



THE INSTITUTIONS AND POLICIES OF THE EUROPEAN UNION

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According to the Treaty of the EU which came into force in 2009, there are seven EU institutions:

1. The **European Parliament** is a directly-elected legislative body with supervisory and budgetary powers. It is made up of 705 members and is based in Strasbourg (where plenary meetings are held), Brussels (meeting place of political groups and parliamentary committees) and Luxembourg (head-quarters of the General Secretariat).
2. The **European Council** establishes the general political orientation and priorities of the EU. It is made up of Heads of State or Government of the Member States, a President of the European Council and the President of the European Commission. It is based in Brussels.
3. The **Council of the European Union** is the voice of the states of the EU; it adopts EU laws and coordinates EU policies. The members are government ministers from each EU country according to the policy area under discussion. It is based in Brussels.
4. The **European Commission** promotes the interests of the EU by proposing and enforcing legislation, as well as by implementing policies and the EU budget. It is made up of a "college" of commissioners; one from each member country. It is based in Brussels.
5. The **Court of Justice** ensures that EU law is interpreted and applied in the same way in every European country. It is made up of two courts: the Court of Justice (one judge from each country and eleven Advocates General) and the General Court (two judges from each country). It is based in Luxembourg.
6. The **European Central Bank** keeps prices stable and conducts EU economic and monetary policy. It is made up of the President, five members of the Executive Board and the governors of the central banks of the euro-area countries. It is based in Frankfurt.
7. The **Court of Auditors** checks that EU funds are collected and used correctly, and improves EU financial management. It is made up of one auditor for each EU country. It is based in Luxembourg.

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There are three main characteristics of the EU institutional system. The first is complexity: there are no counterparts in democratic states or international organizations. The European Council, the Council of the EU, the European Commission and the European Parliament allow the EU to make decisions on behalf of almost half a billion inhabitants from 27 different countries. This complexity stems from a second characteristic of the EU institutional system: European policy is always a discussion of the "rules of the game", never dictated solely by the search for the best solution to problems. However, there is a link between the institutions established in the 1957 Treaty of Rome and the current ones: many of the original institutions have changed their names and roles, and the number of institutions has grown, though the system has changed less than expected.

The reason for this continuity lies in the third characteristic of the EU institutions: the search for consensus. EU institutions were not just created to make decisions; their primary role is to manage conflicts and facilitate agreements between Member States. Although the system seems slow and sometimes difficult for citizens to understand, it has often been surprisingly versatile; EU institutions now serve a greater number of countries than it was imagined in the 1950s. Moreover, their responsibilities have expanded to areas of interest that were originally under state control. There is no single institution that carries out the functions which, in national systems, are entrusted to the government. Community decision-making is shared among several institutions which are independent but functionally interconnected; a little like in the USA.

According to the chief architect of the US Constitution, James Madison, freedom is protected by "so contriving the interior structure of the government as that its several constituent parts may, by their mutual relations, be the means of keeping each other in their proper places." (Federalist No. 51). Madison put forward a political system based on a multiple separation of powers. Power was divided horizontally into the executive, legislative and judicial branches, and vertically into the central and the federal levels of government. This aimed to prevent the formation and tyranny of permanent majorities, i.e. the accumulation of all executive, legislative and judicial powers in the same hands.

The working logic of European institutions follows those lines: no actor or coalition of actors can control the entire system permanently. This is because the governing institutions are separate but share power and resources: each one can express its own opinion or veto the initiative of another institution. Government action is subject to a series of checks and balances which generate competition and cooperation between institutions that produce public goods.

In the EU the separation of executive, legislative and judicial powers formulated by Montesquieu is more complex. The three powers are separated horizontally and vertically. In the horizontal dimension, executive power is exercised by the European Commission, the European Council or the Council of the European Union. Legislative power is exercised by the European Commission, the Council of the Union and the

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European Parliament (like the chambers of a bicameral parliament). Finally, judicial power is vested in the EU Court of Justice and the national courts.

As for the vertical division, the institutions represent different electorates. The European Parliament is elected directly by citizens every five years and represents their interests. Members of the European Council and the Council of the European Union represent the interests of the individual member countries and are elected at national elections held every three to five years, depending on the country. Finally, members of the European Commission, which represents supranational interests, are elected through a complex mechanism in which Member States play a decisive role but where Parliament influence is growing.

In short, the EU does not have a single legislative body, but a legislative process in which different institutions, the EU Council, Parliament and Commission, play different roles. Similarly, there is no single executive body, as in some areas executive power is exercised by the Council of the EU (which acts on the basis of a previous Commission proposal), and for other purposes (such as competition policy) by the Commission.

The complexity of the system and its need for consensus are seen in the way legislative acts are adopted. According to Ordinary Legislative Procedure:

- The EU Commission presents a proposal to the Council and the EU Parliament.
- The Council and Parliament adopt the proposal at first or second reading.
- If an agreement is not reached at second reading, a Conciliation Committee is convened.
- If the proposal approved by the Conciliation Committee is acceptable to both institutions at third reading, the legislative act is adopted.
- If a legislative proposal is rejected at any stage of the procedure or if Parliament and the Council do not reach a compromise, the act is not adopted and the procedure ends.

Thanks to its policies and decisions, the EU seeks to promote the wellbeing, security and interests of its citizens. It does so in many domains.

- Economic policy

The objective of the European Union's economic policy is to create a stable and prosperous society. In the Eurozone, a common currency improves companies' competitiveness and increases economic stability. The European Union pays Member States various subsidies, for example for the improvement of the local standard of living in the poorest areas in Europe. The EU seeks also to keep the jobs in Europe and help the unemployed to find work. Investments are made in education and research, and efforts are made to predict changes in the economy better.

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- Agricultural policy

The EU aims at ensuring continued agricultural production in all parts of Europe. The quality of food, package labelling and plant protection are controlled: the EU wants to ensure that the products produced in the various parts of Europe are safe, clean and of high quality and grown with due respect for the environment.

- Environmental policy

The environmental requirements of the EU are the strictest in the world. The EU takes the protection of nature and the environment seriously. In all international negotiations the EU is a leader in the environmental protection. Another objective of the environmental policy is to promote inventions and encourage all companies to respect the environment in their operations. Environment-friendly products and operations are supported.

- Trade policy

There are no customs duties between EU Member States. Also, imports from developing countries are duty-free or the duties are lowered. The European Union holds an important position in the World Trade Organization (WTO). Trade relations are maintained, in particular, with the Mediterranean countries, Russia, the United States and China.

- Security policy

The European Union's security policy focuses on Europe's internal affairs. The common European law enforcement agency called Europol allows the cooperation among the national police authorities in the prevention of drug traffic, illegal immigration, human trafficking and money laundering. Cooperation between law enforcement agencies, prosecutors, judges and police is promoted by Eurojust.

The security policy has also an international dimension, the recently developed common defence policy. In particular, cooperation is being planned to prevent acts of terrorism. Moreover, the EU created a Rapid Reaction Force that can be sent to control emergencies worldwide. The Rapid Reaction Force consists of the troops of the Member States' armies, and so it is not a question of a separate 'Euro army'. In addition, the EU participates to various peace-keeping missions.

- Foreign policy

Every Member State is responsible for its own foreign policy. However, cooperation between countries has increased in the last years, particularly after

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the approval of the Treaty of Lisbon. A President and a Representative for the EU Foreign Policy are now elected and take part in international conferences. In its foreign policy, the European Union continues to follow its values. If possible, all problems will be solved through negotiations.

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