

## David Cameron has *not* cut the EU Budget

### UK expenditure on the EU has soared under the Tory-LibDem coalition - Is the Prime Minister a victim of self-deception or a liar?

What wonderful news for the UK Independence Party that Mark Reckless MP has decided to leave the Conservatives and join it, and that his defection was the highlight of the Doncaster conference! Reckless made clear in his speech to conference that he had zero trust in David Cameron, the Prime Minister, and accused Cameron of broken promises. In this note I want to focus on an important aspect of Cameron's unreliability, his statements about his government's impact of the EU Budget and the implications for the direct fiscal cost to the UK of its EU membership. ("Unreliability" is the word I will choose at this stage. Later I will use stronger ones.)

### Cameron's claim to have cut the EU Budget

In an article in *The Mail on Sunday* yesterday Reckless was said to have participated in "a furious row" at a "Tory MPs' 'awayday' in the Prime Minister's Witney constituency just before Christmas. The away day was hosted by Lynton Crosby, described as "the Tories' outspoken Australian polling guru". After a lecture from Crosby about loyalty, Reckless asked Cameron a question about the EU Budget. According to *The Mail on Sunday* with Reckless as its source, Cameron snapped back, "I've cut that anyway". Apparently "a bit of a scene" followed.

The claim that "Cameron cut the EU Budget" started in February 2013 when a press release to that effect was circulated by the government machine. Whatever his other problems, Cameron is good at public relations and knows how to influence headlines. Even *The Daily Express* was duped into making references to "tough-talking" Cameron. (I will mention these again shortly.) Many people came to think that Cameron had been very effective in "defending Britain's interests" in last year's EU Budget negotiations. For example, a couple of days ago (27<sup>th</sup> September) *The Daily Mail* had a story carrying an interview from Sajid Javid, the Culture Secretary in the present government and widely tipped to be a candidate in the next Conservative leadership election. Javid was quoted as saying, "Look at what we have already achieved – getting us out of the EU bailout fund, *reducing the budget of the EU* and vetoing a treaty."<sup>1</sup>

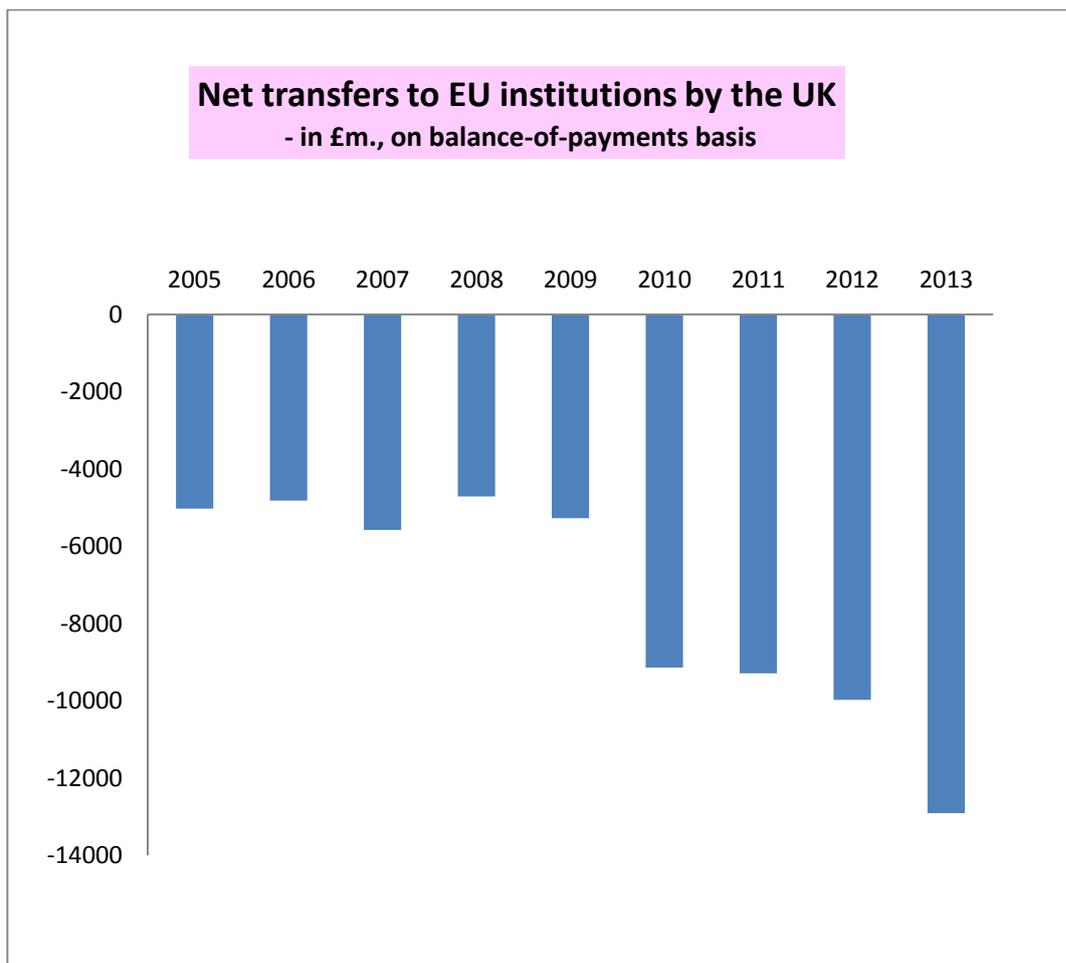
### Cameron has *not* cut the EU Budget

My main point in this note is to emphasize that Cameron's government has *not* cut the EU Budget. On the contrary, the EU Budget is running at the highest-ever levels and in the last couple of years has been out of control, while the UK government has done nothing meaningful to check over-spending. Further, the UK's own contributions to the EU have soared, even as George Osborne, the Chancellor of the Exchequer, pretends to be tough on public expenditure. **An extraordinary feature of the situation is that Cameron's claim is contradicted by readily-available statistics in official documents from the government of which, in some sense, he is meant to be "the leader". Yes, official rhetoric and practical reality are often different things, but this is ridiculous.**

The story is told on pages 14 and 15 of the 2014 edition of my UKIP study on *How much does the European Union cost Britain?*. I am simply going to quote the relevant passage. Almost two years ago David Cameron's government started to put around

stories that Britain was being robust in financial negotiations with other EU nations. In February 2013 even *The Daily Express* was conned into believing that supposedly 'tough-talking' Cameron had, for the first time, secured a meaningful reduction in the five-year EU Budget.<sup>ii</sup> The truth dawned a few weeks later when it turned out that EU finance ministers had agreed a £6.2 billion rise in spending, above previously agreed plans, in one year! That decision, which the UK did not have enough votes to stop, implied an extra £770 million on its 2013 payments to the EU.<sup>iii</sup> In December 2013 the five-year Budget was changed again, adding an extra £10 billion to the UK's commitment until 2018.<sup>iv</sup> Still worse was to follow. In March 2014 EU Budget commissioner, Janusz Lewandowski, said that EU institutions had overspent their budget allocations by £20 billion in 2013!<sup>v</sup>

In other words, the notion that "Cameron cut the EU Budget" is absolute baloney. And yet such characters as Lynton Crosby and Sajid Javid, and no doubt a high proportion of the Conservative Party membership, believe it to be true! (In my work I often use the word "factoid" to refer to spurious but much mentioned assertions. Wikipedia cites the *Compact Oxford English Dictionary* definition of a factoid as "an item of unreliable information that is repeated so often that it becomes accepted as fact". Cameron's alleged cost-cutting rigour with the EU is a classic factoid.)



## Direct fiscal cost of EU membership has soared under the coalition

The truth is that the cost of EU membership has soared under the present government, and Cameron and Osborne have been notably ineffective in keeping this item of public expenditure under control. Again, I have only to refer to the 2014 edition of my *How much does the European Union cost Britain?*. Page 15 gave a chart on the net cost to the UK (public and private sectors) of its payments to EU institutions, using balance-of-payment numbers from the Office for National Statistics. **I reproduce this chart above. The key point is that the net cost in the last full calendar year before the present government (i.e., 2009), at £5.3 billion, was less than half the net cost in 2013, which was £12.9 billion.** Mark Reckless was fully justified in provoking “a furious row” at the Witney away day, if that is what he did and this was the topic under consideration. Of course he should have made “a bit of a scene”. Let me repeat, the notion that “Cameron cut the EU Budget” is absolute baloney.

On pages 16 and 17 of the 2014 *How much does the European Union cost Britain?* I brought attention to the disparity between the government’s original plans for the net cost (to itself, the government) of its EU Budget contribution in 2012/13 and the latest “estimated outturn”. **In the 2012 annual *European Union Finances* White Paper (published in July 2012) the 2012/13 net cost was expected to be £7.0 billion, but in the 2013 edition of the same White Paper (published in November 2013) this had risen to £9.7 billion!**

At the time of writing civil servants are – I trust – putting together the material for the 2014 edition of the annual *European Union Finances* document. You can rest assured that I will download it from the Treasury website when it is available, and update you on its message. My strong suspicion is that – again – the government will have been shown to be complicit in massive over-spending by the EU. **In November 2013 the government thought that its net contribution to the EU Budget in 2013/14 would be £8.3 billion. My expectation is that the outcome will be over £10 billion and perhaps as much as £11 billion. I say this because we already have balance-of-payments data until the first quarter of 2014, including the net cost to the UK (public and private sectors) of its payments to EU institutions. These show a net cost in the four quarters of the 2013/14 year of £13.2 billion, compared with a net cost in 2012/13 of £12.2 billion, which is obviously a rise of a billion pounds.**

## What is the best way to describe David Cameron? A victim of self-deception or a liar?

Politicians have to be thick-skinned. To a degree they must be indifferent to criticism and to stick to their guns. They are also surrounded by flattery and misreporting, and pandered to by courtiers, lobbyists and the like. Virtually every Prime Minister becomes a victim of self-deception sooner or later. (Thatcher and the poll tax, Blair and Iraq, Gordon Brown and financial stability.)

**But that does not excuse an outright lie.** Ample information is available to show that the present government has been useless in checking the UK’s expenditure on the EU. The net cost of the nation’s payments to EU institutions more than doubled between 2009 and 2013. Separately, the government seriously under-estimated the net cost of its own contribution to the EU Budget in the 2012/13 financial year and almost certainly it did the same in the 2013/14 financial year. It is appalling that in these circumstances David Cameron should try to mislead the press with stories about how his “tough” negotiating stance led to the supposed

“first-ever reduction in the EU Budget”. (It is also appalling that far too many people in contemporary politics – in all three of the parties now represented in Parliament – are unable to access, interpret and present official data, and properly to bring the executive to account. But that is another subject.)

My hope is that UKIP will “blow the whistle” on this matter. Ok, senior politicians are knocked about in the hurly-burly of events, and listen to far too many sycophants, toadies, fools, people in receipt of EU pensions, etc. All too often they cannot see the truth in the fog of events. However, the evidence is clear-cut that Cameron has *not* cut the EU Budget. I have put together the numbers here and in other places to demonstrate

- that the direct fiscal cost of EU membership to the UK has increased enormously under the present government, and
- that control over EU expenditure items has been shockingly lax, with overshoots between successive White Papers of a third or a half of original estimates.

**If Cameron again tries to spread PR stories about his “tough” stance in EU financial negotiations, it is essential that someone calls him a liar, an outright liar.** (I will do it if no one else does, but I hope it is not necessary. The purpose of this e-mail is to discourage Cameron and the Conservatives from fabricating PR factoids and the like. They must stop doing this sort of thing.)



Runner-up in the 2010 UKIP leadership election

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<sup>i</sup> To be clear, the article was intended to establish Javid’s Eurosceptic credentials and was headlined “We shouldn’t be scared of quitting the EU”.

<sup>ii</sup> Macer Hall ‘Tough-talking David Cameron forces through first ever EU budget cut’, *Daily Express*, 9<sup>th</sup> February 2013. To quote from the story, ‘David Cameron was celebrating a spectacular and historic diplomatic triumph last night after forcing the European Union’s first ever budget cut.’

<sup>iii</sup> Matt Chorley ‘Britain loses EU budget battle’, *Daily Mail*, 15<sup>th</sup> May 2013.

<sup>iv</sup> Matthew Holehouse ‘Britain’s EU contribution to jump by £10bn as taxpayers carry burden of ailing eurozone’, *The Daily Telegraph*, 5<sup>th</sup> December 2013.

<sup>v</sup> Matt Chorley ‘Anger as Europe demands an extra £2.5 billion from Britain to plug another blackhole in the EU’s budget’, *Daily Mail*, 4<sup>th</sup> March 2014.