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"Put that budget away! Out of my sight!"

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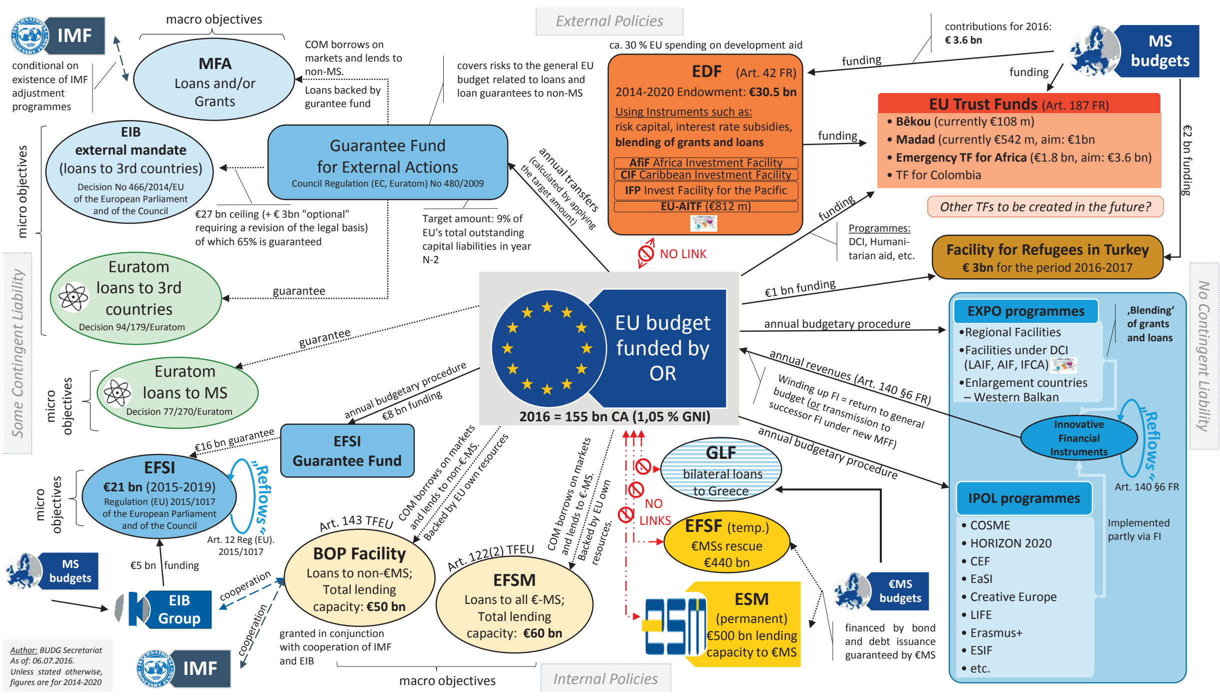
This is the silent cry uttered by national leaders about the community budget. It is as if taking decisions is already so irksome, that financing them is well beyond their strength. With each new treaty, jealous of their power, they make sure that they have the monopoly of decision over revenues and absolute control over spending: by locking the annual budget within the multi-annual framework, over which only the system has control, it facilitates everyone's quest to maximise the "returns" from their national contribution[1] . After paying their dues, they all then hold out their begging bowl to the other 27.

The present framework 2014-2020 was cause to leave a bitter taste. Drafted in December 2013, just as David Cameron was suffering an attack of Eurosceptic mysticism, it witnessed Paris and Berlin shelter pitifully behind London as they justified a reduction in volume of the European budget, at a time when new requirements were expanding rapidly. Then, ten months later as Jean-Claude Juncker took over as head of the European Commission he discovered that he did not have a single euro to revive long-term investment, to finance climate commitments of COP21 or to master migratory flows: he was condemned for his entire mandate - and half of that of his successor! – to spend less than 1% of the GDP, whilst guaranteeing each Member State the "cheque" that had been promised in virtue of the Cohesion Fund (countries in the East and South), of the Common Agricultural Policy (France, Italy, Ireland) or the "British rebate" (UK, but also Germany, Netherlands, Sweden, Denmark, Austria). In the meantime, David Cameron gave up on political life, the UK left us, but no one thought to review the budgetary cuts that it had demanded.



1. This text was originally published in the « Schuman Report on Europe, the State of the Union 2019", editions Marie B, collection Lignes de repères, March 2019

The negotiation of the next financial framework 2021-2026 started in December 2018. We might hope that this "soft disdain" for figures on the part of their Excellencies at the European Council might start to wane? The electoral campaign season, noisy populist one-upmanship on the part of certain leaders, the unprecedented fiscal overdose in France expressed by the "gilets jaunes" are hardly cause for optimism. But behind the bullying stances and ranting on the social networks, the facts are obstinate, it is the revenge of reality over post-reality.

And there is good old popular common sense. All the polls confirm it. We know the cause: to rise to the challenges of the 21st century, a united Europe is better equipped than each of the Member States enclosed in its splendid isolation. No party is demanding to leave the Union since the transformation of Brexit into a pitiful shipwreck of the royal Titanic, engulfing with it the entire British political class. When it comes to countering terrorism, to guaranteeing Europe's internal and external security, taxing multinationals where their profits are generated, countering climate change and to remaining in the race towards scientific and technical progress, public opinion approves of the Union's intervention, and even some of the most Eurosceptic MEPs do not dare go against it. Of course, the word "migration" causes cerebral paralysis amongst those in power in the East and of the opposition in the West, but their electorates are not fooled by the impotence of the national police forces as they face a phenomenon of mass that is due to be there for the duration.

Leaders are more aware than they care to admit. Although the increase in the community budget is still taboo, over the last few years we have witnessed the development of some satellite budgets, devoted to new actions needed because of emergencies. The table herewith drawn up by the European Parliament's Budgets Committee illustrates its cosmography. Alongside the old moon of the European Development Fund, we have witnessed the emergence of the Financial Stability Fund, the European Stability Fund, two specific funds for Greece, the Fund for Strategic Investments, the so-called Juncker plan, the trust fund for refugees from Syria, Lebanon, Jordan, Turkey, another trust fund for the prevention of migration decided at La Valette, the climate fund, the lending facility for non-euro countries, the funds for research and funds for the defence industry … Throw no more away!

If all our Scrooges increase the number of coffers like this, it is the start of a cure to their chronic constipation. The following stage should be to add it all together, and to pour the content into one coffer - the good old community budget. By opposing this, they are just delaying matters and are doomed to failure: if the necessary money is to be mobilised, the clarity of management, the savings and the need for democratic control via parliament, evidently plead for the principle of budgetary unity. Clearly and, dare I say, irresistibly – even in European history – the resilience of government obstinacy has often been counted more in decades than in lunar cycles.

OTHER SIGNS LEAD US TO THINK THAT THINGS ARE MOVING.

France's insistence on demanding a specific budget for the euro zone was finally crowned with success at the European Council in December 2018, despite Berlin's lack of enthusiasm and strong reserve on the part of the brand new "Hanseatic Club" that rallies our Nordic partners. The interest is not so much in the instrument itself – since the departure of the UK, all the Member States are committed to joining the euro. It lies in the justification given by France and accepted by its partners: a monetary zone cannot do without a sizeable common budgetary tool. On several occasions Emmanuel Macron has mentioned an amount of around "several GDP points", whilst the community budget in which the line "euro zone" will be included, has been stuck at 1% for the last quarter of a century. Parliament's long repeated obsession, i.e. the size of the European budget, is now posed at the highest level of the Council.

Likewise, another problem raised by Parliament: the need to create new own resources is no longer challenged by Europe's governments. Again, we shall have to be patient. The proposals put on the table by the European Commission – tax on plastic, harmonised corporate tax – are just at the stage of the debate of principle and their outcome would require the equivalent of a new treaty (unanimous Council decision, with national ratifications). But the prospect of seeing national contributions, a present predominant resource, increased mathematically by the departure of the rich British contributor is stimulating the imagination of major financiers in the quest for alternative solutions.

It remains that opening in-depth debate over the European budget will require leaders with courage close to heroism. Two recommendations can encourage them in this.

Firstly, it means challenging the blind straight-jacket that the multi-annual framework has become. Why have important politicians approve spending ceilings for a period of seven years, which no longer matches the political calendar, and which goes beyond the forecast of the best experts? Setting European priorities now for the entire decade of the 2020's would simply be stupid. In our local budgets, as in our national budgets, we know how to ensure sustainable long-term policy financing without damaging responsiveness, which is all the more necessary in a time of high uncertainty.

Second recommendation: setting the principle of budgetary regularity. And showing it through figures. Europe has to be built on constant costs, all things being equal. If the principle of subsidiarity is well implemented, 1 euro more spent in "Brussels" should save more than one euro at national or local level in exchange for greater efficacy. A recent study by the European Parliament's research department focusing on six main European agencies created to supervise the internal market estimated the savings made by this transfer of competence from the States to the Union at several hundred million euro. The European Court of Auditors is prepared to work in a network with its national counterparts to make impact studies like this systematic. The first should focus on the European border guard: the pooling of means and the deployment, for example, of police forces from the west and the north to countries in the south and south-west should significantly improve the cost-effectiveness ratio in terms of border protection. Europe will start to be popular again when we can say that the Union means more security and less taxes.

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