

# Cut the EU budget? Pull the other one, Dave!

Many readers will be familiar with the *How much does the European Union Cost Britain?* booklets. The first four editions were produced by UKIP's London MEP Gerard Batten who then handed over the task to Professor Tim Congdon. The most recent edition appeared earlier this month. It includes a comprehensive rebuttal of the claim by David Cameron to have cut the EU budget.

However, the Prime Minister chose to repeat the claim on the Today Programme this morning. During the course of being interviewed by James Naughtie, he said, "People say you'll never be able to cut the EU budget. I've cut the EU Budget... I've got a track record of doing what I say I'm going to do."

Tim Congdon's comments on this classic case of a politician – and a very senior one at that – 'being economical with the truth' are worth reading:-

*This is untrue. In fact, it is so untrue that Cameron must now be labelled a liar, a brazen and outright liar. (If the Prime Minister wants to take me to court for libel, I look forward to the legal action. My description of him is undoubtedly 'fair comment', as I have no doubt any lawyer would tell him.)*

This story goes back to February 2013. On 7th and 8th February at an EU Budget summit, Cameron and other EU leaders agreed a €908 billion limit for the seven-year period 2014 – 2020. This was 3% lower than in the seven-year period 2007 – 2013 which was then approaching its end. This was trumpeted as the first-ever cut in real terms spending in the EU's history, with Cameron taking plaudits for his 'tough talking'. But Cameron himself had no way of enforcing the agreement or of protecting the UK's own share of the payments needed to cover the

expenditure.

Unfortunately, the agreement' of 8th February did not stick. A few weeks later the EU's finance ministers had their own council meeting. On 15th May they in effect overrode what Cameron thought had been settled with Europe's prime ministers. A big increase in the 2013 EU Budget was pushed through, with the UK's own additional bill in that one year amounting to £770 million. As the decision was taken by qualified majority voting, the UK could not stop it. The Daily Mail noted, 'Conservative MEP and former European Commission chief accountant Marta Andreasen said yesterday that [the outcome] "made a joke" of the recent budget agreement and "sets a terrible precedent".'

It is very important to emphasize here that the UK could neither prevent EU over-spending nor refuse to pay its share. If it had refused to pay its share, the Commission would have taken our government to the European Court of Justice, resulting in a large fine. No doubt George Osborne, our Chancellor of the Exchequer, registered loud and angry protests. But he could do nothing against the brute fact of a qualified majority in favour of more spending.

Worse was to follow. At another meeting in December 2013 the agreement of February 2013 was more or less torn up. A new medium-term budget was put in place, with the UK's contribution soaring relative to the numbers envisaged less than a year earlier. I have to confess that it is not easy to dig up newspaper stories on exactly what was decided, but the following is from the report in The Daily Telegraph by Matthew Holehouse on 5th December,

Britain will give an extra £10bn to the European Union because of the weakness of struggling eurozone economies, it has emerged. The British contribution to the EU will rise dramatically from £30bn to £40bn over the next five years, the Office for Budget Responsibility said. It includes a surprise

£2.2bn jump in funding to £8.7bn this year.

Let it be acknowledged here that a 2nd December press release from the EU Council on the 2014 – 2020 multi-annual financial framework says that the February 2013 agreement remained in place, and that it implied reductions of 3.5% on expenditure commitments (and 3.7% in expenditure payments) relative to the 2007 – 13 MFF. However, it is clear that

1. The split of payment commitments between countries was altered in December 2013, with very adverse consequences for the UK, and

2. In practice the Commission has now started to overspend relative to agreed budgets, in the expectation that at Council of Minister finance meetings the overspending will receive retrospective endorsement from a qualified majority. The UK then has to stump up its share.

In the 2014 edition of How much does the European Union cost Britain? I have set out the consequences of these events for our net and gross contributions in the 2012/13 and 2013/14 financial years, and the 2012 and 2013 calendar years. I have used official sources, principally the balance-of-payments data prepared by the Office for National Statistics and the annual White Paper on European Union Finances from the Treasury. The figures are appalling, showing that

- the UK's net payments to EU institutions in 2013 were more than double the 2009 level, and
- successive government White Papers admit massive overspending relative to the original so-called 'plans'.

Given the above, it is preposterous for Cameron – or indeed any of his ministers – to claim that the present government has 'cut the EU Budget'. Absolutely preposterous. In yesterday's e-mail on this subject, I set out some of the statistics and suggested that someone should call Cameron a

liar if he continued with his nonsense about 'cutting the EU Budget'. He has repeated the claim in this morning's Today programme. I am therefore going to call him an outright and brazen liar, and invite him or any member of his government to challenge me in court.

The cost of our EU membership is an important part of public policy. Honesty, transparency and respect for the facts are vital if a proper debate is to be held. Cameron and his ministerial colleagues have been cavalier in their disregard for the facts and realities of our EU membership, and it is high time that they were brought to account