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# About reform of European Union's budget in a changing Europe

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## About reform of European Union's budget in a changing Europe

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After invitation by Representation of the European Commission in Greece which Director is Mr. Ierotheos Papadopoulos, Mrs. Dalia GRYBAUSKAITE, Commissioner, responsible for Budget and fiscal programming visited Athens last November\* and participated to a round table discussion with main subject: Reform of European Union's budget in a

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\* At the Round Table Discussion participated either as introducers or as interveners, Politicians, Representatives of Major Organizations, two University Professors, Experts, etc. Among them, Undersigned and Collaborator of R.D.L.G.R.D., Ph.D. V. DELITHEOU.

changing Europe and she presented her ideas<sup>1</sup>.

Apart from this participation, Mrs. Commissioner made a speech to the Members of Greek Parliament's Special Permanent Commission for European Affairs and Permanent Commission of Financial Affairs. Also, she met superior government officers, etc.

It is being reminded that European Summit of December 2005 invited Commission to proceed to a full and extensive reexamination of European Union's budget, which should cover every aspect of European Union's expenditures, including Common Agricultural Policy and revenues in order to submit a relative report in 2008. Based on this reexamination, European Council will decide for every subject, covered by that. At the 12<sup>th</sup> of September 2007 European Commission started public consultation on this major subject.

Within the framework of this extended consultation, European Commission's delegation in Greece took the initiative to organize a relative Round Table Discussion.

The main questions were:

Has E.U.'s budget corresponded adequately to the changing needs?

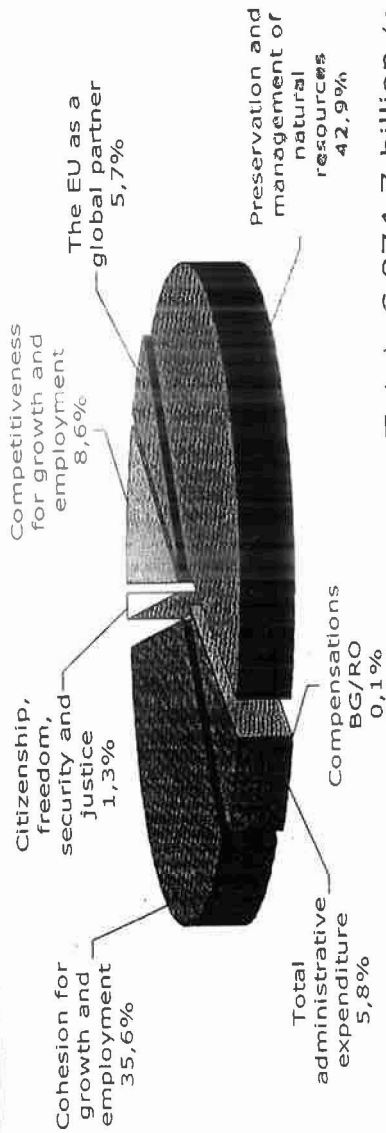
Which criteria should apply in order to ensure the efficient application of the principle of "European added value?"

How should political goals be transmitted to proper priorities for expenses?  
Which are the necessary reforms?

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1. See V. DELITHEOU: *Local Development and self-government, Institutional framework, Development programs and Globalization, Athens 2002, p: 192.*

# How the money is spent, 2007 - 2013



Total: € 974,7 billion (current prices)

How could the effectiveness and efficiency of the performance of the Budget be improved?

Is it possible to enhance even more the transparency and validity of the Budget?

Which are the principles that should govern the part of revenues of the budget and how should they be interpreted in the system of self resources?

Is there a reason for the maintenance of adjusting and countervailing regulations

Which should be the connection between citizens, political priorities and financing by E.U's Budget?

The following items of the Budget of 2007 are being laid Indicatively, (given that the next budget will be proportional).

However, which are the international circumstances, under that the new budget for the year 2008, will be performed, (regardless of its level).

Concerning this question the following remarks are being made:

*International Organizations' level*

Since the year 2000, already, it was made evident that under the condition of globalization and under a new vision and a program of positive actions, it is imperative the search of total prosperity<sup>2</sup>, distributed justly and regularly, under safe conditions of peace, within new innovative<sup>3</sup>, expedient and positive actions, beyond political conveniences and national countercharges.

Consequently, it is not fortuitous event that at 2000, 189 Member States of United Nations Organization, agreed that they should work together and until the year 2015, within the framework "Goals of the Milenium", they should:

- Aim at a global partnership for development<sup>4</sup>. Within its framework, an open commercial and financial system, working under mutual accepted rules will be developed. Special needs of less developed countries will be confronted, debt problems of under development countries will be arranged, diffusion of new technologies will be supported, etc.

Assure environmental sustainability

Remove hunger and bareness

Aim at institutionalization of obligatory elementary education, globally.

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2. Poul Nyroup RASMUSSEN: *Europe and a new Global Order* (trans.) Athens 2004, p. 17.

3. According to J.A. SCHUMPETER, *innovation generally is being defined "as creative construction"*. See J.A. SCHUMFETER: *Capitalisme, Socialisme et Democratie*. N.Y. 1942, p. 381.

4. See V. DELITHEOU: *Institutional Framework of Regional Development and Organization of Public Administration*. Athens, October 2007, p.7.

Boost equality between the sexes.

Under another point of view, it is priority, always within the framework of a global common action, the confrontation of five major inequalities that afflict Planet, namely: The sectors of administration, security, protection and viability of natural resources, relationships between wealthy and poor, human, social and labor rights.

In order to confront and erase those inequalities consolidation of democratic institutions is suggested where failure is noticed, reorientation of development policy both to international Organizations' and financially vigorous countries' level, enactment of rules for fair trade, compilation of a new policy about employment matters, reformation of the international financial system, boost of interregional collaboration, etc<sup>5</sup>.

If a question is raised whether the above mentioned goals are achievable within a short time limit, the correspondent answer will not be desirable given the standing global and international facts at political, economical and social field:

Political situation at many places is very volatile, insecure and variable, full of "blow ups" and local conflicts.

Financial situation augur worse than the expectations in the immediate future.<sup>6</sup>

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5. See Poul Nyroup RASMUSSEN, *op. cit.*, p. 97.

6. Robin BEW: *Living the deceleration.* (Mr.) *THE ECONOMIST: The World in 2004*, London, 2004, p. 10. INTERNET: <http://www.theworldin.com>.

Finally, at social field Citizens' groups, continuously rising, react turning against the new order and globalization and they press towards new directions for civilization and rationalization of political and economical actions that so far, they were usual and accepted globally.

Regarding this point it is noted indicatively, the informal collective intervention of dissidents and Non Governmental Organizations, (N.G.O.), which appear parallel with the Davos Meetings and assert totally opposite positions "of a world specially insecure"<sup>7</sup>

#### *International Competition Level*

##### *U.S.A. and China economies*

International Markets and international exchange markets "move" during current period within a "cluster" of fluctuations, insecurity and chariness for many reasons, such as reduction of bank rates of USA banks, FED's intervention which appreciated or afraid whether due to the reduction of bank rates (3%) USA economy may recover quickly and today's cheap money may be altered to inflation in the future, etc. It is noted that so far, inflation tendencies are under control but this situation may change if, as it is mentioned "economy raise its speed" contrary to the fact that a budget deficit of 400.000.000.000 dollars is predicted for this year.

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7. See also Con. GE. Athanasopoulos: *Mass Media and Development of several areas, Athens. 1977. Same: Publicity. Twelfth edition. Athens, 2006, p. 159.*



Additionally it is being reminded that the beginning of USA economy's crisis was noticed during the year 2001, when Federal Bank was "directing" its investments to real estate market with result the problem of "subprimes", credits based on mortgages, credits of high risk and floating rate which appeal to financially weaker groups of citizens<sup>8</sup>

As it is known when basin bank rates raised during the years 2005 and 2007, 5.000.000 borrowers, who owed 200.000.000.000 dollars could not pay off their loans, while several credit institutions (CityGroup, Merrill Lynch, Northern Rock, UBS, etc), registered major losses.

This situation connected with other elements (such as fall of dollar price, etc) make visible the danger of slowing down of global growth.<sup>9</sup>

On the other hand it should be noted that Chinese economy "took off" by 11,4%, the highest of thirteen last years, despite fears that raise of inflation pressure is expected within 2008, (5% against the goal of 3% during the year 2007).

Under these facts, will European Union have the convenience to move within planned fields or it will have to

8. *Other information at A.-J. LOCUS - SOL-MASCARDI: Krach 2007: La vague sclérotée des subprimes. LE MANUSCRIT. Paris, 2007.*

9. *See other information at: Fred LORDON: Quand la finance prend le monde en otage. LE MONDE DIPLOMATIQUE, Paris, Sept. 2007.*

take additional measures from time to time?

Indicatively it is noted that Head Officer of European Central Bank noted that Bank's responsibility is to focus on confrontation of inflation, which within euro zone moves to 3,1%. However it is possible that this policy will lead to a new revaluation of euro against dollar, with result the reduction of E.U's member states' exports and raise of their imports from dollar zone.

According to official approaches (see for example declarations made by European Commission's President, Mr. J.M. BAROSSO: "E.U's economics, fundamentals are powerful", there is no need for salvages, there is no discussion about downturn within E.U. Fifteen countries of euro zone will easily over cover the difficulties caused by U.S.A.'s economy crisis.

However, these approaches do not exclude the possible danger not just of a recession at E.U's economy, but mostly of a delay of its resurgence, taking also in mind the fact that powerful E.U's countries bear of big deficit and public debt. Namely: elements that foil interventions intending to boost their economies.

Perhaps, according to another point of view, Today's international circumstances prove that the real risk for E.U. is its withdrawal or not from USA economy, under conditions of "consolidation" of world trade and the great political vi-