

Foreword: "I'm working on a dream"

The academic discussion on the "Financial Planning 2014 – 2020: is Europe coming to an end?" presents all the limits of an open and never-ending debate.

The absence of conclusive documents guaranteeing a definite regulatory and political context generates the inevitable scientific instability of the analysis. This paper risks being one of personal opinion instead of scientific validity as there are no precise elements of certainty, neither is it a prescriptive-regulatory survey. The European framework is unstable and in permanent evolution, therefore in order to give some objectivity to this debate we must grab on to the one element of stability, that being the normative-ideological evolution of Europe, and take tentative steps from there.

We will start by looking at the historical background, which will allow us to criticise the regulatory basis of Europe as well as its policies. Our approach will be that of a "collective" survey as the report will be based on the descriptive analysis of the European context, in the first place, and of personal study orientation, in the second, then it will be up to the reader to filter the superficial offering of the text and to draw individual conclusions.

Introduction: "Glory Days"

The days of glorious ideas of an integration process in Europe proposed in numerous political and philosophical conceptions and initiatives which go back to the first of its kind put forward by Caudenhove-Kalerigi who proposed the idea of of political and economic integration in a pan-European Union (1924).

The first real step in the history of the integration was represented by the European Coal and Steel Community. The Treaty proposed was undersigned in 1951 by several countries with the purpose of "harmoniously contributing to the general economy of the Member States and in the light of establishing a common market, economic expansion, an increase of employment and the improvement of the quality of life of the Member States". In the tracks of this gradual and flexible integration planning, further institutions in other political sectors were formed, one of the important ones being the EEC.

The EEC Treaty, like that of the ECSC, is essentially of an economic and commercial nature, inspired by liberalist principles of an open market economy; however it differs positively in that is aimed at the progressive expansion of common interests, markets and policies particularly in weak sectors of the economy and social and territorial brackets. It also establishes new and different common policies for agriculture, social welfare, transport and for economic and social union.

Besides the absence of real representative authorities, political integration reluctantly continued a confused, unstable and insecure fashion, as the States did not and do not want to lose decision-making supremacy. So, Europe united but does not feel united.

The Single European Act was then introduced to add new momentum to European integration and to complete the internal market, amending rules and expanding powers, notably in the policies for social and economic cohesion, technological research and development, and environmental protection.

A slight u-turn comes about with the Maastricht Treaty in 1993 as it opens the way to political integration, introduces the concept of European citizenship, reinforces the powers of the EU Parliament and launches a single monetary union. The Treaty of Amsterdam in 1997 is based on social and political integration through principles of freedom, democracy and the respect of human rights. The ambitious Treaty of Lisbon, 10 years later, provides the EU with modern institutions and optimised working methods to address different issues and to promote the interests, values and cultural development of its citizens, as opposed to the original plan of economic integration.

PART 1: “Brilliant Disguise”

Continuing with the Treaty of Lisbon, the EU established a strategic objective of becoming an economy based on competitive and dynamic knowledge suitable for sustainable economic growth, creating new jobs and social inclusion. The difficult objective resulted as being achievable through the appreciation and exploitation of the unique “strength” of Europe: human wealth and talent - its intelligence, sustainability and inclusion. It promises to guarantee an excellent education system and a constant improvement of skills, as well as the creation of a social and economic context in which research, creativity and innovation may prosper. In other words, people are the main resource in Europe. Horizon 2020 is the financial instrument adopted for reaching such objectives and an initiative aimed at securing Europe’s global competitiveness with seven flagships covering different agendas and policies. The real situation is far-removed from that foreseen and is a long way from being implemented. The data of Eurostat 2011 illustrated the catastrophic situation. The failures, however, of EU politics emerge distinctly as they are destabilising, causing inevitable social tension which shakes the unstable foundations of EU institutions as well as national ones, opening the cracks of the system unable to adequately respond to the impulses of the environment. The EU data shows the absence of social cohesion and the risks of keeping a social system, plus many families are at risk of poverty. The absence of active participation in the new Europe emerges from two phenomena which are closely linked: the abandonment of education and the structures themselves. However, the worrying statistics pertain to unemployment, and not just because of the damage and the limits inflicted on social inclusion.

What are the reasons and the motives for this social massacre? One reason for the current catastrophic situation, I believe, is the collapse of the American and world banks, causing financial weakness and serious damage to the markets. Another reason is the lack of financial market control, which would promote sound operations and investments in favour of social growth and sustainability. The absence of rules and the concentration of huge wealth in the hands of very few stakeholders determines the almost exclusive management of the financial markets by the “powerful” few which are guided by the profit demon. The increase of interest on national debt due to the selfishness of these profit-hunters has generated higher internal expenses in terms of the spread on debt emission. The global and community action aims to re-establish the solidity and stability of the system through the regulatory reforms.

Another reason for the current situation is the lack of coherence and the structural-institutional scarcity of the European Union in terms of services provided and a good administrative trend in coordinating policies. Europe is trying to respond to this shortage by introducing the National Reform Plans to reach the objectives of the Union policies.

The impact of the crisis is not the only motive for the disastrous situation, the effects of the same and the incompetence of political forces in realising and confronting the central aspects are also to blame. EU policies have not provided an exit from the recession, nor have they fulfilled the objectives of the Treaty of Lisbon. The unfulfilled legal community commitments are disguised or brilliantly concealed by political facades which are unable to defend or realise the European dream of the philosophers, statesmen and politicians in the beginning.

PART 2: “Devils and Dust”

Brilliant disguise is the masking of the guidelines provided by the Treaty of Lisbon and of the EU policies which are far from being put into effect. This analysis attempts to underline the limits and the achievements of the finance plan. The framework for 2014-2020 is structured into various policies which will be discussed hereunder.

The first two policies regarding Competitiveness for growth and employment and Economic, social and territorial cohesion should be allocated a large portion of the funds as they are the most complex due to numerous objectives. However, only 13% of the overall total of funds has been put aside. The insufficiency of the figure is evident if we analyse the costs compared with foreign realities in financing employment, incentives and the appreciation of human wealth, research programs, education, etc for an economy of knowledge which in reality the EU does not want to be. The great EU powers, on the basis of scientific and technical analysis (I am not joking), believe that the current European context has weak economic prospects and given the boom in unemployment, have put together a new impact plan to urgently solve the contingent situation, which includes the acceleration of the program “Youth Guarantees” – a plan for youth employment, a new investment

plan and better access to credit thanks to the stabilisation of public finance and the structural reorganisation of the EU banking system. So far, the plans seem to guarantee the maximum action possible to attain growth and social inclusion. However, instead of increasing resources, such are managed so that the expenditure may be reduced when a new growth is deemed possible after the crisis. The EU plans the strengthening and overall reform of the EIB but the activities of the bank are also divided in to an infinite series of policies which make the overall plans totally inadequate and almost impossible.

The financial plan of February aims to improve the Single Market by optimising the networks connecting Europe, in other words, transport, energy and telecommunications. However, a simple calculation shows that the allotted EU funding is again ridiculous when compared to the figures for the same sectors in the UK or USA. This is also the case for the funds put aside for “Europe’s role in the world”.

The cohesion policy represents an important instrument in reducing disparity among the regions of Europe. Furthermore, politics is an important investment catalyst aimed at growth and the creation of employment. The economic expenditure for such policy should be conspicuous, however despite the 33.9% destined to such, the funding is unable to satisfactorily contribute to the financing of individual investment projects and requires co-financing from other national or European sources, which are unable to do so. Furthermore, the insufficiency of such expenditure is made worse by further excessive subdivisions of the amount into other programs, together with inadequate funding and regional administrative shortages, in managing the European resources and efficiently resolving economic commitments.

“Sustainable Growth: natural resources” includes funding for agriculture, rural development and fishing. However, the expenditure is divided in proportion with the size of the acres of the national States, instead of taking into consideration regional structural differences. Obviously there is no homogeneity in such decision.

Another problem is the challenge of energetic efficiency and the safety of its procurement, as the EU is dependent on expensive importations. The EU should put a “new industrial revolution” in place and become a technologically advanced energy producer. However, Europe’s “economic” choice does not allow for the realisation of such dream.

The accounting expense established for “Security and Citizenship” is inefficient for the wishes of overall stability and “pacification” formally put forward by the EU governors, and insufficient for managing the complexity of the fundamental problem regarding the recognition of rights and obligations of all European citizens and the fight against discrimination.

“Administration” funding refers to expenses relative to the EU employees and employments. The average 6.4% of the overall budget does not seem relevant when compared to international

counterparts, however it is much higher than the economic amount relative to an important expense sector such as foreign policies.

The first issue emerging from the new planning is the increased possibility and flexibility in using the resources. In fact, the division between appropriation and payment determines the possibility for the EU to go into deficit just for trying to fulfil its objectives.

A positive element is the EU's decision to use wider financial instruments and investments, and also the research of maximum quality efficiency using available resources. On a negative note, it is blatantly obvious the EU budget is insufficient when compared to the public expenses of the other world powers, besides the single national European realities. The social state, brilliantly illustrated by the British, requires expenses and investments of a much higher level than the current inconsistent allocations. If public action is insufficient and inefficient then so will be the social system, and consequently, the entire continental institutional structure. Furthermore, if the concentration of resources is weak, then individual actions can never be successful, because there is not enough to go around. Perhaps the EU should concentrate on a single expense sector in order to guarantee greater impact of the resources allocated, instead of having the RAL phenomenon (reste a liquider) which shows the insufficiency of EU financing and the difficulty and/or non-commitment of the national states to co-finance projects. The RAL proves the incorrect putting together of a financial plan and the irrational insistence to anticipate numerous, complex and excessive targets.

CONCLUSION: "I'm working on a dream"

We have taken a broad view of the "Financial Planning 2014-2020", starting from the origins and ending with the deficiencies and merits of the current policies, by analysing the overall structure of the community too.

The main points which jump out of the discussion are the lack of an institutional structure, the unsuitability of policy guidelines and the absence of a feeling of continental strength and unity. The EU is weak, disunited, uncertain on policies and lacks national supremacy. By not participating actively in the European decision-making choices, the EU citizen cannot hope to be represented in its interests and protected in its rights by the Union, and therefore becomes patriotic to its own single regional community. Political choice does not become a common decision in favour of global interests of the citizens, but a kind of "non-choice", which in turn contributes to overall instability.

The financial plan seems to lack solutions, has no plausible common proposals to get out of the disastrous situation and generates risks in keeping the current EC structure. The unsustainability of the institutional reality is due to the birth of angry political and anti-European movements.

The national decisions of the EU countries cannot be compared in strength to those on the outside because the necessary limitations provide the basis for the insufficient and inefficient action of the particular regional institution. The limitations of national supremacy are not able to guarantee peace

and harmony, as there is a regional refusal of continental commitments in that they are deemed distant and oppressive. Perhaps a democratisation of the decision-making process would determine an overall acceptance of continental action.

Could the guarantee of a sustainable EU system, achievable only by progressive policies, and the fair distribution of national wealth, derive from an institutional readjustment of the political reality?

Your interpretation may start from here.

CURIOSITY

In honour of my musical passion, I have used the names of Bruce Springsteen songs due to their pertinence.