

The budgetary procedure of the European Union

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Originally, the power of budgetary decision-making within the European Communities was wholly in the hands of the Council, which was the institution responsible for adopting the budget. The Commission had only a preparatory and consultative role, while the European Parliament was able only to oblige the Council to reconsider the draft budget. As a direct result of the transition from a financial system fed by Member State contributions to autonomous financing from own resources, in the early 1970s the European Parliament was invested with genuine budgetary power. The Council and the European Parliament then became the two arms of the budgetary authority. However, this sharing of powers and responsibilities did not run smoothly, and the prevailing climate of every budgetary procedure became increasingly confrontational. Both the classification of expenditure as compulsory expenditure or non-compulsory expenditure and the setting of a maximum rate of increase for non-compulsory expenditure gave rise to conflict. Over time, the Council, Parliament and the Commission have endeavoured to reach agreement and to find solutions to the disagreements between the two arms of the budgetary authority. Gradually, joint declarations and interinstitutional agreements have eased relations between them and established a subtle institutional balance.