

*Would be better Parliament  
not Council had any views  
Prime Minister*



Foreign and Commonwealth Office

London SW1A 2AH

21 November 1979

*Phd. 2/11*

Dear Michael,

COMMUNITY BUDGET: EUROPEAN PARLIAMENT

You asked for advice on two points raised by Mr Scott-Hopkins with the Prime Minister on this subject.

(1) HMG's attitude to the Parliament's own Budget proposals

Mr Scott-Hopkins asked why HMG were taking the lead in opposing the Parliament's proposed staff increases. In contrast, what action were HMG taking to reduce the Council's own budget in this area?

I enclose a minute of 16 November by the Lord Privy Seal setting out his views on the attitude the UK should adopt on this question. His proposals were agreed by OD(E). UKREP took this line in COREPER on 19 November (UKREP telegram No 6165). But we received little support from other Member States either for abrogating the 1970 Gentlemen's Agreement or over our concern at the size of the increases in staff proposed by the Parliament. It seems unlikely that we will receive significantly more support at the Budget Council itself on 23 November.

The Lord Privy Seal doubts whether it would be in the UK's interests at this moment to press a challenge to the European Parliament too hard. He is suggesting to Mr Lawson therefore that, at the Budget Council, the UK's position might be: not to insist, against a majority view, that the Council could reasonably behave as if the Gentlemen's Agreement had now lapsed; but to place on record our concern about the size of the proposed staff increases.

You will see from the Lord Privy Seal's minute of 16 November that the Council took a restrictive line on the staffing increases proposed by the other institutions. As far as the Council's own staff were concerned, although the Secretary General of the Council Secretariat asked for 84 posts (a fact which should not be revealed to the Parliament) to be added to the 1979 total of 1547, the Council reduced this to 52, an increase of 3.4%. This is in striking contrast to the Parliament's own total proposed increase of over 21%.

*Ph. S-H's point was that Parliament had reduced its own budget whereas the Council had reduced theirs  
Is that so?*

*Point of Parliament had previously reduced its expenditure the less we is different*

M O'D B Alexander Esq  
10 Downing Street



(2) HMG's attitude to the Commission's proposed third supplementary budget for 1979

Mr Scott-Hopkins said that he and his colleagues in the European Parliament were resisting this supplementary budget. What action were HMG taking?

This supplementary budget flows automatically from Agriculture Ministers' decisions at the price fixing in June. It was formally approved by the Budget Committee on behalf of the Council in late October, as the substantive decisions had been taken.

The draft was then forwarded to the European Parliament with a request for urgent consideration (and the required formal adoption) at its November session. The Parliament refused to be rushed and said they would consider it in due course. Their Committee on Budgets will take it up this week but it will not be formally voted until the Parliament's next session beginning on 10 December. They have the power to adopt or reject it. There is nothing the Council or Commission can now do.

The Commission are anxious because money is running short: they have already slowed down the rate of advances to Member States for CAP expenditure and these may shortly come to a halt. We have heard that the Commission is considering the possibility of circumventing this hold-up by making interest-free loans to Member States outside the normal budgetary framework from unspent balances to enable them to meet their obligations until the supplementary budget is approved. Mr Tugendhat is to address the Parliament's committee on Budgets about these loans shortly. It is still unclear whether the Council has a role here; our representatives will ask the Commission to clarify this point to COREPER today.

I am sending copies of this letter to Battishill (HM Treasury) and Vile (Cabinet Office).

Yours etc

Paul

(P Lever)

*And we  
checked!  
Without this we  
cannot do this*



Financial Secretary

1980 COMMUNITY BUDGET : STAFF COMPLEMENTS FOR EUROPEAN PARLIAMENT

We need to decide what line the United Kingdom should take in COREPER on 19 November and subsequently at the Second Budget Council on the European Parliament's own Budget proposals including provision for extra staff for itself. In view of the institutional implications for relations between the Council and the Parliament, I am writing to propose a line.

The total provision in 1979 was for 2112 posts. This was raised by the Commission in its preliminary draft Budget for 1980 to 2329. The Parliament has now proposed raising this figure by a further 240 posts to a total of 2569, an increase over the 1979 figure of over 21%. This is a considerable rise, given that the 1979 figure included an additional 117 posts, approved by the nominated Parliament, to meet the needs of the new directly-elected MEPs.

There are substantial arguments against the Council interfering at all in what the Parliament has proposed, although legally the Council is entitled to do so. The 1970 Gentlemen's Agreement between the institutions to abstain from amending each others budgets, lapsed in 1975 when the Treaty article to which it referred was superseded. The Parliament itself broke the agreement in one small respect in its comments on the 1978 Budget. But neither institution has made substantive use of its new freedom. For the Council to challenge the Parliament's staffing proposals would set an example which the Parliament could follow. If they did they would be in a strong position : whereas, under the budgetary procedure, the Council cannot enforce any change in this area on the Parliament, the Parliament itself, if it retaliated, could make cuts in the Council's budget.

/A further

A further consideration is that Robert Jackson MEP has fought hard to get the Parliament to exercise some self-restraint. It was largely as a result of his efforts that the proposed increase has been reduced to 240. The figure originally proposed within the Parliament was 325. United Kingdom support for Council intervention may undermine his position on the Budget Committee.

On the other hand the Parliament's demands seem excessive. They include for example a further 123 staff to serve the political groups even though each MEP already has allowances for a personal research assistant. The Parliament's proposals are in contrast to the restraint imposed by the First Budget Council in September on the staffing increases proposed by the other institutions. These proposals were reduced from 1170 to 462, a cut of about two-thirds, of which the Commission's request for an increase of 886 staff was reduced by 580. The Parliament's own request for an extra 217 staff was not reduced at all. The other institutions may resent the tough approach of the Council in respect of their proposals if the Parliament's own proposals survive unscathed.

The case for Council intervention is finely balanced. My own view is that, even at the cost of final abandonment of the Gentlemen's Agreement, we should not let the Parliament's proposals go unchallenged. We should have difficulty in defending before public opinion at home failure by the Council to act at a time of great financial stringency.

My proposal is that when this comes up in COREPER we should express strong concern at the Parliament's proposed increase and should urge that they be queried by the Presidency before the Budget Council. We should decide what attitude to take at the Second Budget Council in the light of the views expressed by our partners at COREPER and the outcome of the Presidency's enquiries if they are made; but, on the assumption that there was a substantial body of opinion in the Council willing to challenge the Parliament in this area, we should support such a challenge.

The question will arise what level of increases would be acceptable on the assumption that the principle of Council intervention is accepted. I suggest we might aim at a minimum cut of 50%. This would be less of a cut than the two-thirds imposed by the Council on the other institutions and would thus recognise the needs of the new, larger, Parliament.

/The Parliament

The Parliament has made a number of other amendments to its own draft Budget. These include three which colleagues may wish to consider in particular:

- (1) A reduction in the amount available for rent of buildings to provide for one rather than the present two sites of the Parliament (Strasbourg and Luxembourg). Since a final decision on the site of the Parliament is for the Council not the Parliament to take, I propose that we resist this proposal.
- (2) Token provision for the payment of members' salaries. Since the Council agreed last year that national Governments should be responsible for salaries, we should resist this provision too.
- (3) Provision for generous secretarial and other allowances. Although there has been adverse public comments on the level of allowances set by the Parliament, I do not think that we should challenge what is proposed. Although the Council agreed last year that salaries should be the responsibility of national governments, it also agreed that allowances should be left to the Parliament to settle. The logic of resisting the cut at (2) above is to accept (3).

I am sending copies of this minute to other Members of OD(E) and to Sir Robert Armstrong. I apologise for the short notice, but I should be grateful to know if any colleagues disagree by 6.00pm today if possible, or at the very latest by 10.00am on Monday, at which time the meeting of COREPER in question begins.

16 November 1979