'Who is afraid of Delors II?' from Crocodile (June 1992)

Caption: In June 1992, in the monthly journal Crocodile, Joan Colom i Naval, MEP and member of the European Parliament's Committee on Budgets, criticises the restrictive attitude adopted at the Lisbon European Council towards the financing of the objectives agreed in Maastricht.

Source: Crocodile. Letter to the Parliaments of Europe. June 1992. Brussels.

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Who is afraid of Delors II ?

The Second Delors package is certainly a practical translation of the major political choices made by the Heads of State and of Government in Maastricht, but it is not the only translation, and to accept it as 'the authentic copy'is a political decision. Just en passant, this of course does not justify the attitude of a certain number of politicians (both MEPs and MPs) who, after having proclaimed themselves the architects of EMU and political union, and smiling politely at the resultant Maastricht agreements then discover - to their surprise it seems - that someone has to pay the violinists to continue playing at the ball. (Or perhaps we should say, pay for the oranges in our Christmas stockings!)

The Second Delors package is the political translation of Cohesion into treaty terms. Indeed it makes Cohesion a significant policy, following the spirit of the European integration process. Given the current circumstances, we should thus look at the direct links that exist between acceptance of the package and ratification of Maastricht.

But the Second Delors package is also highly political in nature. It is the recognition that the market will not be able to do everything, that it will not itself be able to resolve all problems, and this just months before the completion of the 1992 process. Last but not least, it is political because it underlines that the EMU and political union process imply whatever the political structure formally chosen - that a federalisation of fiscality is inevitable.

All that leads us to reject firmly any attempt to reduce the whole issue to a question of budgetary sums.

It should be noted here that firstly the Community's own resources are not taken from national budgets, they are the EC's own resources and at the very most are only 'in transit' in the national Treasuries. Secondly it seems ridiculous to measure how much a country wins and loses from the budget, when the main gains are in the private economy, and simply cannot be judged. Politicians have not yet realised that this is the view of most citizens.

That said, the Parliament is very happy to see the creation of a Cohesion Fund - already proposed by the Budget Committee and its inclusion in the pre-draft budget for 1993. It should be underlined that this new Fund, far from being a renationalisation of the Community Budget, is in fact a key element in its federalisation. Moreover, as a symbol of solidarity between member States, in a period of a generalised rigor and increasing limitations on the edges of all Member States' economic policies, it appears one of the only instruments of political economy in Community hands and serves the interest of everyday. It offers a marginal but not negligible relief - the highest forecasts representing about half a percentage point of GDP for Spain - for the poorer economies at a crucial time, and in any case, given that the richer countries would also suffer in a crisis, they will also benefit from this money. To prove the last point just look at the UK's exports to Portugal: since Portuguese membership they have tripled.

The other 'novelty' resulting from Maastricht is the questioning of the equality of the own resources system. Already in the Spinelli and Baron reports on future finances, the European Parliament called for resources which took account of the relative prosperity of states and citizens. To start with, VAT must fall as a proportion of total EC revenues given its extreme regressivity. The timid reduction from 55% to 50% of revenues is not enough and we should go to 40%. We should still keep VAT as a part of the finances, however -as it can very easily become a real Community tax. To complement this logic, the Commission should propose in a year or two's time (once ratification issues are passed) to establish a or some Community taxes, which could be brought in at the same time as the Single Currency.

On this basis, we should proceed to an evaluation of our needs. As regards the CAP, which swallows so much of the budget, we should nevertheless face the fact that it will continue to exist, and that it will not be cheap. At the same time, we should hope that the recent CAP Reform will help to reduce the negative redistributing effects, making it a more manageable item, respecting budgetary guidelines.

The examination of all priorities would take too long, and we share that of the Package, whilst underlining that a certain number of expenditures are results of previous commitments. Some expenditures replace national spending, but subsidiarity obliges us to note that only those activities best exercised at Community level should thus be handled. Our calculations also lead us to think that the real costs have been widely under-estimated, and in consequence, that the ceiling proposed is too low.

Once this exercise is done, one can set out the new financial perspectives which need to be included in the new inter-institutional Agreement. The latter should be based on the lessons of the first such exercise and help to fill the ‘Democratic deficit’. But even if everyone agrees that budgetary peace brought by a second such inter-institutional Agreement would be a good thing, should we not also ask ourselves if our ambitions correspond to our objectives?

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