

Institutional Member: Federal European  
Fed Europ Mon. It. (FEMI)

indivisibility ↔ gradualism

Step II → in the table then  
can state 2 factors in 10 years  
only at the beginning, or at  
the end;

Council European → chose the President, # seats +  
~~it accompanied by~~ 3-4 directors

Fed European bank system

~~Council of Administration~~

with central bank govern = Council of Administration  
participates

↓  
must have 2 votes  
and determine the  
policy

all vote; weighted votes?

President can participate in Council meetings  
write an annual report for Council European  
President

March session → 1 day in Brussels

April in Berlin

Executive Com.



Part III →

Differences between phase II + III  
to be clarified

2 scenarios:

- mechanism

- except a certain duration

create a fund à la del. already at the first stage,  
in the framework of the Committee of Gov.

↓

del. need a resolution similar to the EMS Brussels  
Resolution

→ on basis of del.

A) between I and II → certain except treaty, but this is  
limited

if not agreed, we will wait stage 1

B) However need experience in stage 1, we are waiting  
(have the Pöhl position has to be decided)

↓  
But even this has to be Brussels (del. resolution) but in  
the framework of the Single Act; → needs 285

↓

fund à la del → extra-budgetary

↓

need change our present strong hypothesis

... evolution of the C

how do we handle → ECU  
ECU

how to do the ECU in accordance with high tech.

it is used to maintain it

political decision whether the levels of state want it?

underline progress of ECU, could become main.

Alfred Muellet → Commission to draft the Treaty  
Committee to handle technical questions

France proposes →

the  
the part I

- also convergence as the fiscal  
week in line with 1992 programme

- ECU programme, run without special  
supervise

- it should be  
warranted to the members  
of the C

Community

rethink of countries compared on national policies except  
+ other arrangements concerning

↓  
affecting them at central level increases  
the margin for manoeuvre for everybody  
concern for economic stability

There is a so-called common for economic

the institutional change mechanism, requires

what does it do?

- coordinate on external budget policy
- structural policies

relaxation the adjustment  
reduce inequalities

economic coordination external  
policy mix supervision  
of Community

political dimension to performance to  
cohesion of the entire system

reinforces the  
effectiveness of  
the national policies

become an organic agricultural policies  
structural "

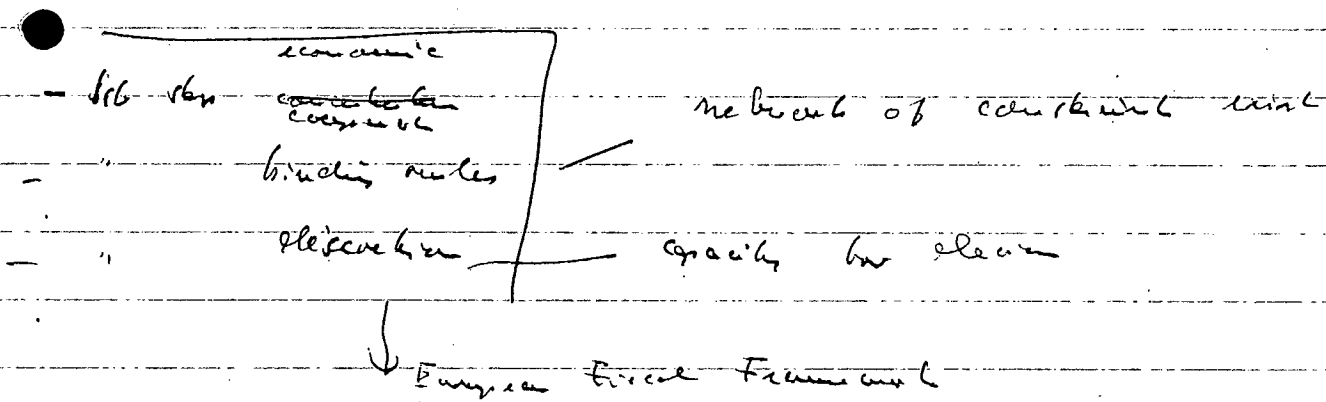
Two questions at the end → relationship between the 2  
→ external representation?

~~2 scenarios~~

{ process for ECU same as the process for single Act.  
↓  
treaty is a programme

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Aug 1, July 1990, the single Treaty



2 scenarios

A<sub>1</sub>

A<sub>2</sub> → A<sub>1</sub> + <sup>sub</sup> hypotheses

working session

GDB

- X fiscal arrangements in final stage not clear
- X numbers issue
- how to proceed?
- exchange rate management + policy

(1) - X thro II →

JPM

in II does it make sense to handle ~~compliance~~  
instruments as also competence

local

problem of base → too accurate?

JP

calendar, esp. of steps?

## financial arrangements in final stage?

- financial flexibility really necessary for  
for budget cuts  
for harmonization

do we have to systematize as episode?

structural changes to EMU not seem important for  
cyclical budgetary considerations?

financial reform → how to change harmonized laws

### 3 elements

- harmonization of law + rules

- clear answers to the C

- system of binding rules for macro-ec.  
policy purposes

- 
- remain source of disturbance
  - be more systematic

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if in the report → could ~~be~~ sketch it out  
in part I, in part II, recall of 74  
in later stage fiscal coordination



have fundamental questions → competence of the ec. policy also

Delors' conclusions:

- 1) - don't give fear on the introduction  
of number of sovereignty, new definition  
of cooperation and interaction  
↓  
stronger legal status  
more uniform degree of integration

this step not possible without treaty,  
because of power to C inst. responsibilities

2) give comparison level of national, regional

progress → retreat from economic definition, to what  
is politically possible;

2) All must be dependent on that way;  
has a strong independent force,

esp. for ECU → regional policies → not yet  
realization

↳ has to give more weight

3) due → has to put the EMU;

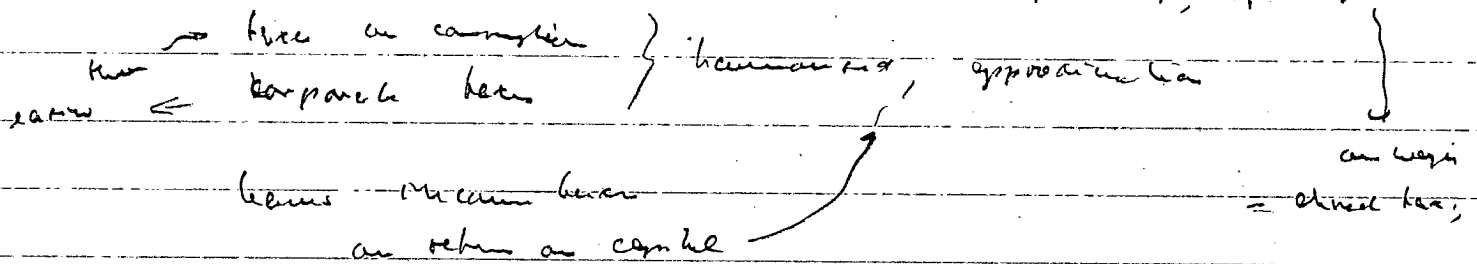
but want to see it EU;

And course, in the integration force

Financial regime → stability of social security systems? need debate on this;

↓ with strong harmonization in direct + indirect taxes

↓ also social security harmonization, if imposed



escape taxes

Questions of revision of C

- TVA
- PNR
- perhaps also taxes on consumption

→ revision of C, permanent or restricted for cyclical policies.

2 methods

↓ approximation

↓ identical

if approximation → then a need for a change of fiscal policy at the C level

probably directed by all the countries

in this light the functions of the C budget have to be reviewed;

national policies are in charge of capital  
distribution, but increasingly under C constraint  
& some being left for the C to conduct regional policies

an European fiscal system

↓  
centre for ec. p. decisions - mechanism

1) fixed (objective) the objectives, also on the basis  
of ext. context

2) 4 means available

↓ monetary policy  
constraint on public finance } related  
to stability

accompanying C policies (budget rules  
package;  
employment programme)

Common programme  
Research + structures (infrastructure)

European

Next framework ~~to~~ → Revenue  
Expense  
Guarantee, also → revenue  
markets

↓  
necessary ~~to~~

C not = role of central bank, but carry out  
work to form mechanism

What are the functions of ec. & m. union

# System of central planning ?

Worried about disappearance of help →  
change ?

DM → fiscal + currency

intermediate steps before the final → looking at  
problems

~~What → this~~

put a question in help context → we can see an approach  
based on the final stage within fiscal framework +  
monetary + accompanying policies + accompanying policies

↓  
Should approximation ?

10/10 for new labour

DM only compatible with ... → coordination, all the  
divers - ec. advantages

in substance → fixing of position

↓ ECU; ~~something~~

problems to be  
discussed

Decrease the role of the parallel currency!

phase II → ECU legal tender accounts in ECU, all  
transactions in ECU permitted;  
no ECU money creation!

Scenarios II

Stage

I

ans

1990-92

Stage

II

in ec. field

↓

relaxation of constraints      sanctions through  
conditionalities attached to transfers

I

I

stabil + soft hypothesis

II

II

ec. low

level hypothesis

## Practical arrangements

### Introduction

47. As soon as it took office the present Commission emphasized that it was determined to make full use of its powers under the Treaties to strengthen the roles of both the Community and its political institutions: Parliament, the Council and the Commission. Signature of the Single Act can only strengthen the Commission's resolve.

48. With an eye to its entry into force the aim must be to make operation of the institutions more efficient and more democratic:

(i) the Council's decision-making capacity will have to be increased by proceeding to a vote instead of searching constantly for unanimity;

(ii) the Commission's political role will have to be strengthened to allow it to take a stance more in line with its initiating and executive function;

(iii) Parliament will have to be given a greater role in decision-making.

49. Attainment of these goals may prove difficult given the practices which have developed over the years. It will call for watchfulness and improved coordination, a vital factor if the Commission is to increase its effectiveness and adhere more closely to the principle of collective responsibility.

50. The provisions of this part of the Vade-mecum are designed to combine the need for greater consistency with the need for more flexibility and swifter reactions. They affect the entire decision-making process, from the drafting stage to the adoption of proposals by the Council. Consideration is being given to the best way of giving Parliament more influence on decision-making, in particular through to the cooperation procedure. Appropriate instructions will be issued in due course.

51. Although they are in complete conformity with the Treaty of Rome — leaving changes introduced by the Single Act aside — it should be noted that the provisions of this part of the Guide require a substantial departure from current practice.

52. The key to the success of a proposal is of course its political and technical quality. However, due weight must be given, in drawing up proposals, to the institutional context. To this end:

(i) care must be taken to choose the correct legal basis. If it calls for a qualified majority there must be sound reasons for selecting it, especially where another Treaty article might be considered (see sections 74 to 85);

(ii) binding acts, in other words regulations, directives or decisions, should be chosen wherever this is allowed by the Treaty or the Single Act; recourse to non-binding acts, such as resolutions, communications and recommendations, should be the exception rather than the rule and justification should be provided (see sections 86 to 92);

(iii) the Commission's executive powers, whether conferred by the Council or arising from Treaty provisions on implementation of the budget must be exploited to the full and the instructions issued by the Commission in December 1985 as regards the committee procedures which can be envisaged (advisory, management and regulatory committees) must be strictly observed (see sections 93 to 105);

(iv) all the implications of the Community's external competence must be taken into account (see sections 106 to 112).

53. The line to be followed in drafting proposals applies equally to the code of practice for Commission representatives at meetings within the Council. Beginning at working party level:

(i) every effort should be made where the Commission's initial proposal is based on a Treaty article calling for a majority decision to guide proceedings towards a majority decision rather than allowing talks at expert level to drag on indefinitely in the hope of producing unanimity (see sections 55 to 63);

(ii) delegations should be encouraged to abstain to facilitate a decision in cases where unanimity is still required (see sections 64 to 65); and

(iii) constant vigilance should be exercised to prevent (a) the introduction of legal bases, additional or otherwise, calling for unanimity and (b) the watering down of either the form or the substance of a proposal. In no circumstances can the substance of a Commission proposal be altered by a Commission staff paper (see sections 66 to 85);

(iv) as far as the Commission's executive powers are concerned, there must be no departure from the committee formula proposed (see sections 93 to 105).

54. To sum up, it must be stressed that the institu-

tional aspects of a proposal are as vital as its substance. Whatever the temptation, there can be no trade-off between institutional principles and 'progress' on the substance of the proposal. It is obvious that any quarter given on one proposal will have repercussions on many others.

### Rules governing voting in the Council

#### Simple majority (Text of Article 148(1) of the EEC Treaty)

'Save as otherwise provided in this Treaty, the Council shall act by a majority of its members.'

#### Qualified majority (Text of Article 148(2) of the EEC Treaty as amended by Article 14 of the Act of Accession of Spain and Portugal)

'Where the Council is required to act by a qualified majority, the votes of its members shall be weighted as follows:

Belgium	5
Denmark	3
Germany	10
Greece	5
Spain	8
France	10
Ireland	3
Italy	10
Luxembourg	2
Netherlands	5
Portugal	5
United Kingdom	10

For their adoption, acts of the Council shall require at least:

- (i) 54 votes in favour where this Treaty requires them to be adopted on a proposal from the Commission,
- (ii) 54 votes in favour, cast by at least eight members, in other cases.'