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DEMOCRACY
MOVEMENT

News Factsheet

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The Democracy Movement exposes Tony Blair's EU budget myths

Blair says: *"This deal is an investment in the future prosperity and stability of eastern Europe"*

Reality: The extra £2.5bn per year 'investment' Tony Blair has agreed to, on top of the net £3.5bn Britain already pays every year to the EU, would be paid into EU coffers, not ring-fenced for any Eastern European country.

Where the money subsequently goes to from EU accounts no-one actually knows for sure. The EU's own auditors have been unable to approve the EU's accounts for an astonishing 11 years running.

If we wish to invest in the future prosperity and stability of Eastern Europe or indeed anywhere, deserving cases would get more of the money we and other countries have to offer if grants were made directly, rather than via a leaky, expensively administered central EU budget. Such a system would also be far more democratically accountable than just fire-hosing large quantities of cash at inefficient & undemocratic EU institutions.

Blair says: *"The purpose of the budget is rightly to transfer resources from the wealthier west of Europe to the poorer east of Europe"*

Reality: This is not true. Rich countries will still receive the most money from the EU. Per head, the top three recipients of EU funds will continue to be old member countries - Luxembourg, Belgium & Greece. Wealthy countries like Ireland and Belgium will continue to be net recipients from the budget.

The EU's budget for 'administration' alone will be £34bn, rising 28% from current levels. EU law-making is to receive billions more in areas like 'justice & home affairs', 'freedom security & justice' and 'the EU as a global partner' including 'a substantial increase in the Common Foreign and Security Policy budget'.

Blair says: *"the rebate will rise, not fall"*

Reality: Blair attempts to mislead that this is a success, by not explaining why this will happen.

The rebate is a refund of a proportion of the amount we pay to the EU. It would only go up if our net payments to the EU have also gone up. And as Blair himself later confirms, our contribution to the EU *"will increase by 63% over the next financing period in comparison with 2000-2006."*

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Blair says: *"it was right that the UK should contribute properly to enlargement...we have to be ready to accept our fair share of the costs of that policy."*

Reality: Under the current arrangements, Britain already pays more than its 'fair share' to the EU. From 2000 - 2004, Britain paid £3.5bn per year more to the EU than we received back. Britain is currently the second largest net contributor to EU funds.

By any standards, this is a 'proper contribution' to the EU's costs - many say, already far too much. Yet Tony Blair has still agreed to a near doubling of the amount we will pay to over £6bn per year on average from 2007 onwards.

Blair says: *"we also agreed on a fundamental review of all aspects of the EU budget, including the CAP...it is then possible for changes to be made to this budget structure in the course of this financing period."*

Reality: First Tony Blair said that there would be no reduction of Britain's rebate without "reform" to the EU's wasteful Common Agricultural Policy (CAP). This was then watered down to a 'commitment' to reform. Now all Blair has secured is a 'review' of EU spending...in 2008.

But those who stood in the way of CAP reform during these negotiations will still have their veto in 2008. And since the budget deal, they have confirmed that they will not support any change to the CAP before 2014. ['Aftermath of EU deal turns ugly', *The Times*, 19th December 2005].

New member states, which will receive large payments from the CAP, will also become less willing to reform the policy.

Blair says: *"UK and French contributions will from 2007 for the first time in history be in rough parity"*

Reality: This is simply not true. Britain's net contribution between 2007-2013 will be £42bn - £6bn per year. France's will be £35bn. Britain is therefore paying a significant 20% more than France, despite our economy only being 6% bigger. Britain will also receive less EU money per head than any other EU member country - half what France will receive and a quarter of what Ireland will get.

The Democracy Movement is a non-party campaign to defend democracy in Britain and across Europe. We believe that this is being fundamentally undermined by the drive to create a Brussels-based system of government in which all major decisions are taken at the EU centre by undemocratic institutions. We bring together people in all parties and none that share our beliefs into a large network of supporters and volunteer-run branches. Our main activities are at the grass-roots, working to spread our ideas and direct pressure for change on political decision-makers. Register your support by contacting us at the details below - it's free!