

EMBARGO: 17.00 H, THURSDAY 21st FEBRUARY 1980

EXTRACTS FROM LECTURE BY CHRISTOPHER TUGENDHAT, COMMISSION
FOR THE BUDGET IN THE EUROPEAN COMMISSION, GIVEN AT EXETER
UNIVERSITY, 21 FEBRUARY 1980

Community taxpayers want value for money. They therefore expect that before the Community seeks to increase its revenues it should show itself able and willing to control agricultural expenditure and to establish a better balance in the Community Budget between agricultural and non-agricultural expenditure. If the Council of Agricultural Ministers do not implement the Commission proposals for curbing the costs of the CAP the Community could run out of money during 1981 and an increase in our revenues would become an urgent necessity.

Last year finance for Community activities took all of the customs duties and agricultural levies as well as three-quarters of the total potentially available through VAT, or in other words some 90% of the Community's potential own resources. This left a margin for additional expenditure representing only some £1,200 million or less than one-fifth of our current expenditure on agriculture. The increase in agricultural costs in 1979 was only slightly less than the total margin left in own resources that year, so it is not hard to see how a cavalier attitude by Agricultural Ministers to budgetary costs this year could quickly create a financial crisis.

The fact that some of the Member States which are most firmly opposed to raising the ceiling for Community income are also among those which have done most to push up agricultural spending highlights the lack of coherent thinking which seems to be endemic in national capitals on the Community budget. The British Government, though not opposed to high agricultural spending, is anxious for a solution to the British budget problem, a strong supporter of enlargement, but also a firm opponent of raising the 1% VAT limit. It is not easy to see how all these circles can be squared.

Strict public expenditure control must, of course, be observed at the Community as at the national level and there should be no unnecessary duplication by national governments of activities transferred to the Community. I believe that Community spending on areas such as industrial and energy policy will and should increase significantly, but if Community taxpayers are to get value for money this must be matched by economies on agriculture. The problems of achieving the right balance are considerable but given goodwill in the Council of Ministers, consistency in the European Parliament and a firm and principled stand by the European Commission in defence of the European interest we can overcome them and make of the Community Budget something which all our citizens recognise as influencing for the better the Europe in which they live.