

'Follow-up to Stuttgart and budgetary imbroglio' from Europe (20 July 1983)

Caption: In his editorial of 20 July 1983, Emanuele Gazzo, Director of Agence Europe, comments on the conclusions of the Stuttgart European Council and suggests that the size of the Community budget should be increased so that Europe may develop new Community policies.

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Follow-up to Stuttgart and budgetary imbroglio

The idea that the European Community finds itself, for a period which is no longer measured in years, as one would continue to have it believed, but in months or weeks, in a state of bankruptcy, may gladden the heart of those who have never forgiven the Community for having disposed of financial autonomy, even though this was a “staggered autonomy”, and for being, by this fact, a complete “political entity”. They have especially not forgiven the European Parliament, for having gradually won, by a political action with dramatic moments, a real share of budgetary power, the latter, however, being limited to expenditure control, thus cut off from its essential element, namely the power of “taxation voting”.

The catastrophic situation of Community finances provides, furthermore, spiteful pleasure to those who bring two false cases against the Community. The first, based upon incorrect information, and aimed especially at influencing public opinion, consists in having it believed that the Community is a hypertrophic and costly body, of which the administrative efficiency is doubtful and controls inadequate. Indeed, the “functioning” expenditures of the Institutions remains below 10% of a budget which has already been restricted, and, taking the “linguistic” component of this administration into account, everything goes to prove that the Community is one of the best managed administrative bodies. The second case concerns the elementary points: the Community would spend too much, and too badly, notably by supporting agriculture and financing the structural funds. Indeed, in this second case, the plaintiffs may be sought out in one or other capital, in one or other lobby group ... In any event, the Ministers managing the national budgets — and who are seeking to take into hand the management of the post-Stuttgart operations — are the main culprits of the false calculations, identifying own resources and national contributions, the latter being defined as, “flow of real currency of the taxpayers of the country, which is net contributor to the net beneficiary country”, and consequently obtaining, in one form or another, the “just return”. It is impossible, indeed that, in a budget devoted two-thirds to EAGGF-Guarantee expenditures, one or the other country has the feeling of contributing in an exorbitant manner to common expenditures. This problem cannot be settled — and Mr. Tindemans said this once again, very clearly to his colleagues meeting for the first “special session” of the Council — unless by the implementation of new Community policies, which logically comprises the allocation to the Community of the additional financial means, by substantially increasing own resources. On the day when the Community budget would have a volume triple that of today, the share of agricultural expenditure would be at most 25% of the total, which would permit at the same time the achievement of a satisfactory “global balance”, the discharge from national budgets properly speaking, of certain expenditures at national level, and the implementation of long-term policies and actions, which would help Europe in its entirety to become competitive once again and to provide work for its unemployed persons. This is the real “safety net”.

Thus, Mr. Tindemans and the other Ministers recognised that it is necessary, above all, to seek out the new means to be given to Europe, in order to achieve greater development and to reject the interpretation which certain people give to the Stuttgart conclusions, namely the gloomy cuts to be given to the budget, or to thoroughly amend the conception of Community finances, which would result sooner or later in “national contributions”, according to the distribution keys, of which one easily imagines that the fixation would be a major reason of instability and permanent conflict.

All of this does not exclude that, while safeguarding the orthodoxy of the sacrosanct “budgetary unity”, no account be taken of the objectively unforeseeable and volatile nature of EAGGF-Guarantee expenditures, making the latter an “extraordinary special section” of the general budget, with the appropriate financing, covered largely by agricultural levies and specific taxes linked to production control. A budget which would permit furthermore the carrying-forward of annual balances, which would provide the necessary flexibility. This is a formula which at least deserves to be studied.

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