‘Stuttgart: the UK's money and that of the Ten' from Le Soir (18 June 1983)

Caption: On 18 and 19 June 1983, the Belgian daily newspaper Le Soir analyses the issues surrounding the Stuttgart European Council and pays particular attention to the question of the British contribution to the Community budget.

Source: Le Soir. 18.-19.06.1983, n° 141; 97e année. Bruxelles. "Stuttgart: l'argent des Dix et celui des Anglais", auteur:Vaes, Bénédicte , p. 1; 28.

Stuttgart: the UK's money and that of the Ten

From our special correspondent

Stuttgart, 17 June.

The very idea of European integration, the very future of the EEC, its agriculture and its cutting-edge industries, hang on today's discussions among Europe's Heads of State or Government. As the German Presidency comes to an end, the Ten are gathering here in Stuttgart from Friday through to Sunday (one day longer than usual). At the heart of this discussion is the funding of the EEC. This issue does not stop at finding a solution to the problem of the UK contribution; in-depth reforms are also needed if the Community is not to slide into 'financial and political bankruptcy', to quote Gaston Thorn. There is, of course, no suggestion that these money wrangles, a constant block on further progress towards European unity, can be sorted out at a single summit. It is, however, hoped that a decisive start may be made in Stuttgart.

Friday afternoon's confrontation between Margaret Thatcher, whose priority is to reduce the UK's contribution to the Ten, and those who are prepared to deal with that issue only as part of an overall reform of the EEC's finances, could, if it persisted, compromise the chances of significant progress.

In 1984, the EEC will come close to cessation of payments. And money is needed not only to ensure the survival of the common agricultural policy — the only truly common *acquis* — but also to bring in new policies.

Europe, with its ageing industrial fabric and its 12 million jobless, is at last thinking of pooling something other than milk or cereals.

Wilfried Martens and Leo Tindemans are fully in accord with European Commissioner Étienne Davignon when he stresses how essential it is for the Ten, supporting each other wherever necessary, to set a course for the future, with a focus on energy sources, research, IT, telecommunications and biotechnology, and improving the European Monetary System.

If the Community's energies are to be released in this way, its resources must be increased. As matters stand, apart from the interface at its external borders, its only source of income is a proportion of the VAT collected by each Member State, amounting to the equivalent of 1 %.

In the European Commission's view, that figure absolutely must be raised, to 1.4 % in the first instance, and then higher. In the various Member States, the finance supremos are horrified at these proposals, arguing that it makes no sense for them to force austerity on their citizens with a view to reducing their own budget deficits if the money is then to be thrown into the bottomless European pit.

This is the line being taken in Germany by Otto Graf Lambsdorff and Gerhard Stoltenberg, the Ministers for Economic Affairs and Finance, where they are in conflict with the very pro-European Foreign Affairs chief, Hans-Dietrich Genscher. The same attack is being led in Belgium, albeit *mezzo voce*, by the Finance and Budget Ministers, Willy De Clercq and Philippe Maystadt.

In the opposing camp, the Heads of Government and their Foreign Affairs colleagues are arguing for a united Europe; they insist that, without such unity, their political clout will be next to nothing, for, in the absence of a genuinely common market, the EEC will always lag behind the industrial giants, the United States and Japan.

To bring the two sides together, the Belgian delegation to the Stuttgart Summit has tried to combine in a single 'package' its commitments to budgetary rigour and the more speculative investment in the future. It is ready to contribute a larger proportion of national income to Community funds if four conditions are met:

1. the worrying growth in expenditure under the common agricultural policy must at last be curbed;

2. there must be a firm commitment to budgetary discipline;

3. new common policies, which offer the only real way out of the crisis, must be introduced;

4. the negotiations on enlargement of the EEC to include Spain and Portugal must be completed by mid-1984 (failing which there is every prospect that the disquiet felt by France and Italy, countries in which agriculture includes Mediterranean products, will cause this new expansion of Europe towards the Mediterranean to drag on indefinitely, when it was hoped it would release new markets for our industries).

In adopting this stance, Belgium is, in a sense, pulling into line with the German and French positions. A consensus might, perhaps, be on the cards if the British problem was not once again there to poison the atmosphere among the Ten and hamper their efforts to move forward.

To avoid getting bogged down indefinitely in budgetary quarrels with London, Britain's partners are prepared to make some concessions to Mrs Thatcher who, after her election triumph, has seemed more demanding than ever.

However, under no circumstances do they wish whatever interim solution is conceded for 1983 to become an acquired right, set in stone as an inviolable principle. This new round of discussions between London and the Nine seems to have got off to a bad start, if the following words from Mrs Thatcher are anything to go by: 'Great Britain is a loyal partner. But the EEC is not loyal in return.' With her customary vigour, she is calling for the cheque reimbursing the UK to be paid over by 18 July. She also wants a similar rebate to be written into the 1984 budget. For if she has a certain amount of confidence in Helmut Kohl, she has none whatever in the next Council Presidency, namely Greece, nor in France after that.

So, while the Stuttgart Council was heralded as a decisive moment for the Community's future commitments, there is now every chance that it will decline into trench warfare, in a manner strangely reminiscent of a scenario played out many times since 1980. Hence Wilfried Martens' statement at the outset: 'We must, above all, avoid giving the impression that we are settling down for a war of priorities or preconditions. Such conduct would drive the Community directly to stagnation, and that is hardly what our peoples aspire to. The preconditions to which I am referring are, of course, the British problem and steel, on which Germany is planning to do battle.'

Wilfried Martens went on to say: 'We would be making a grave error if, in the negotiations on the EEC's own resources, we were to be guided *solely* by the principles which govern the management of budgetary policies in our respective countries. Firstly, because the EEC's budget accounts for only 2.7 % of the ten budgets combined and just 0.84 % of the EEC's gross domestic product and, secondly, because the Community enjoys neither the solidity nor the degree of completion of our States. The EEC is a work in progress and, as such, is still fragile. It will not withstand the economic and political challenges of our time if we halt its momentum.'

Finally, the Prime Minister argued that the new policies should not depend solely on the financial criterion: 'A policy of research and innovation in the industrial and energy sectors cannot be measured exclusively in short-run financial terms. Our primary concern in this area has to be the medium term, which is to say our competitiveness in relation to our major industrial partners, the United States and Japan.'

This concern for the future is consistent with the demands of the 80 000 workers who demonstrated two weeks ago in Stuttgart for more jobs and less unemployment, and it is by no means sure that the Stuttgart Summit will allow itself to be held back by the British problem.

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