Comments

EU Budget and “European Added Value”

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Two core issues in the campaign that will lead us to the European election in 2019 will probably be the EU budget and the introduction of additional “own resources” for the Eurozone. The European Commission’s President, Jean-Claude Juncker, in his State of the Union Address 2017, has underlined that “We do not need a budget for the Euro area but a strong Euro area budget line within the EU budget”. He has also anticipated that “An important element will be the plans the Commission will present in May 2018 for how the future EU budget can match our ambition and make sure we can deliver on everything we promise”. But the next steps will certainly be more valuable and fruitful if we make clearer what we mean for “added value” of the EU Budget.

The current debate on the relations between State Members and the EU institutions, which have the EU budget as its intersection, is “poisoned” by the endless reference to the “net contribution” or “*juste retour*”. While it is probably the best indirect proof of why we need truly European “own resources”, this flawed argument is trickling down in national debates, on the relationship between States and “wealthy” Regions, as we see (with deep and obvious differences) with Catalonia in Spain or with Lombardy and Veneto in Italy. But it is the very logic of this mantra that should be tackled and contested. It ignores the specificities of multilevel governance and of interdependence as the key factor of development in highly integrated contexts.

A synthetic and excellent criticism can be found in the Final Report of the “High Level Group on Own Resources” chaired by Mario Monti: “What is striking and unsustainable is that, when it comes to the basic data that each Member

State uses to define its position in budgetary negotiations – its budgetary balance – European added value is completely ignored. Budgetary balances are calculated by simply offsetting what a Member State is allocated on the [EU budget] expenditure side with its national contributions. Under this method, every euro spent in one country is considered a ‘cost’ for everybody else. It therefore entirely ignores any European added value stemming from EU policies that benefit some or all Member States. Calculating one’s own ‘benefit’ from the EU budget is not what is being condemned here; it is a natural or at least inevitable endeavour. What is misleading and causes damages to the EU and the Member States themselves is that a narrow and lopsided indicator becomes the only measurement of a cost-benefit relation”. To put it in more general terms, as the European Commission stated last June in its *Reflection Paper on the Future of EU Finances* (largely inspired by the above-mentioned Monti Report) “Any reflection about the future of the EU budget should therefore start with the most basic question of all – what should the EU budget be for? European added value must be at the core of that discussion. On the one hand, European added value is about achieving the objectives set out in the Treaty; on the other, it is about a budget that provides for public goods of a European dimension or helps uphold our basic freedoms, the Single Market or the Economic and Monetary Union”.

Worth to be remembered when a politician, putting on his/her “national/regional glasses”, will start babbling of “what we pay to and what we receive from Brussels (or Madrid, Rome...)”, just ignoring the role and need of duly financed European public goods.