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OPINION

of the Committee on Budgetary Control  
on progress with regard to the Mandate  
of 30 May 1980

Draftsman: Mr K. SCHÖN



On 17 November 1981 Parliament decided to postpone consideration of the report on the Mandate of 30 May 1980 in order to allow the relevant committees to examine the supplementary documents presented by the Commission.

At its meeting of 15, 16 and 17 March 1982 the Committee on Budgetary Control considered the draft supplementary opinion drawn up by Mr Konrad SCHÖN and adopted it unanimously.

The following took part in the vote:

Mr AIGNER, chairman, Mrs BOSERUP, vice-chairman, Mr SCHÖN, draftsman, Mr ARNDT, deputizing for Mr WETTIG, Mr GABERT, Mrs VAN HEMELDOCK, Mr IRMER, Mr KELLETT-BOWMAN, Mr KEY, Mr NOTENBOOM.

1. During its November 1981 part-session Parliament decided to suspend its debate on the 'Mandate of 30 May' so as to give its committees an opportunity to consider the supplementary documents presented by the Commission:

- guidelines for European agriculture
- job creation: priority for Community action
- Mediterranean programmes - lines of action
- development of industry in Europe: a Community strategy.

2. The Committee on Budgetary Control had stated in its first opinion that the revival of the Community through the restructuring of its budget would only be possible if the conditions were created for the introduction of an effective Community budgetary policy. In practice, this means that a common political strategy must be given expression in the Community budget, in particular:

- by organizing structures in such a way as to permit a political debate between the responsible institutions on the definition of the aims of this policy;
- by completing and improving the Community's budgetary instruments and techniques;
- by giving it all the resources needed for its financial autonomy

and by ensuring that the Commission has all the instruments necessary to implement or control implementation of this budget.

3. The supplementary documents presented by the Commission take practically no account of these requirements.

The principle underlying the idea of restructuring is that, to enable its action to be extended to new objectives, the Community must examine the reasons which have prevented or hampered the successful implementation of existing policies.

4. Instead of proposing the conditions needed for the restructuring of the Community and its budget, the Commission shortsightedly presents a whole series of objectives and policies without discussing the means of implementing them. It thus neglects an essential aspect of the Mandate of 30 May, which, according to President Thorn, called for the review of the operation and funding of Community policies.

## GUIDELINES FOR EUROPEAN AGRICULTURE

5. Of the four supplementary documents presented by the Commission, the communication on 'guidelines for European agriculture' is the only one which takes account of experience of past management. It sets out a general analysis of the trends in expenditure and their underlying causes. It stresses the considerable drop in expenditure in the milk sector and attributes this saving to more rational and rigorous management. It goes on to conclude that long-term planning is required.

6. On the other hand, the Commission, on the basis of its experience of control, stresses the most notorious lacks in the following sectors:

- fruit and vegetables
- cereals
- beef and veal
- skimmed milk powder for animal feed purposes
- olive oil
- wine.

It therefore proposes that controls be stepped up by the creation of a 'flying squad' of inspectors to carry out spot checks on current operations.

7. The Committee on Budgetary Control unreservedly approves these proposals which reflect the views expressed by the European Parliament on several occasions. It feels, however, that the Commission's control over implementing measures by national agencies should not be confined to spot checks. The Commission must be informed fully and as quickly as possible by these national agencies of all credit management measures and of all aspects relating to market trends likely to be relevant to its own management.

The measures currently in preparation for the use of data processing in this sector are a step in this direction.

8. The Commission also analysed the economic and budgetary consequences of its management in the various sectors over the past years. It draws the following conclusions from this analysis:

- in the cereals sector, a drop in Community prices, apart from the resulting direct budgetary saving, is justified by the repercussions of the level of these prices on the 'downstream' sectors;

- in the milk sector, more stringent management more closely related to the reality of the market has already made possible considerable savings.

A series of measures of doubtful efficacy (intervention system for powdered milk, subsidies for butter) should be abolished. The problem of imports of New Zealand butter should be re-examined.

- in the olive oil sector, the Commission proposes better control of the payment of aid to producers and the elimination of a number of anomalies.
- in the tobacco sector, the Commission stresses the disproportion between Community aid and production.

9. However, the Commission confines itself, generally speaking, to objectives and pays little attention to management methods. The fundamental problem with the Common Agricultural Policy is the uncontrolled growth of expenditure in sectors where the Commission itself recognizes that its controls are inadequate. It is illusory to think that the agricultural policy can be restructured without a strengthening of these controls, and the Committee on Budgetary Control considers that a reform along these lines is a precondition for the second aspect of restructuring, concerning the review of existing objectives.

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10. As regards the other three documents presented by the Commission, they are interesting economic analyses of the sectors concerned and even propose objectives for a possible Community policy. However, they simply ignore one fundamental aspect of Community policy:

the chronic inability of the Community institutions to achieve the aims which they themselves have fixed when they have failed to provide the means for doing so.

These Commission documents are characterized by a discrepancy between the ambition of the objectives and the modesty and vagueness of the means proposed.

## CONCLUSION

11. In brief, the Commission proposals will constitute a superimposition of new 'strategies' and 'priorities' which will suffer the same fate as their predecessors and produce the same negative effects, which have been denounced for many years by the Court of Auditors and Parliament: funding operations whose effects cannot be assessed in relation to the objectives being pursued, but only according to their effect on the 'transfer of resources'; this will merely fuel the argument about 'net contributors' and the concept of a fair return.

12. The present state of the discussion shows that the method chosen to carry out the restructuring itself suffers from the defects which it is intended to eliminate: negotiation between Member States, horse-trading and compromises between national egoisms.

13. The Commission has disregarded the basic need to provide in advance for the reforms of the operation of the Community policies and the methods of funding them.

There is in Community political life today a discrepancy between the defining of objectives and decisions on the means, particularly the budgetary means, to be used to achieve those objectives.

14. It is only possible to restructure Community activities if, before new objectives are defined, the conditions are created in which objectives and means can be reconciled, i.e.:

- at the level of the budgetary decisions, guaranteeing that choices and decisions are made in the light of Community objectives.
- at the level of implementation of the budget, giving the Commission the means of making sure that available resources are used to achieve Community objectives.

