy, education, health;
2. In major decisions concerning the general direction and policy priorities of the EU, the European Council is tasked to do the job;
3. Important decisions on EU legislation demand the approval of the Council of Ministers (unanimous decision is still required in some areas);
4. Though power vested in the Commission and the EP has increased they still exercise restrictions in their decision-making powers. Limitations on their authority are apparent in the fact that they cannot impose policies that member states do not want.

So intergovernmental method involves a decision making process based on diplomatic negotiations between sovereign states. This allows the complete preservation of Member States sovereignty, implementation of more flexible forms of cooperation and insuring the protection of national interests simultaneously with developing some coordinated initiatives in sensitive areas. The intergovernmental method would allow the cooperation of EU member states in the fields where the integration progress has been rather modest (Barnier and Vitorino, 2002, pp.53-55).
Intergovernmental method also assumes that the important decisions of the EU lie within the competence of the national states. This implies less important roles for the European Parliament and more important roles for the European Council and for the Council of Ministers. The logic of intergovernmentalism which is finally based on the differences in cultural democracy can be engaged only at a national state level bearing in mind the citizens devotion to the national states as distinct political entities. “A democracy can only be called such if it is based on a collective entity, the people or the nation that is constituted by a common culture or common traditions and experiences” (Feld and Kirchgassner, 2004, pp.204-206). Lacking these common elements, the fundamental rule of democracy decisions made by a majority and compulsory for the entire population will not be operational because the minorities (consisting of whole nations) will not accept the decisions of the majority consisting of populations of other states.

I.iii Federal Co-operation

The term federal cooperation is a political concept in which a group of members are bound together by covenant with a governing representative and powers are divided between member units and common institutions. The term federal cooperation is also used to describe a system of the government in which sovereignty is constitutionally divided between a central governing authority and constituent political units (like states or provinces). In federal cooperation citizens have political obligations to, or have their rights secured by, two authorities (Schmitter, 1998, p.109).

The fall of the Berlin Wall, the end of the cold war, the German reunification and the ratification of the Maastricht Treaty led to the federal cooperation campaign for European Democracy which included eliminates of border controls between the countries of the European Union, parallelism between widening, deepening and strengthening the roles of the European Parliament and the European Commission, extension of majority voting and the removal of governmental monopoly over the constituent function.
The federal element is an implicit integral part of the existing EU treaties. EU laws prevail over the national laws, the Court of Justice can make mandatory decisions based on the interpretation of EU laws and the majority voting is applied in important legislative processes. Yet, this implicit federalism is not satisfactory, because EU made up of different peoples, cultures, languages and histories, the European integration must bring the states to such a federation. This means that, in essence, the integration must be made by dividing sovereignty between a central authority of the EU and the national member states (Fischer 2000, pp.147-48).

The type of federalism that can have more serious implications for the European integration is the “competitive federalism” that derives from the neoliberal paradigm. The logic of competitive federalism appears to lend support to a strong and substantive version of market access to widen the principle of mutual recognition. Legal guarantees for mobility of people and resources would maximise the disciplinary effects of EU’s market economy. Hence, a strong version of market access should be in principle for the right of free movement of persons, the right of freedom of establishment and the right to supply services. Another possibility is "selective regulatory migration"(Beyme 2005, pp.33-35).

So competition generates asymmetries and the population tolerates them as long as it is mostly concerned with its own identity and practicing an autonomy which allows the approach of matters considered to be of maximum interest. In other words, this type of federalism works against the EU’s cultural homogeneity.

I.iv Problem and Prospects of Federal and Intergovernmental Method

The European Union is the most significant democratic union in post 1945 Europe, and the most advanced example of institutional cooperation between countries in contemporary world. Its scope should not be underestimated, nor should the symbolic power it possesses in a continent whose nations have fought wars for centuries. The EU (which only acquired its name in 1991, Maastricht Treaty) has developed into much more
than a convenient trading arrangement between a set of separate states. It now has central institutions (located mainly in Brussels) some of the powers traditionally held by nation states, and to some extent a 'government' of its own which is democratically accountable to a Europe-wide electorate (Stuevenberg and Thomassen, 2002, pp. 273-278).

There are, however, many (Jean Monnet, Robert Schumann, etc) who disagree with such a vision of the EU. While agreeing about the great rewards of cooperation in many areas, they argued in favour of intergovernmental decision making, with governments from various nations negotiating for their country's interest, because they were skeptical about the future of EU as a democratic institution which is too supranational in functioning.

The supranationalism pertains to situations which involve states working with one another in a way that does not allow them to have complete control over developments. This is evident in cases where states may be obliged to act against their preferences and will because they do not have the power to hinder decisions. Supranationalism takes interstate relations beyond cooperation into integration and some loss of national sovereignty may occur in the process (Hoskyns and Newman, 2000, pp. 242-253).

In European Union, the cases where the concept of supranationalism applied;

1. The Commission plays an important role in constructing the EU policy agenda and is an influential decision-maker on secondary legislation;
2. The scope of QMV in the Council has grown of Ministers significantly;
3. EP influence on decision-making especially through the assent and co-decision procedures is also significant; and
4. The strength and status of EU law precedes national law.

From the above analysis of two methods in terms of efficiency and democratic legitimacy, intergovernmental method is less effective than the decision taken on the basis of qualified majority, which is almost generalized within the Community method. In the Community method for better democratic legitimacy the European Parliament
represents the European citizens in the co-decision process along with the EU Council (Moravcsik, 1998, pp.167-69).

The European Commission has been conferred a key role in regulating the use of enhanced cooperation through its decision on viability and suitability. But in case of an initiative rejection its opinion is deemed to be a final one. Also the Commission may decide upon a request of a state to participate afterwards to an initiative of enhanced cooperation. In principle the Commission would have to support enhanced cooperation in order to favor the integration progress provided the observance of the conditions set by the Treaties, Community law or Community juridical order, Community institutions integrity and fulfillment of common strategic objectives, etc (Schmitt and Thomassen, 1999, pp. 231-235).

The mechanism of EU institutionalism is based on three rules. The first is the official declaration of the refrained state (within EU Council) by which this accepts that the decision is a commitment for the Union, but not for the respective state. The second is the state commitment to refrain from actions which are conflicting or hindering the Union action. The third consists of the rule after which whether the states that refrain represent over one third from weighted votes the decision shall not be adopted. The scope of constructive refrain had covered all decisions aiming at second pillar taken by EU Council in unanimity, including those having a military nature (Rittberger, 2003, pp. 152-154).

On the first pillar (Community pillar concerns economic, social and environmental policies) and third pillar (Police and Judicial Co-operation in Criminal Matters, concerns co-operation in the fight against crime) the possibility of emergency brake was eliminated, being replaced by the notification of European Council, after which EU Council may decide by Qualified Majority Voting (QMV) on any proposal. Between 1993 and 2009, the European Union (EU) legally consisted of three pillars (This structure was eventually abandoned on 1 December 2009 with the entry into force of the Treaty of Lisbon, when the EU obtained a consolidated legal personality. The Police and Judicial
Co-operation in Criminal Matters (PJC) areas and those transferred from Justice and Home Affair (JHA) to the Community were once more grouped together in creating an area of freedom, security and justice. If the involved field requires the co-decision procedure it needed the European Parliament accord, if not then the European Parliament may be only consulted. On the second pillar the authorization of EU Council is necessary after the Commission formulated opinion, and the European Parliament is being informed. However even after Nice Treaty, the use of enhanced cooperation remained restricted in many respects and there was a needed for substantial reforms of Treaty provisions on its scopes, conditions and procedures (Treaty of Amsterdam amending the Treaty on European Union, establishing the European Communities and other acts, EU Official Journal EC 340, 10 November 1997).

The Treaty of Nice (or Nice Treaty) was signed by European leaders on 26 February 2001 and came into force on 1 February 2003. It amended the Maastricht Treaty (or the Treaty on European Union) and the Treaty of Rome (or the Treaty establishing the European Community). The Treaty of Nice reformed the institutional structure of the European Union to withstand eastward expansion, a task which was originally intended to have been done by the Amsterdam Treaty, but failed to be addressed at the time. The entrance into force of the treaty was in doubt for a time, after its initial rejection by Irish voters in a referendum in June 2001.

The Community method is the expression used for the institutional operating mode set up in the first pillar of the European Union. It proceeds from integration logic with due respect for the subsidiarity principle, and has the following salient features:

- Commission monopoly of the right of initiative;
- Widespread use of qualified majority voting in the Council;
- An active role for the European Parliament;
- Uniform interpretation of Community law by the Court of Justice.

It contrasts with the intergovernmental method of operation used in the second and third pillars, which proceeds from an intergovernmental logic of cooperation and has the following salient features:
The Commission's right of initiative is shared with the Member States or confined to specific areas of activity;
- The Council generally acts unanimously;
- The European Parliament has a purely consultative role;
- The Court of Justice plays only a minor role.

Due to its limited scope, strict conditions and procedures, enhanced cooperation was difficult to put into practice and thus it appeared the need at the next Inter Governmental Conference (IGC), preceding the Nice Treaty, to revise the legislative and procedural framework. Nice Treaty had introduced the possibility to use the enhanced cooperation on the second pillar but only for implementing a common action or position decided by EU Council in unanimity, excluding the military field or defense. The enhanced cooperation should not undermine internal market, as well as economic and social cohesion. It may be used only as an ultimate solution in a reasonable period of time and by respecting the rights and competences of non-participating countries without mentioning the non-discrimination of citizens (Treaty of Nice amending the Treaty on European Union and certain related acts, Official Journal of European Union, EC 80, March 2001).

The Treaty establishing a Constitution for Europe (TCE), commonly referred to as the European Constitution, was an international treaty intended to create a constitution for the European Union. It would have replaced the existing Treaties of the European Union with a single text, given limited legal force to the Charter of Fundamental Rights (which was incorporated into the Constitution), and expanded Qualified Majority Voting (QMV) into policy areas which had previously been decided by unanimity among member states.

It was signed in 2004 by representatives of the then 25 member states of the European Union and needed to be ratified by all member states to enter into force. 13 member states completed the ratification procedure, but the rejection of the Constitution by French and Dutch voters in May and June 2005, called the future of the Constitution into question. In light of these developments three member states, Finland, Germany and Slovakia, abandoned their partially complete ratification procedures and a further seven

The provisions of Constitutional Treaty on the matters of enhanced cooperation bring in addition the application of this cooperation on the whole range of external and defense policy and the removal of veto right. The setting up of European Agency for Armament, Research and Military Capabilities, opened to all members by EU Council and having QMV as a base, is another innovation of Constitutional Treaty. Until a common defense policy is established it will be the case of an enhanced cooperation on common defense matters by close cooperation with North Atlantic Treaty Organisation (NATO), and a multilateral force may be created for supporting common security and defense policy. It rests with the Member States to resort to QMV and co-decision in certain fields. According to the opinion expressed from European Policy Centre, it is considered that nevertheless the restrictive conditions on enhanced cooperation have been relaxed by Nice Treaty and Constitutional Treaty. The juridical interpretations of texts have remained somehow problematically, which creates larger opportunity windows for this governance method under the auspices of framework set out by Treaties (Grevi, 2004, pp.119-121).

The enhanced cooperation would be a comprehensive form of flexible integration, directly targeting to the consolidation of integration process by achieving the community objectives and preserving its interests. The enhanced cooperation is the only form of flexible integration endowed with a strong normative dimension, which confers both force and certain limits to it. It comes out of classical prints of Community method of governance and tries to turn to better account initiatives or options which belong to diversity or differences existing between the Member States (Kohler, 2001, p.42).

Besides Schengen agreement, enhanced cooperation had been used in the case, otherwise disputable, of Western European Union, Social Protocol from Maastricht, Economic and Monetary Union, but it has also application prospects in the field of fiscal policy, environmental policy, defense, Common Foreign and Security Policy, area of freedom,
security and justice. Enhanced cooperation is mentioned also by Constitutional Treaty, in Part I and Part III, but the good result of any project depends more on political willingness and competence of involved actors. The accentuation of disparities and gaps within enlarged Union and incomplete and inconsistent institutional reform proposed by Constitutional Treaty may favour the flexible integration process, mainly in the difficult context created by ratification of Constitutional Treaty through national referendum (Kelemen, 2002, pp.93-96).

The matter of hard core or advanced group (vanguard) of community states willing to extend and speed up the integration in some fields, based on Treaty provisions or outside them, remains a debated and disputed subject. Is the intergovernmental method effective for fields outside economic area? The experience has proved that especially on second pillar (Common Foreign and Security Policy) the progresses had been limited and sluggish, only on third pillar (Police and Judicial Co-operation in Criminal Matters) there had been recorded some notable progresses. An important matter would be that of initiatives of enhanced cooperation projects, whether a group of states, European Council, or other Community institutions could have initiatives, which may vary as scope, instruments and procedures (Marsh and Norris, 1997, pp.138-140).

Section II: Institutional Structure of European Union

The European Union (EU) is governed by seven institutions i.e. the European Parliament, the European Council, the Council of the European Union (the Council); the European Commission, the Court of Justice of the European Union, the European Central Bank and the Court of Auditors (Article 13 of Treaty on European Union).

Most EU institutions were created with the establishment of the European Coal and Steel Community (ECSC) in the 1950s. Much change since then has received in the context of shifting of the power balance away from the Council and towards the Parliament. The role of the Commission has often been to mediate between the two or tip the balance. On the years the Commission is becoming more accountable to the Parliament. In 1999 the

The development of the institutions, with incremental changes from treaties and agreements, is testament to the evolution of the Union's structures without one clear master plan. Some such as Tom Reid of the Washington Post said of the institutions that nobody would have deliberately designed a government as complex and as redundant as the EU. The new Lisbon Treaty is a further attempt to modify the institutions after the EU Constitution, which would have replaced all previous treaties, was rejected by the French and Dutch Voters (Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007, Official Journal EC 306, 17 December 2007).

II.i Establishment of EU Institutions

The first institutions were created at the start of the 1950s with the creation of the ECSC, based on the Schuman declaration, between six states. The ECSC was designed to bring the markets of Coal and Steel, the materials needed to wage war, under the control of a supranational authority with the aim of encouraging peace and economic development. It established the first institutions. At its core was an independent executive called the high authority with supranational powers over the community. The laws made by the authority were observed by a Court of Justice in order to ensure they were upheld and to arbitrate (Eichenber and Russell, 1999, pp.231-233).

During the negotiations, two supervisory institutions were put forward to counter balance the power of the High Authority. The "Common Assembly" proposed by Jean Monnet to act as a monitor, counterweight and to add democratic legitimacy was composed of 78 national parliamentarians. The second was the Council of Ministers, pushed by the smaller states also to add an intergovernmental element and harmonise national polices with those of the authority.
II.ii Institutional Changes

In 1957 the Treaties of Rome established two similar communities, creating a common market (European Economic Community) and promoting atomic energy co-operation (Euratom). The three institutions shared the Court of Justice and the Parliament; however they had a separate Council and High Authority, which was called the Commission in these Communities. The reason for this is the different relationship between the Commission and Council. At the time, the French government was suspicious of the supranationalism and wanted to limit the powers of the High Authority in the new Communities, giving the Council a greater role in checking the executive.

The three communities were later merged in 1967, by the Merger Treaty, into the European Communities. The institutions were carried over from the European Economic Community (making the Commission of that community the direct ancestor of the current Commission). Under the Treaties of Rome, the Common Assembly (which renamed itself the Parliamentary Assembly, and then the European Parliament) was supposed to be elected. However this was delayed by the Council until 1979. Since then it gained more powers via successive treaties. The Maastricht Treaty also gave further powers to the Council by giving it a key role in the two new pillars of the EU which were based on intergovernmental principles (Lehtiranta, 2000, pp.34-36).

II.iii Political Institutions of EU

The political institution is a system of politics and government which is usually compared to legal system, cultural system, economic system and social systems. It is set of interest groups, political parties, trade unions, lobby groups, etc to govern the state or organisation through norms, rules and regulations.

There are three political institutions which hold the executive and legislative power of the European Union. The Council represents governments, the Parliament represents citizens and the Commission represents the European interest. Essentially, the Council and the Parliament can place a request for legislation to the Commission. The Commission then drafts this and presents it to the Parliament and Council, where in most cases both must
give their assent. Once it is approved and signed by both chambers it becomes law. The Commission's duty is to ensure it is implemented by dealing with the day-to-day running of the Union and taking others to Court if they fail to comply (Kreher and Alexander, 2006, pp.54-55).

The European Parliament shares the legislative and budgetary authority of the Union with the Council. Its members are elected every five years by universal suffrage and sit according to political allegiance. They represent nearly 500 million citizens (the world's second largest democratic electorate) and form the only directly elected body in the Union. Despite forming one of the two legislative chambers of the Union, it has weaker powers than the Council in some areas, and does not have legislative initiative. It does, however, have powers over the Commission which the Council does not. It has been said that its democratic nature and growing powers have made it one of the most powerful legislatures in the world (Johnston and Menon, 2004, pp.124-125).

The Council of the European Union (informally known as the Council of Ministers or just the Council) is a body holding legislative and executive powers and is thus the main decision making body of the Union. Its Presidency rotates between the states every six months, but every three Presidencies now cooperate on a common programme. This body is separate from the European Council which is similar but is composed of national leaders. The Council is composed of twenty-seven national ministers (one per state). However the Council meets in various forms depending upon the topic. For example, if agriculture is being discussed, the Council will be composed of each national minister for agriculture. They represent their governments and are accountable to their national political systems. Votes are taken either by majority or unanimity with votes allocated according to population. In these various forms they share the legislative and budgetary power of the Parliament, and also lead cooperation in the second and third pillars i.e. the Common Foreign and Security Policy along with Police and Judicial Co-operation in Criminal Matters (Peter and Rosemary, 2007, pp.21-23).

The Commission of the European Communities is the executive arm of the Union. It is a body composed of one appointee from each state, currently twenty-seven, but is designed
to be independent of national interests. The body is responsible for drafting all law of the European Union and has a monopoly over legislative initiative within the European Community pillar. It also deals with the day-to-day running of the Union and has a duty to uphold the law and treaties (in this role it is known as the "Guardian of the Treaties"). The Commission is led by a President who is nominated by the Council (in practice the European Council) and approved by Parliament. The remaining Commissioners are proposed by member states, in consultation with the President, and then have to be approved by the Parliament as a whole before the Commission can take office.

II.iv EU Institutional Acts and Procedures

The EU legislations are passed through regulation, an act or law which is applicable for the member states. Then there are directives which bind member states to achieve certain goals. They do this through their own laws and hence have room to maneuver in deciding upon them. A decision is an instrument which is focused at a particular person or group and is directly applicable. Institutions may also issue recommendations and opinions which are merely non-binding declarations.

For these acts, there are three EU legislative procedures which are commonly used. They alter the power balance between the Parliament and Council. The assent procedure and the consultation procedure give the Parliament less control over the legislation providing for a more unicameral system centered on the Council. Under assent, the Parliament need only accept or reject the proposal. Under consultation the Parliament, and the other advisory bodies, are asked for their opinion and the Parliament may propose amendments but it cannot block the proposal (Edinger and Verzichelli, 2005, pp.32-33).

The most common system used is the codecision procedure which provides an equal footing between the two bodies. Under the procedure, the Commission presents a proposal to Parliament and the Council. They then send amendments to the Council which can either adopt the text with those amendments or send back a "common position". That proposal may either be approved or further amendments may be tabled by the Parliament. If the Council does not approve those, then a "Conciliation Committee" is
formed. The Committee is composed of the Council members plus an equal number of MEPs who seek to agree a common position. Once a position is agreed, it has to be approved by Parliament again by an absolute majority (Decision of European Institutions, 1994/767/CFSP of 15 November 1994 implementing Common Position on further measures in support of the effective implementation of policies to solve the problems).

II.v Non-political EU Institutions

The institutions which oppose all political strategies to maintain the counter-productivity of political method to achieve a free society is called non-political institutions. In the context of European Union the non political institutions are the European Central Bank, the Court of Justice of the European Union and European Court of Auditors.

The European Central Bank is the central bank for the euro zone (the states which have adopted the euro) and thus controls monetary policy in that area with an agenda to maintain price stability. It is at the centre of the European System of Central Banks which comprises all EU national banks. The bank is governed by a board comprising of national bank governors and a President.

The Court of Justice of the European Communities (commonly known as the European Court of Justice) is the highest court of the Union on matters of Union law and is composed of 27 judges (one per state) with a President elected from among them. Its role is to ensure that Union law is applied in the same way across all states and to settle legal disputes between institutions or states. It has become a powerful institution as Union law overrides national law. In 2001 it ruled that parts of the German Constitution were illegal according to the treaties and had to be amended. This related to the ban on women participating in military combat. The Court of Justice is assisted by a lower court called the Court of First Instance of the European Communities (CFI) and a Civil Service Tribunal which are designed to reduce the workload of the main court (Scully and Farrell, 2003, pp.78-79).

The fifth institution is the European Court of Auditors, which despite its name has no judicial powers. Instead, it ensures that taxpayer funds from the budget of the European Union have been correctly spent. The court provides an audit report for each financial
year to the Council and Parliament. The Parliament uses this to decide whether to approve the Commission's handling of the budget. The Court also gives opinions and proposals on financial legislation and anti-fraud actions. It is the only institution which is not mentioned in the original treaties, being set up in 1975 (Robertson, 1998, pp.18-22).

It was created as an independent institution due to the sensitivity of the issue of fraud in the Union OLAF, (The European Anti-Fraud Office, commonly known under its French abbreviation OLAF which stands for Office européen de Lutte Anti-Fraude). It is composed of one member from each state appointed by the Council every six years. Every three years one of them is elected to be the president of the court (Draft report (2112/1999) with recommendations to the Commission on access to the institutions).

Section III: Treaty of Lisbon and Institutional change

The Treaty of Lisbon (initially known as the Reform Treaty) is an international agreement that amends the treaties governing the European Union (EU). The Lisbon Treaty was signed by the EU member states on 13 December 2007, and entered into force on 1 December 2009. It amends the Treaty on European Union (more commonly known as the Maastricht Treaty) and the Treaty establishing the European Community (the Treaty of Rome). In this process, the Rome Treaty was renamed to the Treaty on the Functioning of the European Union (TFEU).

Negotiations to modify EU institutions began in 2001, resulting first in the Treaty establishing a Constitution for Europe, which was abandoned after being rejected by French and Dutch voters in 2005. After some modifications the Lisbon Treaty was proposed as an amendment of the existing Treaties which implemented many of the reforms included in the European Constitution. It was originally intended to have been ratified by all member states by the end of 2008. This timetable failed, primarily due to the initial rejection of the Treaty in 2008 by the Irish electorate, a decision which was reversed in a second referendum in 2009 (D:Documents and Settings\Admin\My Documents\EUROPA - Treaty of Lisbon - The Treaty at a glance.htm).
On 1 December 2009, the Treaty of Lisbon entered into force, thus ending several years of negotiation about institutional issues. A more democratic and transparent Europe, with a strengthened role for the European Parliament and national parliaments, more opportunities for citizens to have their voices heard and a clearer sense of who does what at European and national level. A strengthened role for the European Parliament: the European Parliament, directly elected by EU citizens, is provided with important new powers regarding EU legislation, the EU budget and international agreements. In particular, the increase of co-decision procedure in policy-making ensures that the European Parliament is placed on an equal footing with the Council, representing Member States, for the vast bulk of EU legislation.

The Treaty of Lisbon amends the current EU and EC treaties, without replacing them. It provides the Union with the legal framework and tools necessary to meet future challenges and to respond to citizens' demands. Any disagreement between the two institutions following the second reading of a proposal is referred to the Committee. The aim is to reach agreement on a text acceptable to both parties. The Commission also plays a part in the Conciliation Committee to help the European Parliament and the Council to resolve their differences (http://europa.eu/lisbon_treaty/index_en.htm).

The draft of any joint text must then be adopted within six weeks (extendable by two weeks) by an absolute majority of the votes cast in Parliament and by a qualified majority in the Council. Should one of the two institutions reject the proposal, it is deemed not to have been adopted.

III.i Institutional Bodies and Agencies of EU

There are a number of other bodies and agencies of note that are not formal institutions. There are two advisory committees to the institutions which in some cases must be consulted: the Economic and Social Committee (EESC) advises on economic and social policy (principally relations between workers and employers) being made up of representatives of various industries and work sectors. Its 344 members, appointed by the Council for four-year terms, are organised into three fairly equal groups representing employers, employees and other various interests; while the Committee of the Regions
(CoR) is composed of representative of regional and local authorities who hold an electoral mandate. It advises on regional issues. It has 344 members, organised in political groups, appointed every four years by the Council. There is also the European Investment Bank, which provides long term loans to help development and integration (Kappen and Thomas, 2003, pp.225).

There are a number of specialised and decentralised agencies operated by the Commission, or sometimes the Council. They are set up by legislation or a treaty to deal with specific problems or areas. These include the European Environment Agency and Europol. In addition to these there are also three inter-institutional bodies like the Publications Office (which publishes and distributes official publications from the European Union bodies) and the two relatively new bodies i.e. the European Personnel Selection Office (a recruitment body which organises competitions for posts within Union institutions) and the European Administrative School (which provides specific training for the staff of Union institutions). Another body is the anti-fraud office OLAF whose mission is to protect the financial interests of the European Union. Two further posts are: the European Ombudsman deals with citizens grievances against the Union’s institutions and is elected for five-year terms by the Parliament; the European Data Protection Supervisor ensures the institutions respect citizens' privacy rights in relation to data processing (Assessment report on the implementation of the principles laid down in Regulation EC No. 1049/2000, COM/2004).

III.ii Influence of other Institutions on EU

While the EU’s system of governance is largely unique, elements can be compared to other models. One general observation on the nature of the distribution of powers would be that the EU resembles the federalism of Germany. Where powers are predominantly shared (states can exercise federal powers where the federation has not already exercised them) between the levels of government and the states participate very strongly with decision making at the federal level. This is in contrast with all other federations, for example the United States, where powers are clearly divided between the levels of
government and the states have little say in federal decision making (Moravcsik, 2001, pp.406-408).

The EU's institutional set up is also somewhat similar to the government of Switzerland. The Swiss consensus-driven system is seen as successfully uniting a state divided by language and religion, although the EU was not directly modeled on the Swiss system despite bearing a number of similarities. The European Commission has similarities to the Swiss Federal Council in that both have all party representation and are appointed on the basis of nationality rather than popularity. The President of the Federal Council rotates between its members each year, in a fashion similar to that of the EU's Council Presidency or the future presidency of the European Council. Due to this system of presidency Swiss leaders, like those of the EU, are relatively unknown with national politics viewed as somewhat technocratic resulting in low voter turnout, in a similar fashion to that of the European Parliament. Other parallels include the jealously guarded powers of states, the considerable level of translation and the choice of a lesser city as the capital (Ruggie and John Gerard, 2002, pp.24-26).

Furthermore, executive power in the EU is not concentrated in a single institution. It becomes clearer under the Lisbon Treaty with the division of the European Council as a distinct institution with a fixed President. This arrangement has been compared to the dual executive system found in the French republic where there is a President (the Council President) and Prime Minister (the Commission President). However, unlike the French model, the Council President does not hold formal powers such as the ability to directly appoint and sack the other, or the ability to dissolve Parliament. Hence while the Council President may have prestige, it would lack power and while the Commission President would have power, it would lack the prestige of the former (Pursuant to Article 7(2) of Regulation (EC) No 949/2001, for the institutional access).

The nature of the European Parliament is better compared with the United States House of Representatives than with the national parliaments of the European Union. This is notable in terms of the committees being of greater size and power, political parties being decentralised and it being separated from the executive branch (most national
governments operate a parliamentary system). A difference from all other parliaments is the absence of a Parliamentary legislative initiative. However, given that in most national parliaments initiatives backed by the executive rarely succeed the value of this difference is in question. Equally, its independence and power means that the European Parliament has an unusually high success rate for its amendments in comparison to national parliaments; 80 percent average and 30 percent for controversial proposals (Moravcsik, Andrew, 2004, pp.322-324).

The composition of the council can only be compared with the quite unique and unusual composition of the German upper house, the Bundesrat. Membership of the Bundesrat is limited to members of the governments of the states of Germany and can be recalled by those governments in the same manner as the EU's Council. They retain their state role while sitting in the Bundesrat and if their term ends when they are recalled by their state governments (who are solely responsible for their appointment) or they cease to sit in their state government. Hence they also are not elected at the same time and the body as a whole cannot be dissolved like most parliaments. As government representatives, members do not vote as individual members but in state blocks, rather than political alignment, to their state governments' agreed line. Each state has unequal voting powers based on population, with an absolute majority required for decisions. Likewise, the presidency rotates equally between members, though each year rather than every six months like in the EU Council. However, unlike the EU's Council, the Bundesrat does not vary its composition depending on the topic being discussed. They both bear similar criticisms, because of the interference, of executives in the legislative processes (Article 17((1) of Regulation (EC) No 1049/2001 on public access to European Parliament, Council and Commission).

III.iii Historical Development of EU Parliament

When the Parliamentary Assembly of the European Economic Community (EEC) was created in 1957 it was perceived as little more than a multinational chamber of Babel. It consisted of 142 Members appointed by the national legislators of the six Member States.
It had no direct popular legitimacy, no control over the fledgling budget of the EEC, and no effective ability to influence legislative outcomes. The Assembly was in all senses a consultative body (Protocol No 36, annexed to the Treaties establishing the European Community and the European Atomic Energy Community EU Official Journal C 321E, December 1958).

But over the course of the last quarter-century the Parliamentary Assembly has evolved into a true European Parliament. Directly elected since 1979 with partial (and increasing) control over the budget since 1975 and the ability to delay, amend, and even veto legislation, the European Parliament of today bears little resemblance to the Parliamentary Assembly of old. Today the European Parliament deserves to be considered a transformative legislature capable of significantly impacting the decision making and policy processes of the European Union (Polsby, 1980, pp.277–296).

The Parliament, like the other institutions, was not designed in its current form when it first met on 10 September, 1952. One of the oldest common institutions, it began as the "Common Assembly" of the European Coal and Steel Community (ECSC). It was a consultative assembly of 78 parliamentarians drawn from the national parliaments of member states having no legislative powers. Two Treaties were signed for the European Union on 25 March, 1957 at Rome. Both the treaties were signed by Belgium, France, Italy, Luxembourg, the Netherlands and West Germany (Treaty establishing the European Coal and Steel Community, Official Journal of European Union, L106, October 1952).

The first treaty established the European Economic Community (EEC) and the second treaty established the European Atomic Energy Community (EAEC or Euratom). They were the first international organisations to be based on supranationalism, after the European Coal and Steel Community (ECSC) established a few years prior. The treaties came into force on 1 January 1958 and the EEC treaty has been amended on numerous occasions. It has since been renamed from the Treaty establishing the European Economic Community to the Treaty establishing the European Community. However the
Euratom treaty has seen very little amendment due to the later sensitivity surrounding atomic energy amongst the European electorate (Treaty establishing the European Economic Community (1957), Official Journal of European Union, L138, September 1958).

A separate Assembly was introduced during negotiations on the Treaty as an institution which would counterbalance and monitor the executive while providing democratic legitimacy. The ECSC Treaty demonstrated the leader’s desire for more than a normal consultative assembly by using the term "representatives of the people" and allowed for direct election. Its early importance was highlighted when the Assembly was given the task of drawing up the draft treaty to establish a European Political Community. In this the "Ad Hoc" Assembly was established with extra members but after the failure of the proposed European Defence Community their project was dropped (Young, 1989, pp.305-311).

Despite this the European Economic Community and Euratom were established in 1958 by the Treaties of Rome. The Common Assembly was shared by all three communities (which had separate executives) and it renamed itself the "European Parliamentary Assembly". The three communities merged in 1967 and the body was renamed to the current "European Parliament" in 1962. In 1970 the Parliament was granted power over areas the Community's budget, which were expanded to the whole budget in 1975 (Smith, 1999, pp.75-78).

Under the Rome Treaties, the Parliament should have become elected. However the Council was required to agree a uniform voting system before hand, which it failed to do. The Parliament threatened to take the Council to the European Court of Justice leading to a compromise whereby the Council would agree to elections, but the issue of voting systems would be put off till a later date.

Section IV: Powers and Legislative Procedures

The European Parliament is the only directly elected parliamentary institution of the European Union. Together with the Council of the European Union (the Council), it
forms the bicameral legislative branch of the Union's institutions and has been described as one of the most powerful legislatures in the world. The Parliament and Council form the highest legislative body within the Union.

However their powers as such are limited to the competencies conferred upon the European Community by member states. Hence the institution has little control over policy areas held by the states and within the other two of the three pillars of the European Union. The Parliament is composed of 785 MEPs (Member of the European Parliament), who serve the second largest democratic electorate in the world (after India) and the largest transnational democratic electorate in the world (Hoskyns, and Newman, 2000, pp.86-88).

It has been directly elected every five years by universal suffrage since 1979. Although the European Parliament has legislative power but it does not have legislative initiative like most national parliaments. While it is the "first institution" of the European Union (mentioned first in the treaties, having ceremonial precedence over all authority at European level, the Council has greater powers over legislation than the Parliament where codecision procedure (equal rights of amendment and rejection) does not apply. It has, however, had control over the EU budget since the 1970s and has a veto over the appointment of the European Commission (Farrell and Scully, 2007, pp.108-110).

The Parliament and Council are essentially two chambers in the bicameral legislative branch of the European Union, with legislative power being officially distributed equally between both chambers. However there are some differences from national legislatures; for example, neither the Parliament nor Council have the power of legislative initiative. In Community matters, this is a power uniquely reserved for the European Commission (the executive). While Parliament can amend and reject legislation, and make a proposal for legislation, it needs the Commission to draft a bill before anything can become law (Stefano and Newman, 2002, pp.213-218).

The Parliament also has a great deal of indirect influence, through non-binding resolutions and committee hearings. There is also an indirect effect on foreign policy; the
Parliament must approve all development grants, including those overseas. For example, the support for post-war Iraq reconstruction, or incentives for the cessation of Iranian nuclear development, must be supported by the Parliament. Parliamentary support was also required for the transatlantic passenger data-sharing deal with the United States (Corbett and Shackleton, 2005, pp.87-89).

With each new treaty, the powers of the Parliament have expanded. Its powers have been primarily defined through the Union’s legislative procedures. The method which has slowly become the dominant procedure (about three quarters of policy areas) is the Codecision procedure, where powers are essentially equal between Parliament and Council. Codecision provides an equal footing between the two bodies. Under the procedure, the Commission presents a proposal to Parliament and the Council. They then send amendments to the Council which can either adopt the text with those amendments or send back a "common position". That proposal may either be approved or further amendments may be tabled by the Parliament (Commission Regulation (EC) No 916/2007 of 31 July 2004 amending Regulation (EC) No 2216/2001 for securing legislative procedures in pursuant to Directive 2003/87/EC of the European Parliament and of the Council and Decision No 280/2004/EC of the European Parliament and of the Council).

If the Council does not approve these, then a "Conciliation Committee" is formed. The Committee is composed of the Council members plus an equal number of Members of European Parliament (MEPs) who seek to agree a common position. Once a position is agreed, it has to be approved by Parliament, again by an absolute majority (Richardson, 1996, pp.28-33). In addition to co-decision, the Parliament’s mandate as the only directly democratic institution has given it leeway to have greater control over legislation than other institutions.

Other procedures include, Cooperation, meaning the Council can overrule the Parliament if it is unanimous; Consultation, which require just consultation of the Parliament; and Assent procedure, where the Parliament has a veto. The Commission and Council, or just Commission, can also act completely independently of the Parliament, but the use of
these procedures are very limited. The procedure also depends upon which type of 
institutional act is being used.

The strongest act is a regulation, an act or law which is directly applicable in its entirety. 
Then there are directives which bind members to certain goals which they must achieve. 
They do this through their own laws and hence have room to manoeuvre in deciding upon 
them. A decision is an instrument which is focused at a particular person/group and is 
directly applicable. Institutions may also issue recommendations and opinions which are 
merely non-binding, declarations (Wallac, 2000, pp.39-45).

There is a further document which does not follow normal procedures; this is a "written 
declaration" which is similar to an early day motion used in the Westminster system. It is 
a document proposed by up to five MEPs on a matter within the EU's activities used to 
launch a debate on that subject. Members of European Parliament can sign the 
declaration and if a majority do so it is forwarded to the President and announced to the 
plenary before being forwarded to the other institutions and formally noted in the 
minutes.

IV.i Control of the Executive

The President of the European Commission is proposed by the Council (in practice by the 
European Council) and that proposal has to be approved by the Parliament (by a simple 
majority), essentially giving the Parliament a veto, but not a right to propose, and the 
head of the executive. Following the approval of the Commission President, the members 
of the Commission are proposed by the President in accord with the member states. Each 
Commissioner comes before a relevant parliamentary committee hearing covering the 
proposed portfolio. They are then, as a body, approved or rejected by the Parliament. In 
practice, the Parliament has never voted against a President or his Commission, but it did 
seem likely when the Barroso Commission was put forward. The resulting pressure 
forced the proposal to be withdrawn and changed to be more acceptable to parliament 
(Schneider and Kirchgassner, 2000, pp.91-97).
That pressure was seen as an important sign by some of the evolving nature of the Parliament and its ability to make the Commission accountable, rather than being a rubber stamp for candidates. Furthermore, in voting on the Commission, MEPs also voted along party lines, rather than national lines, despite frequent pressure from national governments on their MEPs. This cohesion and willingness to use the Parliament's power ensured greater attention from national leaders, other institutions and the public who previously gave the lowest ever turnout for the Parliament's elections.

The Parliament also has the power to censure the Commission if they have a two thirds majority which will force the resignation of the entire Commission from office. As with approval, this power has never been used but it was threatened to the Santer Commission, who subsequently resigned of their own accord. There are a few other controls, such as the requirement of Commission to submit reports to the Parliament and answer questions from MEPs; the requirement of the President in office of the European Council to present their programme at the start of their presidency; the right of MEPs to make proposals for legislation and policy to the Commission and Council; and the right to question members of those institutions (e.g. "Commission Question Time" every Tuesday). At present, MEPs may ask a question on any topic whatsoever, but in July 2008 MEPs voted to limit questions to those within the EU's mandate and ban offensive or personal questions (Christophe, 1997, pp.63-65).

IV.ii Supervisory Powers

The Parliament also has other powers of general supervision, mainly granted by the Maastricht Treaty. The Parliament has the power to set up a Committee of Inquiry, for example over mad cow disease or CIA detention flights the former led to the creation of the European veterinary agency. The Parliament can call other institutions to answer questions and if necessary to take them to court if they break EU law or treaties. Further it has powers over the appointment of the members of the Court of Auditors and the president and executive board of the European Central Bank. The president of European Central Bank is also obliged to present an annual report to the parliament (Scully, 2005, pp.321-327).
The European Ombudsman is elected by the Parliament, who deals with public complaints against all institutions. Petitions can also be brought forward by any EU citizen on a matter within the EU's sphere of activities. The Committee on Petitions hears cases, some 1500 each year, sometimes presented by the citizen themselves at the Parliament. While the Parliament attempts to resolve the issue as a mediator they do resort to legal proceedings if it is necessary to resolve the citizens dispute.

IV.iii Legislative Procedures

In the consultation procedure Parliament is simply asked for its opinion on proposed legislation before it is adopted by the Council. This is the procedure applied in areas such as competition, and taxation and for revision of the treaties. In certain areas of legislation the European Parliament can be asked to give its assent. This procedure, applied in areas including the ratification of certain agreements negotiated by the EU, such as enlargements, gives the European Parliament a right of veto (Lehtiranta, 2000, pp.175-177).

Each spring the Commission submits a preliminary draft budget for the following year. An initial vote is taken by the Council, representing the Member States, on this preliminary draft in the summer, and Parliament has its first reading in early autumn. Thereafter a second reading is held in the Council and then in Parliament to arrive at an agreement between the representatives of the governments and the citizens (Noury and Roland, 2001, pp.78-81).

At present the budget distinguishes between 'compulsory expenditure', which is directly based on the treaties and Community laws and mainly relates to agricultural spending, and 'non-compulsory expenditure', which covers all other spending (regional development, social policy, research, culture, training, the environment, external action, etc.). MEPs have the final say on all non-compulsory expenditure, and the Council on all compulsory expenditure. Parliament has the power to reject the budget if it believes that it does not meet the needs of the Union. In that case the entire budget procedure has to start again (Pollack, 2003, pp.205-209).
IV.iv Budgetary Power

The legislative branch officially holds the Union's budgetary authority, powers gained through the Budgetary Treaties of the 1970s. The Budgetary treaties of the European Communities were two treaties in the 1970s amending the Treaty of Rome in respect to powers over the Community budget.

The first treaty, signed in 1970, gave the European Parliament the last word on what is known as "non-compulsory expenditure" (compulsory spending is that resulting from EC treaties including agriculture and international agreements; the rest is non-compulsory). The second treaty, signed in 1975, gave Parliament the power to reject the budget as a whole and created the European Court of Auditors. However, the Council still has the last word on compulsory spending while Parliament has the last word on non-compulsory spending (Treaty amending certain financial provisions, European Union Official Journal L 359, 31 December 1977).

As a result of these treaties, the budgetary authority of what is now the European Union is held jointly by the Council of the European Union and the European Parliament. Parliament is responsible for discharging the implementation of previous budgets, on the basis of the annual report of the European Court of Auditors. It has refused to approve the budget only twice, in 1984 and in 1998. On the latter occasion it led to the resignation of the Santer Commission.

The EU's budget is divided into compulsory and non-compulsory spending. Compulsory spending is that resulting from EU treaties (including agriculture) and international agreements; the rest is non-compulsory. While the Council has the last word on compulsory spending, the Parliament has the last word on non-compulsory spending (Treaty amending certain budgetary provisions European Union, Official Journal, L 2, January 1971). The institutions draw up budget estimates and the Commission consolidates them into a draft budget. Both the Council and the Parliament can amend the budget with the Parliament adopting or rejecting the budget at its second reading. The
signature of the Parliament's president is required before the budget becomes law (Richardson, 2001, pp.114-119).

The Parliament is also responsible for discharging the implementation of previous budgets, on the basis of the annual report of the European Court of Auditors. It has refused to approve the budget only twice, in 1984 and in 1998. On the latter occasion it led to the resignation of the Santer Commission. Jacques Delors, President of the Commission since January 1985, had accomplished a great deal in his ten years in office, most notably his decisive contribution as a catalyst for the introduction of the single market, the Social Charter and the Treaty establishing economic and monetary union. He was not initially a federalist, but he was pragmatic in his view of European integration. He did not envisage nations losing their own identity in a greater Europe, but he recognised that intergovernmental cooperation was extremely inadequate and that a 'federal mechanism' should therefore be developed with the ultimate aim of establishing a 'Federation of Nation States'. However, the governments of the UK and other countries were concerned by these federalist tendencies and by the greater political clout of the Commission. They wanted a new President.

In 1994 Jacques Delors was due to step down from a successful tenure as President of the European Commission. However his anti-federalist style was not to the liking of many national governments. Hence when the proposal of Jean-Luc Dehaene (the then Prime Minister of Belgium) was presented, he was vetoed by the UK on the grounds that he was too federalist. Jacques Santer, then Prime Minister of Luxembourg, was seen as less federalist as his presidency had earlier proposed the pillar structure. Hence he was nominated and approved by the European Council on 15 July 1994. Hence he was seen as being the "second choice" which weakened his position, with the European Parliament approving him only by a narrow majority. Santer himself admitted that he "was not the first choice but to become Commission president was not my first choice either" (Bromley, 2001, pp.31-39).

He did however flex his powers over the nominations for the other Commissioners. The President gained this power under the Maastricht Treaty that came into force the previous
year. On 18 January, 1995 he managed to get his Commission approved by Parliament by 416 votes to 103 (a larger majority than expected) and they were appointed by the Council on 23 January 1995. The Santer Commission oversaw the development of the Treaty of Nice before it was signed in 2000, negotiations with those countries to join in 2004 and the signing of the Amsterdam Treaty in 1997 (Sinnott and Svensson, 1998, pp.183-190).

Notably it contributed to the development of the euro and issued a series of green papers based on Commissioner Yves Thibault de Silguy's work. The Commission also developed the euro currency symbol. The euro was established on 1 January 1999. The Commission also continued Delor's social agenda, pushed for more powers in that field including tackling unemployment and began proposals for the reform of the Common Agricultural Policy.

Santer, desiring a quotable slogan for his administration, stated his Commission's aim would be "to do less but better" (a slogan adopted and adapted by many since, but not yet fulfilled by the Commission). Although just a sound bite, it touched a chord for some thinking the Community needed a rest after the new treaties and the euro, even if the nature of the Community itself requires movements and new projects to keep it busy. However, during 1998 the Commission began to lose authority due to management criticisms from the Parliament (Peterson and Shackleton, 2003, pp.213-215).

IV.v Budget Controversy and the Santer Commission

The community's budget for each year needs to be discharged by the Parliament following its report by the European Court of Auditors. It had only done so previously in 1984. Towards the end of 1996 the Parliament's Committee on Budgetary Control initially refused to discharge the community's budget for 1998 over what it saw as the self-righteousness of the Commission in its refusal to answer questions relating to financial mismanagement.

The Socialist Party of European Union (PES) leader Pauline Green tabled a vote of no confidence in the Commission. However it eventually supported the discharge 14 to 13
on 11 December 1998, recommending that the plenary support the discharge. It was taken to plenary for debate and four days later however the assigned reporters publicly went against the Committee's official position and urged the plenary to reject the discharge motion. President Santer announced that the Commission would treat the vote of discharge as one of confidence. In a vote on 17 December 1998, the Parliament denied the discharge (Catherine and Newman, 2000, pp.278-292).

In response, on this basis it was tantamount to a vote of no confidence, the President of PES, Pauline Green, announced she would put forward a motion of censure. However PES would vote against its own motion, as there is no method for a motion of confidence. During this period, the Parliament took on an opposition dynamic, with PES as a party was supporting the Commission and the EPP renouncing its support and acting as a de-facto opposition party to the executive. This is in part because the allegations centred on Edith Cresson and Manuel Marín, both from the Socialist party (PES).

It was an attempt by the People's party (EPP) to discredit PES ahead of the 1999 elections. This led to hesitation from the PES leadership, who were the largest group in Parliament, to support the allegations. Motions tabled by the two groups outlined the differing stances the EPP favouring individual responsibility (just those whom the main allegations are against) and PES favouring an emphasis on collective responsibility (so EPP members such as the President, as well as PES members, would be forced to resign). The PES resolution also proposed establishing a committee of independent experts to investigate the allegations.

Following negotiations, including national capitals pressuring their MEPs, the Parliament met to vote on the resolutions on January 14, 1999. It accepted the PES resolution and turned down a censure motion 293 to 232. Hence the Committee of Independent Experts was set up with its members appointed by the political leaders in Parliament and the Commission to create a balance. A number of high profile figures were appointed and President Santer agreed to "respond" to its findings. The report was produced on 15 March 1999 and was presented to the Commission and Parliament. It largely cleared most members, aside from Cresson, but concluded that there was growing reluctance of the
Commissioners to acknowledge responsibility and that "it was becoming increasingly difficult to find anyone who had the slightest sense of responsibility" (Judge and Earnshaw, 2003, pp.75-81). The entire Santer Commission resigned in response to the report.

In response to the report, PES withdrew their support from the Commission and joined the other groups stating that unless the Commission resigned of their own accord, they would be forced to do so. So, on the night of 15 March 1999, Santer announced the mass resignation of his Commission. The morning following the resignation, against the recommendation of his advisors, Santer attacked the conclusions of Committee. The report was seen to be even in criticising not only PES members but also of criticising the workings of the Commission itself.

It also exposed the situation that Parliament, not the President, could force the resignation of an individual Commissioner as they could only be recalled by national governments. Paris refused to recall Cresson, who refused to resign of her own accord, which sparked the need for a mass resignation. Commissioner Mario Monti criticised this stating that "this Commission has collectively resigned, not because of collective responsibility but because certain members of it preferred not to take their own individual responsibilities" (Stephen and Bache, 2001, pp.38-40). Edith Cresson went before the European Court of Justice and, in July 2006, was found guilty but was not stripped of her pension. Cresson today is largely held accountable for the fall of Santer Commission, who went on to serve time as an MEP and never fully recovered, and the rest of his Commission.

**Section V: Consequences and Challenges**

The immediate effect was that the politically weakened Commission was unable to react to the beginning of the Kosovo War and the close of the Agenda 2000 negotiations. The crisis had compounded the already reduced powers of the Commission in favour of the Parliament's legislative power, the Council's foreign policy role and the ECB's (European Central Bank) financial role. However the change with Parliament was the most
profound, the previous permanent cooperation between the two bodies came to an end with the shift in power.

It was hoped by the leaders in Parliament that such a political challenge would generate useful publicity ahead of the elections, with previous polls producing a low turn out with a perception of the body being powerless. In this respect the affair did generate extensive media attention with the Parliament now seeming dramatic. The committee report also was written in an unusually accessible manner, filled with sound bites. Further more it also drew greater attention from the Council to a Parliament willing to exercise its powers. Hence when the Council came in to agree on a new President, it was clear that the candidate had to be acceptable to parliament. The crisis also displayed the increasing party competition within the Parliament, leading to the development of a Parliamentary system between the executive and legislative branches. Indeed it can be seen that the government-opposition dynamic of the two main parties in Parliament aggravated the development of the crisis and contributed to the downfall of the Commission (Sveinen and Eliassen, 2001, pp.217-223)).

The Prodi Commission, which succeeded Marin's caretaker administration, announced a zero tolerance approach to fraud. Following pressure from Parliament, the Commission quickly established OLAF (European Anti Fraud Office), an anti-fraud office which replaced the Unit for the Co-ordination of Fraud Protection (UCLAF) established in 1988 and seen as having failed in its duty. OLAF was established with more powers and to be more independent, especially in terms of investigation where they are formally autonomous from the Commission. The reappointment of some of these members showed that individual Commissioners still maintained their own reputations despite the massive loss of face of the institution as a whole, while Cresson would have never been able to have been reappointed. The Commission itself suffered from a loss of trust and reputation, only compounded by the post Delors mood. Prodi had to deal with increased euroscepticism which helped bring down the Santer Commission. Since the end of the Delors era, pro-integrations had given way with greater concern about the Commission's powers (Wayne and Sweet, 1998, pp.151-154).
In 2004, following the largest trans-national election in history, despite the European Council choosing a President from the largest political group (the EPP), the Parliament again exerted pressure on the Commission. During the Parliament's hearings of the proposed Commissioners MEPs raised doubts about some nominees with the Civil liberties committee rejecting Rocco Buttiglione from the post of Commissioner for Justice, Freedom and Security. That was the first time the Parliament had ever voted against an incoming Commissioner and despite Barroso’s insistence upon Buttiglione the Parliament forced Buttiglione to be withdrawn. A number of other Commissioners also had to be withdrawn or reassigned before Parliament allowed the Barroso Commission to take office (Aucl and Benz, 2005, pp.13-16).

In addition to the extension of co-decision, the Parliament's democratic mandate has given it greater control over legislation against the other institutions. On the Bolkestein directive in 2006, the Parliament voted by a large majority for over 400 amendments that changed the fundamental principle of the law (Details in Chapter II; European Parliament and Law Making). In 2007, for the first time, Justice Commissioner Franco Frattini included Parliament in talks on the second Schengen Information System even though MEPs only needed to be consulted on parts of the package. After that experiment, Frattini indicated he would like to include Parliament in all justice and criminal matters, informally pre-empting the new powers they would gain in 2009 under the Treaty of Lisbon (Peterson and Shackleton, 2003, pp.77-84).

V.i Implications of Treaty Provisions

The European Parliament has become an increasingly important actor in the political system of the EU. However, although its competences have increased, it has failed to strengthen its links with the EU citizens accordingly. Voter turnout in elections to the European Parliament has continuously declined since the first direct election in 1979. Although it varies immensely among member states, the average voter turnout has constantly been more than 20 percentage points lower than the average turnout in corresponding prior national parliamentary elections. Although reforms in the Amsterdam and Nice Treaties enhance the role of the European Parliament, a substantial
amount of decision-making power remains with other EU institutions which are not directly elected by citizens of the EU. As a result, the EU is often considered to possess a "democratic deficit" (J.G. March, 2002, pp.159-61) which is discussed in Chapter-IV (European Parliamentary in EU’s Institutional Setup).

Obviously, no set recipes exist for increasing popular support for the parliamentary body. Although the media are increasingly turning their attention to the European Parliament, this coverage is not of a constant nature. It focuses on highlights such as the refusal to grant discharge of the 1996 budget and the subsequent downfall of the European Commission. The European parties have done little to cut across national boundaries and develop their own “European” positions. Electing a number of MEPs on European lists might, at least partially, alleviate this problem. This could encourage the development of “European” political parties and members could claim to represent a European constituency instead of a national one. The European Parliament has to develop a more coherent profile not only to shape European policies, but also to incorporate the preferences and priorities of the EU electorate therein. In order to establish these enhanced links with the EU citizens, a public debate on issues such as the IGC on institutional reform would be a fundamental precondition. The European Parliament itself has highlighted the necessity of such discussion and a greater degree of transparency in its draft report for the IGC (Leinen, 1999, pp.231-273).

Citizens are not able to give voice to their opinion at European level through the use of basic democratic instruments such as plebiscites or referenda. Negotiations on the IGC take place behind closed doors, secluded from the public eye. Citizens are subsequently presented with the final results which profoundly affect the way Europe works. The role of the European Parliament, as it will be in the upcoming IGC, is reduced to that of consultant. Although there is no doubt that the two parliamentary observers will try to influence the political discourse during the IGC, the Member States are not bound by the European Parliament’s opinion. The European Parliament has, contrary to national parliaments, no right to ratify the Treaty (Majone, 2002, pp.345-46).
The European Parliament could gain political credibility and strength were this stipulation to be changed in the future. The European Parliament has to develop into a political arena where, on the one hand, actors from different political and social spheres can appreciate each other’s positions and views and, on the other hand, it must gain enough coherence to be perceived as one institution standing for specific goals and aims.

It is becoming apparent that one of the European Parliament’s major tasks in coming years will be to convince EU citizens that the EU can provide solutions to policies and problems, and that the Parliament matters (Decision of European Parliament No 2004/767/CFSP of 15 November 2004 implementing Common Position on further measures in support of the effective implementation of policies to solve the problems).

V.ii Future of the EU Parliament

On 1 December 2009, the Treaty of Lisbon entered into force, thus ending several years of negotiation about institutional issues. This treaty amended the current EU and EC treaties, without replacing them. It provides the Union with the legal framework and tools necessary to meet future challenges and to respond to citizens’ demands. The Treaty of Lisbon, which implemented ratification, largely retains the reforms outlined in the rejected Constitutional Treaty and over all power of the European Parliament. For example, nearly all policy areas would fall under co-decision procedure (now called the "ordinary legislative procedure") meaning that the Parliament would have practically equal powers to those of the Council (now officially the Council of Ministers). In the remaining minority of areas in which the powers remain unequal, the Council must consult the Parliament and seek its approval on the legislation (Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007, Official Journal C 306, 17 December 2009).

The Parliament also gains greater powers over the entirety of the EU budget, not just non-compulsory expenditure, through the ordinary legislative procedure. In terms of the composition of the Parliament there would be little change, however the minimum
number of seats would be increased from 5 to 6 and the maximum number would be reduced from 99 to 96. There would also be basic rules on the distribution of seats in the Parliament, rather than them being negotiated at each enlargement. Decisions about the composition of the Parliament are currently made by the Council, this would remain so but the decision would be made based on a proposal from the Parliament itself (Kreppel, 2001, pp.120-123).

The European Council would be bound to take into account the latest elections when proposing the Commission President, something that they willingly did after the 2004 election. As currently, the Parliament's consent is needed for the President to take office, however the Treaty of Lisbon now uses the word "elect" rather than "approve" to refer to this procedure (Lodge, 2005, pp.189-91). This is an area however in which the Council of Ministers plays no part. It will remain to be seen whether calling it an election will spur political groups to use their power and mandate to propose their own candidate rather than accept that of the European Council; in a similar way to constitutional monarchies, who's head of state has their power to choose the head of government limited by the authority de facto limited, instead having to accept the candidate of the victorious party in parliament (http://europa.eu/institutions/inst/parliament/index_en.htm, 25 July 2007).

No major party proposed a candidate in 2004 with the fractious nature of the European level parties being, in part, why a single candidate has not been proposed. However there are plans to strengthen the political parties before the elections and the European Green Party, the first to have a common campaign, did manage to put forward a candidate. In 2007, Franco Frattini indicated he would like to act as though the treaty was already in force, in respects to the Parliament's powers over justice and criminal matters, in order to inject more democracy and ensure the Parliament had over sight on forthcoming legislation (European Parliament Decision of 28 June 2003 on the conclusion of the Protocol (EP) No 1516/2004 to the political parties and powers of the European Parliament and Cooperation Agreement establishing a partnership between the European Communities and their Member States). Institutional reform is only one of many tasks considered to be essential for a wider EU.
The reform of the Common Agricultural Policy (CAP) and the EU’s budget and financial perspective are among other matters that the Member States will again have to address, in spite of a compromise agreement in Berlin in March. The success of Economic and Monetary Union will remain a matter of concern for those inside and outside the EU (and for those EU Member States such as Britain, Sweden and Greece that have not yet joined). The status of the Western European Union in relation to the EU is also on the agenda.

In addition to the institutional reforms brought by the Treaty of Lisbon, in 2007 the President set up the Special working group on parliamentary reform to improve the efficiency and image of the Parliament. Some ideas include livening up the plenary sessions and a State of the Union debate. One of the group's key reform ideas, extra debates on topical issues, was rejected by MEPs causing liberal leader Graham Watson MEP to withdraw from the reform group. However MEPs did back a proposal for greater use of the European symbols, following their rejection in the Treaty of Lisbon. An interim report was presented in September 2007 and proposed cutting down time allocated for guest speakers and non-legislative documents. In 2006, 92 "own initiative" reports (commenting rather than legislating) were tables and 22 percent of debating time was spent debating such reports, while only 18 percent was spent on legislative bills (http://www.europarl.europa.eu/facts/en.htm, 10 August 2007).

There is a general consensus that institutional reforms are necessary to take account of the increasing number of Member States and applicant Members. One concerns the fundamental issue of whether the institutional structure of the EU itself should be adapted to accommodate a larger and more diverse membership.