



Change and stability in the EU budget

ABSTRACT

The EU's multiannual budget is generally assumed to be marked by policy stability over its seven-year duration. This paper analyses how change and stability have affected EU budget policy during the current 2007-13 period. The theories of incrementalism and advocacy coalition framework are applied to conceptualise policy change. It is argued that overall the budget is marked by stability but changes were seen within and across specific policies leading to three revisions of the MFF during the Barroso I Commission. These changes and the new institutional provisions of the Lisbon Treaty may hold interesting projections for the next multi-annual budget period starting in 2014.

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Change and stability in the EU budget¹

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1. Introduction

This paper looks at change and continuity in the EU budget and attempts to further our understanding of when and how change in the EU budget appears. Several budgetary developments since 2005 will be used as case studies in this work to conceptualise different kinds of attempted change, their success or failure and their eventual drivers. Given the lack of in-depth analysis of EU budget politics,³ this work fills a gap in analytical research on the most recent budgetary developments prior to the tabling of the proposal for the multiannual financial perspectives 2014-2020.

In the following section, two theoretical frameworks (advocacy coalition framework and incrementalism) will be presented to conceptualise change and stability. The third section fills this debate with an empirical analysis of budget change in the EU on the level of constitutional changes, the multiannual framework and more recent initiatives. These findings will be summarised in the concluding remarks.

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³ Notable exceptions are Laffan (1997) on the EU budget in general and Lindner (2006) on the negotiations of the multiannual budgets.

2. Theoretical framework to explain policy change and stability

a. The EU budget as a policy framework

The EU budget - just like the EU itself has been undergoing varying phases of relative continuity and change. Given the budget's overall volume (around 130 billion euros or SGD 225 billion p.a.) and the significance it has in a number of areas in European policy-making, it is much regarded as a policy field in its own right while, like any budget, at the same time mediating (re)distributive policies within an overall framework. This working paper regards the EU budget as a distinct policy framework but extends its attention to major sectoral policies. Among the latter are redistributive policies like agriculture but also programmes with leveraging effect for growth-enhancement, cross-border infrastructure, research or the EU's foreign policy instruments. Changing specifications within sectoral policies can translate into significant deviations of the overall budget – both in volume and in its composition.

In this paper two theoretical approaches are applied to explain continuity and change in the EU budget. These two have been selected because they are particularly suitable in explaining the mechanisms at work in EU budget-making. The advocacy coalition and incrementalism frameworks will be first outlined, and then tested in the subsequent section by looking at recent and current policy developments. Alternative approaches for conceptualising policy change include the idea of 'policy streams' (Ackrill and Kay 2011; Kingdon 1984, 1995) and 'punctuated equilibrium' (Baumgartner 2009; Baumgartner and Jones 1993, 1991). However, these alternative approaches will not be discussed in this working paper.

b. Policy subsystem and advocacy coalition

One of the leading theories for explaining policy change is the 'advocacy coalition framework' of Paul Sabatier (1988; Sabatier and Jenkins-Smith 1993). This framework suggests that within a policy subsystem (e.g. education, agriculture) advocacy coalitions advance or prevent policy change. The idea of advocacy coalitions being active within certain policies is more flexible but also theorised much more deeply by Sabatier et al. than were earlier ideas such as 'iron triangles' (Jordan 1981). The latter term is still widely referred to in analysis of the EU's agricultural policy (Hix 1999). While the term 'iron triangles' often refers to a particular triangular relationship between legislative committees, executive departments and interest groups within a given policy field, Sabatier suggests a less static and more flexible definition of the actors constituting the advocacy coalitions.

Sabatier (1988, 131) bases his framework on three propositions. First, the policy at stake needs to be analysed over a relatively long time frame of ten years or more. Secondly, the locus of investigation forms a 'policy subsystem' in which the various players interact. This would be a space broader than the close institutional or organisational framework around governments (as with traditional 'iron triangles') and may include a much greater diversity of actors. Thirdly, policies are similar to "belief systems" in the sense that Sabatier suggests that they contain clear ideas as to how to realise them. Within policy subsystems there is usually more than one advocacy coalition. These compete for attention and influence and their activity or impact is ultimately mediated by what Sabatier calls "policy brokers" (ibid). Over time advocacy coalitions engage in learning and might also adapt their strategies (or even objectives). But learning is not the only way to alter the discourse within a policy subsystem.

According to Sabatier there are also external changes that influence actors, be they socio-economic, technological, personal, (unintended) spill-overs from other policies or ruling coalitions. What is particularly relevant in view of the following empirical analysis is Sabatier's suggestion that changes at the core of advocacy coalitions' interests are most likely to originate externally. Learning might affect the subsystem only at its margins. This leads him to the hypothesis that the "core [...] of a governmental program [is] unlikely to be significantly revised as long as the subsystem advocacy coalition which instituted the program remains in power" (Sabatier 1988, 148). External events can augment the resources of weaker advocacy coalitions vis-à-vis the dominating one.

When accepting the idea of advocacy coalitions within the EU framework, it should be expected that budget change is the exception rather than the norm given the prevalence of existing advocacy coalitions and the high requirements for changing the status quo. If (rather incremental) change were to occur, it would be based on endogenous effects (primarily learning - either within the dominant advocacy coalition or by challenging coalitions who would start affecting the margins). Alternatively, or additionally, (more disruptive) change can originate in a number of exogenous factors (like enlargement following the break-up of Soviet dominance over Eastern Europe, or the recent financial crisis).

c. Incrementalism

Incrementalism is not only one of the most widely debated ideas in public policy but often the point of reference in explaining the politics of budgeting. In his seminal article "The Science of 'Muddling Through'", Charles Lindblom (1959) describes an ultimately inachievable method for policy formation which would "continually build[s] out from the current situation, step-by-step and by small

degree” (Lindblom 1959, 81). First, even if an ideal solution can be defined, it is not always possible to implement it given the existing power constellations or more pressing issues on the agenda. Second, smaller deviations from the status quo are less risky for policy-makers. Bolder initiatives usually require the investment of more political capital that might be used elsewhere. Such reasons can explain the incremental nature of policy-making according to Howlett et al. (2009).

The debate on incrementalism in budgeting was provoked by Aaron Wildavsky in his book *The Politics of the Budgetary Process* (1964). This is also the first contribution explicitly referring to “incrementalism” (a term that Lindblom until then had merely circumscribed). In subsequent updates of his book, Wildavsky and Caiden (2004) offer a broad discussion and description of incrementalism in which they set out a clear summary of the argument: “The largest determining factor of this year’s budget is last year’s. Most of each budget is a product of previous decisions. [...] Long-range commitments have been made, and this year’s share is scooped out of the total and included as part of the annual budget” (Wildavsky and Caiden 2004, 46). Despite their sole focus and concern about budgeting in the United States, many of their suggestions can be applied or tested in any other budgetary context and specifically in the EU.

Just like Lindblom and other defenders of the incremental approach, Wildavsky shares the understanding that rationality assumptions cannot be fulfilled. Decision-makers do not have the capacity to consider all alternative options across all policy fields and estimates to their costs and benefits. It is therefore more convenient to tinker at the margins (Lindblom’s “muddling through”) or to compromise with others who have a keen interest in their specific field of power or expertise. Another limiting factor is institutional design. Fragmented, multi-step and bicameral systems

(like the EU)⁴ are most likely to find themselves with incremental budget change.

3. Politics at play in the EU budget

This empirical section first clarifies the general opportunities for affecting change within EU budget-making. It then analyses entry points for change at three different levels: constitutional, the Multiannual Financial Framework (MFF) and policy- or programme-level. These three layers are by no means exclusive and also allow for overlap. For each of the layers recent developments will be discussed to see how these in turn affect the budget.

a. Defining and understanding budget change

When talking about the change of something it is important to define what change means and how it differs from continuity of the status quo. Even though a budget is very much about numbers, it makes little sense to assign the attribute of change based on a certain amount or percentage-threshold because each development needs to be contextualised. For example, when agricultural interventions drop by a billion euros, this might result in relatively big financial savings but underlying EU programmes might not have changed. Rising global commodity prices could account for some of the fall. More conceptually, change could be measured against the following items: a) overall volume of the budget, b) distribution of expenditures between the different headings (or at programme level), c) reshuffling of power between the EU institutions.

In this work, developments with any implications for these three will be compared against the prolongation of the status quo, or

⁴ Practically all legislation as well as the annual budgets requires the approval of both the Council and the European Parliament.

incremental changes as outlined above. Incrementalism is indeed a rather typical phenomenon when it comes to the evolution of the EU budget. Almost all programmes are lined out within the overarching seven-year framework of the MFF. The Commission estimates and suggests incremental year-by-year increases in all of them at the start of the MFF. More often than not, end-of-MFF figures are the base for future negotiations. Given the unanimity principle in European Council decision-making, and therefore the need to get various perspectives to homogenize at a (presumably low) level comfortable for all, it is likely that a gradual, incremental change will characterise at least the major spending programmes (particularly agriculture and cohesion policy).

Change to the EU budget can be instigated by four institutions: The European Council, the Commission, the Council of the European Union and the European Parliament (EP) – or rather individual actors within them. Over time, certain prevailing institutional interests in the budget process have evolved despite changing political interests within them. The European Council is primarily involved in the MFF negotiations in which government leaders attempt to minimise their national budgetary contribution and eventually agree on a ceiling for overall (annual) expenditures. Heads of government also bargain over the general national distribution of the agricultural and cohesion budgets. The Council is involved in the annual budget process where it normally strives to limit EU expenditures. Each government aims at ensuring adequate national returns ('juste retour') where international redistributive issues arise.

The European Parliament on the other hand claims to defend the interests of European citizens which often coincides with an interest in higher spending levels, particularly for those activities where public goods are provided across Europe and national benefits cannot be

easily measured. During the whole process the Commission is involved as initiator, agenda-setter, mediator and implementer.

While the institutions' formal roles and powers are derived from the Treaties, institutional interests follow also the composition of each institution. EU enlargement - as most recently witnessed in 2004 and 2007 - brought about shifting interests within all institutions but particularly the Council and the EP as most new member-states have income levels below the average of the (then) EU-15. This strengthened those advocacy coalitions supporting continuity in cohesion policy and agricultural subsidies. Over a horizon of at least the next five years there are only the accessions of Croatia and Iceland with a possible affect on power shifts. Given that they are relatively small economies, one below and one above average EU income levels, the impact of their accession on budget negotiations might be rather limited.

b. Institutional budget politics after the enactment of the Lisbon Treaty

i. Changes introduced by the Lisbon Treaty

The most important recent development with a likely impact on the budget has been the implementation of the Lisbon Treaty. With regards to the budget it had one major institutional, one technical, and two political implications. The biggest change with regard to the budget is the elimination of the distinction between compulsory and non-compulsory expenditures. As a consequence, the European Parliament has gained full co-decision power - together with the Council – over all expenditures including agriculture. Unless both institutions agree on a common budget, there is no deal. This has at least formally enhanced the EP's bargaining position towards the Council. Other changes in the Treaties have political implications. First, the establishment of the European External Action Service (EEAS) has led the EP to use its budgetary powers over

the financing to be involved in its functioning (see below) and secondly, the lowering of the requirements for a qualified majority (QMV) in the Council will impact its decisions after implementation in 2014/17. Finally, the MFF which has been an inter-institutional agreement (IIA) until now is turned into a regulation achieving full legal character. However, given the current practice, there is no practical implication of this except that the Treaty foresees a minimum duration of five years instead of seven. This is shorter than the current seven-year framework but might affect MFFs only after 2020.

ii. Analysis of changes following the Lisbon Treaty

The Treaty changes already led to considerable attention to budget-making at the end of 2010 when the European Parliament (EP) provoked a stand-off over the 2011 budget. It was the first time in more than 20 years that there had not been a compromise after conciliation and the Commission had to come forward with a new proposal. The row was justified by the EP based on two arguments. First, the 2011 budget would need to increase with the regular expansion as programmed in the MFF. Secondly, it would not be appropriate to discuss and prepare the revision of the EU's post-2014 financing rules, the Own Resources decision, without the inclusion of the EP in its negotiations. Even though these two issues are not linked to any formal provisions of the new Treaty and the EP could have blocked the adoption of previous budgets as much as this one, the Parliament decided to move into full confrontation with the Council over this first budget being adopted under the Lisbon Treaty. In the end, the EP settled practically at the Council's position. It neither got a binding commitment to be formally included in the Own Resources review, nor did it manage to increase the budget beyond the 2.9% increase offered by the Council.

It remains to be seen if the Parliament will become more assertive in future negotiations. So far it has shown only that it understands its new powers. In that way the Treaty change has yet to prove whether it will lead to change in the overall budget in the medium- to long-term. It can be expected that the Parliament will use its new powers particularly in the field where it has gained clout, namely agriculture. There is, however, a two-fold challenge which makes it hard to make a judgement at this point. First, the current agricultural arrangements have been fixed until the end of 2013 through legislation and the current budget provisions. Due to high commodity and food prices, the EU has actually saved a few billion euros over the last years because it did not need to intervene in markets. On top of that, recent Parliament positions (Euractiv 2011) on the future of the Common Agricultural Policy (CAP) have indicated that there exists broad support for retaining current subsidy levels with only slight deviations in focus.

In sum, the Treaty changes have not led to any tangible changes in the EU budget. However, the Parliament has launched a warning shot with its standoff over the 2011 budget. Even though it is argued here that this is in part based on Treaty changes, the EP could have equally refused to agree to the budget in all previous years. The crucial issue in the future is the CAP. Here the Parliament could start to make a difference in the upcoming programme negotiations as well as in the overall MFF for 2014-20.

c. The current Multiannual Financial Framework (MFF) 2007-13

i. Overall framework

After fixing the annual contributions to the EU budget every seven years, the EU's MFFs have a binding and thereby much more determinant role than the medium-term budget

frameworks of many EU member states. The effective setting of binding revenue thresholds (via the Own Resources decision) limits the size of annual EU budgets. But not only is the budgetary volume limited, also ceilings for each of the seven headings⁵ (policy fields) are set so that redeployment between policies (headings) is hardly possible.

The current MFF was formally adopted in spring 2006 by the European Parliament, Council and Commission after a particularly controversial compromise within the European Council in December 2005. Given that unanimity is required among governments for the Own Resources decision, any outcome is difficult and follows harsh negotiations. Unanimity also leads to a strong status quo bias, supporting the incrementalist propositions when it comes to the MFF.

Despite a difficult settlement following the fierce fighting over the adoption of the current MFF in 2005 and 2006, the final compromise has not endured for too long. In its first three years, the MFF has been revised annually to cater for the financing of various 'emergency' situations (the Galileo satellite project, a food facility, economic stimulus).⁶ Such revisions of the MFF had not happened since the mid-1990s (Lindner 2006).

With the adoption of their position in the European Council in December 2005, the heads of state also called for a Budget Review to be published by the Commission in 2008/9 (Council of the European Union 2005). This review (European Commission 2010) was eventually published in October 2010 to kick

off the debate over the subsequent MFF. As the next step, the Commission has recently opened the negotiations over the MFF from 2014 to 2020.⁷ The financial framework and the Own Resources decision should be adopted by the end of 2012.

ii. A mixed picture of change in the MFF

Many incrementalist suggestions appear valid when looking at the MFF overall and its sectoral policies. Individual programmes are specifically designed and planned with incremental increases year-by-year to match the absorption capacity of member states or actors in their sector (see Table 1). Even when moving from one MFF to the next, the share of key policies like the CAP and structural funds in the overall budget has remained remarkably stable since 1988, if decreasing incrementally.⁸

However, a closer review of incrementalism brings to light that significant change does occur and even within the current MFF considerable adjustments have happened. Though the overall shares of the headings have not changed much compared to the previous MFF, within specific policies like agriculture, funds have been shifted from traditional into sustainable farming and subsidies have been decoupled from production. Recent years have seen a big uptake of new programmes and activities especially under the heading of justice and security while other programmes in the field of SME support, innovation and climate change have seen more than incremental growth since 2007. The picture of budget change in the EU is therefore complicated and incrementalism is helpful but not sufficient to explain the various developments in particular within specific policies and programmes.

⁵ An overview of the current headings and their distribution within the current MFF is provided on the Commission's website, http://ec.europa.eu/budget/prior_future/fin_framework_en.htm, 2011-02-13.

⁶ Overview at http://ec.europa.eu/budget/library/prior_future/overview_MFF_modifications_en.pdf, 2011-02-13.

⁷ All proposed documents at http://ec.europa.eu/budget/biblio/documents/fin_fw1420/fin_fw1420_en.cfm, 2011-07-19.

⁸ See Lindner (2006, 221f) for overviews of MFFs since 1988.

Table 1: Financial framework 2007-2013 (current prices in million euros)

Commitment appropriations	2007	2008	2009	2010	2011	2012	2013	Total 2007-13	Share
1. Sustainable Growth	53,979	57,653	61,696	63,555	63,974	66,964	69,957	437,778	44.9%
1a Competitiveness for Growth and Employment	8,918	10,386	13,269	14,167	12,987	14,203	15,433	89,363	9.2%
1b Cohesion for Growth and Employment	45,061	47,267	48,427	49,388	50,987	52,761	54,524	348,415	35.7%
2. Preservation and Management of Natural Resources	55,143	59,193	56,333	59,955	60,338	60,81	61,289	413,061	42.3%
of which: market related expenditure and direct payments	45,759	46,217	46,679	47,146	47,617	48,093	48,574	330,085	33.8%
3. Citizenship, freedom, security and justice	1,273	1,362	1,518	1,693	1,889	2,105	2,376	12,216	1.3%
3a Freedom, Security and Justice	637	747	867	1,025	1,206	1,406	1,661	7,549	0.8%
3b Citizenship	636	615	651	668	683	699	715	4,667	0.5%
4. EU as a global player	6,578	7,002	7,44	7,893	8,43	8,997	9,595	55,935	5.7%
5. Administration 1	7,039	7,38	7,525	7,882	8,334	8,67	9,095	55,925	5.7%
6. Compensations	445	207	210					862	0.1%
Total commitment appropriations	124,46	132,8	134,72	140,98	142,97	147,55	152,31	975,777	100%
as a percentage of GNI	1,02%	1,08%	1,16%	1,18%	1,16%	1,15%	1,14%	1,13%	

Source: Commission

For instance, while heading 1a (including measures like research and education to enhance Europe's competitiveness) was hailed as a cornerstone of the EU's 2000/2005 Lisbon Agenda for growth and employment (European Council, 2005a) the figures in tables 1 and 2 show that the share of its programmes is rather small. While cohesion policy could be used to further the same objectives, the policy remains primarily a supranational redistributive source for poorer regions with a lot of leeway as to what can be financed with it. An indicative attribution of 'competitive' policies and those creating a 'European added value' on the one hand and redistributive policies on the other hand (see table 2) shows that future-oriented and non-redistributive policies do exist in the EU budget but their

share of the overall budget remains rather small. It is also indicative that if one billion euros out of almost 50 billion euros (i.e. 2%) were underspent on agricultural subsidies and shifted into heading 3a or 3b, this could almost double the respective expenditures there. High prices on world commodity markets allowed the EU in 2008 to save significant amounts it would have spent on price support otherwise. This eased the Commission's propensity to ask for a redeployment of these funds to be used for the Galileo project and later for the food facility.

Table 2: character of expenditure headings

<i>Commitment appropriations</i>	<i>Total 2007-13</i>	<i>Description</i>	<i>Character</i>
1. Sustainable Growth	437,778		
1a Competitiveness for Growth and Employment	89,363	energy, transport, research etc.	competitive, growth-enhancing, added value
1b Cohesion for Growth and Employment	348,415	structural funds, social fund	redistributive, assigned to countries in advance
2. Preservation and Management of Natural Resources	413,061	CAP (subsidies + rural development)	rural development: assigned to countries in advance, can create added value
of which: market related expenditure and direct payments	330,085	standard subsidies, excludes rural development	redistributive, assigned to countries in advance
3. Citizenship, freedom, security and justice	12,216		
3a Freedom, Security and Justice	7,549	security-oriented	European added value ¹
3b Citizenship	4,667	citizen-exchange oriented	competitive, European added value
4. EU as a global player	55,935	Foreign policy and aid	European added value, competitive
5. Administration 1	55,925	civil service and translation	European added value
6. Compensations	862	transition payments to Romania & Bulgaria	redistributive, assigned to countries in advance
Total commitment appropriations	975,777		

Sources: Commission for data, Seifert for evaluation

While much has remained the same, the three revisions of the MFF in 2007 (Galileo), 2008 (food facility) and 2009 (European Economic Recovery Plan, EERP) are interesting cases of budget change. As argued elsewhere (Seifert forthcoming) the latter two interventions required no particular action at the EU-level.

Galileo, on the other hand, is a genuinely European project but its financing difficulties could have been equally matched by intergovernmental bargaining and national contributions. In all of these three cases the Commission took the initiative and its President (Barroso) seized the moment by

acting through EU measures and through financial provision out of the EU budget. By doing so, the Commission not only managed to redeploy funds out of the agriculture budget within a simplified legal threshold (of around four billion euros), but more importantly it created a precedent for the future. One of the Commission's most frequent criticisms of the MFF has been its inflexibility and ability to react to a changing economic and international environment. These limitations affect particularly new challenges to which the EU might like to attach more than marginal resources.

Despite these revisions – none of which accounted for more than four billion euros - the MFF has been remarkably stable. The Commission and the European Parliament have indicated from time to time their interest to embark on wider ranging budget increases but it has been understood that the broad majority of member states within the Council is against any departure from the 2006 agreement. The advocacy coalition of the big net-paying countries surprisingly has not resisted such intentions and it is unlikely that their national financial interests will change by 2013 particularly in light of rising debt levels across the EU. But the relative overall stability also points to the most relevant entry point for budget change – the negotiations over the post-2013 framework that started in June 2011.

d. Policy- and programme-level developments

i. Description

Practically all expenditure in the EU is based on programmes and either follows clear guidelines for eligibility (e.g. single farm payment) or competitive tenders (e.g. research, innovation). These programmes are normally established alongside the MFF and run for the same duration. Their financial allocation is therefore fixed over seven years. The only elements that might be adapted through their lifetime are eligibility criteria and the scope of programmes. It is therefore hardly possible to introduce any new programme, or new budget lines within existing programmes, because there is simply no funding available given the volume of the current MFF which is fully allocated. Change is therefore limited – except for the unlikely possibility of cuts.

ii. Recent developments

Three developments deserve mention as they might have wider implications: first, the so-called review debate over the revision of the

MFF which had been initiated as part of a broader consultation process by the Commission in September 2007 (European Commission 2007); secondly, the negotiations over the funding and set-up of the European External Action Service (EEAS) as stipulated by the Lisbon Treaty; and thirdly, the negotiations over the 2011 budget and recent attempts to cut back on funding to the EU budget.

As part of the 2005 budget deal in the European Council the Commission was tasked to initiate a review in 2008/9 (Council of the European Union 2005). The Commission decided to pursue this review with a broad public consultation starting in September 2007 and closing with a conference in November 2008. Hardly any previous Commission consultation had received so much attention or so many contributions.⁹ However, the Commission President decided to postpone the adoption of a formal summary and concrete suggestions for the next MFF until October 2010 when his College of Commissioners was re-elected. The Communication, as eventually presented (European Commission, 2010) fell short of concrete initiatives and is modest in its proposals where they exist. While it is not up to the Commission to decide over the next MFF and the willingness to move on seems rather limited at least in the Council, it was a missed opportunity to initiate change with any proposals that deviate further from the status quo. The immediate distancing from a leaked draft document outlining a slightly more progressive departure from the current agricultural policy in autumn 2009¹⁰ indicates that existing advocacy coalitions (in particular industrial farmers) seem to maintain their power.

⁹ See

http://ec.europa.eu/budget/reform/issues/read_en.htm, 2011-02-14.

¹⁰ Euractiv, <http://www.euractiv.com/en/cap/eu-farm-budget-set-escape-deep-austerity-cuts-news-499045>, 2011-02-14.

The second development is linked to the entry into force of the Lisbon Treaty. With the set-up of the new EEAS its formal institutional role needed to be clarified between Council, Commission and Parliament. After intense negotiations it was agreed that the EEAS would become a separate institution *sui generis* that was detached from both Council and Commission. The new service was not only to take over new responsibilities but also to grow considerably in size, which requires new financing arrangements. Some Members of the European Parliament (MEPs) attempted to use staff funding rules to obtain concessions over the direction and management of the EEAS. Negotiations were tough and endured for several months in 2010; these not only involved staff-financing but later also coincided with the broader fight over the 2011 budget.

Two conflicts converged in these negotiations. First, the Parliament tried to extend its power in matters of foreign policy – and used its budgetary prerogatives to achieve this. Secondly, the debate over the staffing of the EEAS, which is supposed to comprise at least a third of national diplomats, illustrated the underfunding of the EU's foreign policy apparatus. Particularly this latter point should have ramifications for the negotiations over the next MFF as it is clear that a foreign service without sufficient financing for its personnel will not be able to deliver on the EU's global ambitions. Despite the MEPs' attempts to rule heavily on the EEAS (in line with powers the US Senate enjoys) the compromise reached is far away from their initial demands and leaves sufficient executive flexibility. It is in essence not much different from the prior arrangements with the notable deviation that Parliament will be more broadly informed and consulted. This might illustrate that MEPs as an advocacy coalition have achieved changes at the margins and provoked learning moments for all institutions while member states and in parts the Commission have retained their upper hand in foreign policy.

The third development concerns the more recent attempt to cut EU funding. Following strict austerity packages at home and with the eurozone crisis unfolding, a number of EU governments under the leadership of the UK felt that the suggested increase for the 2011 EU budget of an envisaged 6% was over the top. UK Prime Minister Cameron took the issue up to the European Council meeting in December 2010 where he received principled support for his position from some key governments¹¹ notably Germany and France. However, even given the severe austerity constraints and an increasing number of eurosceptic governments the 2011 budget still contains an increase of spending of 2.9% while many national budgets are undergoing serious cutbacks. This might underline the incremental nature of the EU budget but also the persistence of advocacy coalitions within the institutions whose veto-powers are strong enough both to prevent cuts and secure incremental increases.

e. Summary

Overall, moments of change appear to be rare events in EU budget-making. Since 2005 few initiatives of change could be identified. Table 3 provides an overview of these.

It can be summarised that no initiative has led to any thorough overhaul of existing policies or a dramatic reshuffling of funds. This might come as a surprise given that the share of the overall distribution within the EU budget and its heavy focus on agricultural interventions and inter-regional redistribution has not changed much since the 1980s. With the world undergoing dramatic changes, one might wonder if these spending priorities are right for the future. From an analytical point of view the lack of changes might surprise less because of the resilience of dominant advocacy coalitions that ferment the status quo. In terms of the

¹¹ See Euractiv <http://www.euractiv.com/en/priorities/cameron-rallies-troops-budget-battle-news-500736>, 2011-02-14.

Table 3: Attempted change in the EU budget

Event	Initiator	Element of change	Sustainable impact
Lisbon Treaty	All	Full co-decision power of EP	Yes, but limited
MFF 2007-13	All, EP more	Increased funding in justice and home affairs, foreign policy (CFSP), competitiveness/growth/research	Yes, programmes likely to increase further
Revisions of MFF	Commission	Additional funding for Commission priorities, use of MFF flexibility to establish precedent	Not in terms of priorities but likely to improve future MFF flexibility
Budget 2011	Council	Relative cut	No
Establishment of EEAS	EP	Use of budgetary power to influence policy, debate over future CFSP funding	Partly: CFSP funding to remain an issue; EP oversight power only as powerful as MEPs want to play it

institutional roles three conclusions might be drawn from the previous analysis.

First, the Commission appears as the most schizophrenic change agent. On the one hand, it let go of change-promoting opportunities when it came to the budget review debate or the establishment of the EEAS. On the other hand, it appeared as the most able entrepreneur when securing additional funds through the three revisions in 2007-2009. The European Parliament has launched a few attempts to gain powers and secure additional funding but has repeatedly given in as negotiations became serious. The eventual compromise over the 2011 budget is a case in point as it practically adopted the Council's position. Finally, the Council appears as the least keen on change – and it successfully retains the status quo with incremental changes. However, it has also failed to cut back EU funding because it could not mobilise enough support to challenge the entrenched interests.

f. Evidence for change and stability – reviewing the theory

Both theoretical approaches, the advocacy coalition framework and incrementalism, have been helpful concepts to understand change and stability in the EU budget. Incrementalism is a particularly useful concept to explain the broader development of the EU within the seven-year MFF. Change is foreseeable, programmed and gradual with its annual increases. Even between MFFs there is not much deviation. Incrementalism therefore helps to explain the status quo bias.

Advocacy coalitions on the other hand help us to understand successful and unsuccessful challenges to the EU budget. Broadly speaking the major advocacy coalitions of subsidised farmers and cohesion-beneficiaries persist to the extent that their share of the overall budget has remained remarkably stable over the years. On top of that, rules defining subsidy recipients have only been marginally modified. Alternative coalitions within these respected subsystems have not proven to possess substantive power to challenge existing

provisions. They appear to be too diverse, fragmented or lacking the resources to confront the dominant actors. But even within these two areas policy-learning is taking place. Think-tanks, MEPs, the Commission and some governments have been pushing for a more stringent focus on competitiveness, others for broader social concerns in the allocation of structural funds – and programmes have been adjusted. At the same time dairy farmers, environmentalists and agricultural economists have argued successfully for increasing amounts of agricultural support for rural development initiatives and more sustainable farming.

Only the three revisions of the budgetary framework are more difficult to explain with either theory. A critic would argue that the changes are not relevant to the overall allocations and therefore in line with the incrementalist perspective. But, each in their own right, these initiatives have received remarkable funding of around or over one billion euros each. Only in the case of Galileo can one see some advocacy coalitions at work. The food facility and the EERP really came out of the Commission President's office without building on any particular support group or network (Seifert, forthcoming). This illustrates that the advocacy coalition framework has problems in explaining top-level executive-led initiatives which are not based on prior public deliberations.

4. Conclusion

This work has looked at change and continuity in the EU budget. Over three layers - constitutional change, the Multiannual Financial Framework and policy-level initiatives - changes have been discussed. During the last five years a few attempts for change have taken place but none has succeeded with significant alterations. In order to conceptualise change, this work has drawn from Wildavsky's (1964) theory of incrementalism and Sabatier's (1988) advocacy coalition framework. These theories help to explain the dominant status quo bias in EU budgeting but fall short of explaining the executive-led initiatives to fund new activities (through the revisions of the MFF). More work needs to be done to understand change that appears out of the executive's (Commission) black box. At the same time the Commission appears as a particularly interesting case of leaving out several more obvious opportunities for change (like the budget review) while at the same time engaging in and succeeding with respect to other less expected projects (like the food facility or EERP). The proposals brought forward for the EU's next multiannual budget from 2014-2020 appear as an interesting testing ground. With its pitch for two new genuinely European financing sources on the basis of a VAT [GST] share and a financial transaction tax, the Commission has made a bold proposal for transferring new powers to 'Brussels' for the financing of the EU budget. How this will pan out in the long drawn negotiations ahead for the 2014-2020 MFF will generate further perspectives on change and stability in the EU budget.

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