

The gourmands of Brussels

The EU may be spending less, but the cost of running it is rising



THE European Union is on the verge of cutting its spending for the first time ever. A 3% cut in real terms will save €34 billion (\$47 billion) from the seven-year budget framework for 2014-20. For Britain's David Cameron, who pressed the hardest for a cut, this is a triumph. But every silver lining has a cloud: EU spending on administration will still rise, by a total of 8% in real terms.

The sums involved are relatively small: the total budget is only 1% of EU GDP, and just 6% of this goes on administration. Yet it has political resonance. Taxpayers do not like paying for civil servants at the best of times. Spending more on Brussels bureaucrats at a time of deep recession and high unemployment is even harder to swallow.

A European Commission spokesman likens EU governments to a restaurant customer who wants more, better and cheaper food. But the EU institutions could do more and better for less. There is plenty of fat to trim: generous tax breaks, far higher average pay than in national governments and benefits that include a 16% expat top-up and payment for children's education until they are 26.

A rare chance to cut back was missed when staff regulations were renegotiated this year. Barring a few concessions, such as a 5% headcount cut by 2017 and a rise in the pension age to 66, reforms were few. Hardly any change was made to allowances, or to automatic promotions and salary rises, and there was no big pension reform, even though this is a growing concern for Brussels as well as for national governments.

Trimming running costs is something most EU governments have been doing assiduously. Spain cut pay by 5% in 2010; Ireland did even more, cutting it by 5-15%. In Britain, as part of plans to cut costs by a third by 2015, the central government pay-bill was cut by 6.3% in real terms between 2010-2013. Yet EU salaries have continued to rise in the past four years.

If institutions that so often propose reforms do little at home, it gives less hope for changes in costlier policies. The Brussels defence is that administrative spending is "tiny", so reducing it will make little difference. But the appearance of indulgence weakens the EU's reputation at a time when most polls show citizens everywhere have lost faith in it.

Later this month, European parliamentarians and their entourages are planning to travel to Strasbourg to vote through the rise in the EU's administration budget. The €200m annual cost of this travelling circus is hardly huge, but most European taxpayers still see it for the incomprehensible extravagance it is.

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