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THE EU BUDGET: INSTITUTIONAL CHANGE AND AUSTERITY

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Abstract:

The Lisbon Treaty, ratified in 2009, modified the rules for agreeing the European Union's budget more radically than any other treaty since 1975. In the autumn of 2010 an immediate effect of this change was a veto of the annual budget for 2011, the first instance of a budget veto since 1987 and this was repeated for the budget of 2013. The paper finds that the European Parliament lost and the Council won not only in notional power but in the budgetary funds voted. The most important variable was the change in the rules, which MEPs mishandled but this interacted with a wider context of demands for austerity and the EP's request for greater power over budget policy and revenue. The paper compares the events of budgetary breakdown in the autumn of 2010 with the same cycle over the next two years. It also compares the budgetary spending approved for the financial years of 2007 to 2010, before the entry into force of the Lisbon Treaty, with the amounts approved in the following three years.

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Introduction

The budget of the European Union (EU) is divided into three components. First, own resources (article 311 of the Lisbon Treaty) are the revenue of the EU; second, the multiannual financial framework (MFF), governed by article 312, is the five to seven year series of spending ceilings agreed unanimously by the governments of the EU's member states; and third, the annual budget (articles 314-5), which must be agreed within the ceilings of the MFF and is the subject of this paper.

The Lisbon Treaty (LT), which took effect in 2009, was in many respects 'a tidying-up exercise' to paraphrase Peter Hain, the representative of the British government at the Convention on the Future of Europe. And yet, it was far from this with respect to the EU's budgetary powers, which underwent the most significant change since the budget treaty of 1975. Analysing the effect of this change is worth doing for two reasons. The first is how it informs us of the evolution of institutional powers in the EU and further afield within a comparative perspective. The second is that the EU is the world's largest internal market with half a billion citizens and consumers, and a GDP greater than that of the North American Free Trade Area and yet its "federal" budget is very small set at just 1 percent of GDP. This comparatively small amount nevertheless causes controversy due to its potential to provide the EU with positive integration that saves it from being merely a free trade area. That positive integration as defined by Scharpf (1996) takes the form not just of removing trade barriers but of providing redistribution to agriculture and impoverished regions, which could otherwise be the sectors most likely to oppose market integration, and providing finance for public goods that enhance competitiveness and innovation thus contributing to economic growth.

This paper tests whether amounts available for spending have been reduced since the LT came into force, and whether this is due to the changes in the rules or to the context of Europe-wide austerity amid the economic crisis that began in 2008. In the inter-institutional game of EU budget policy, the paper also investigates which institution loses most through these changes, offering insights useful for comparative budget research.

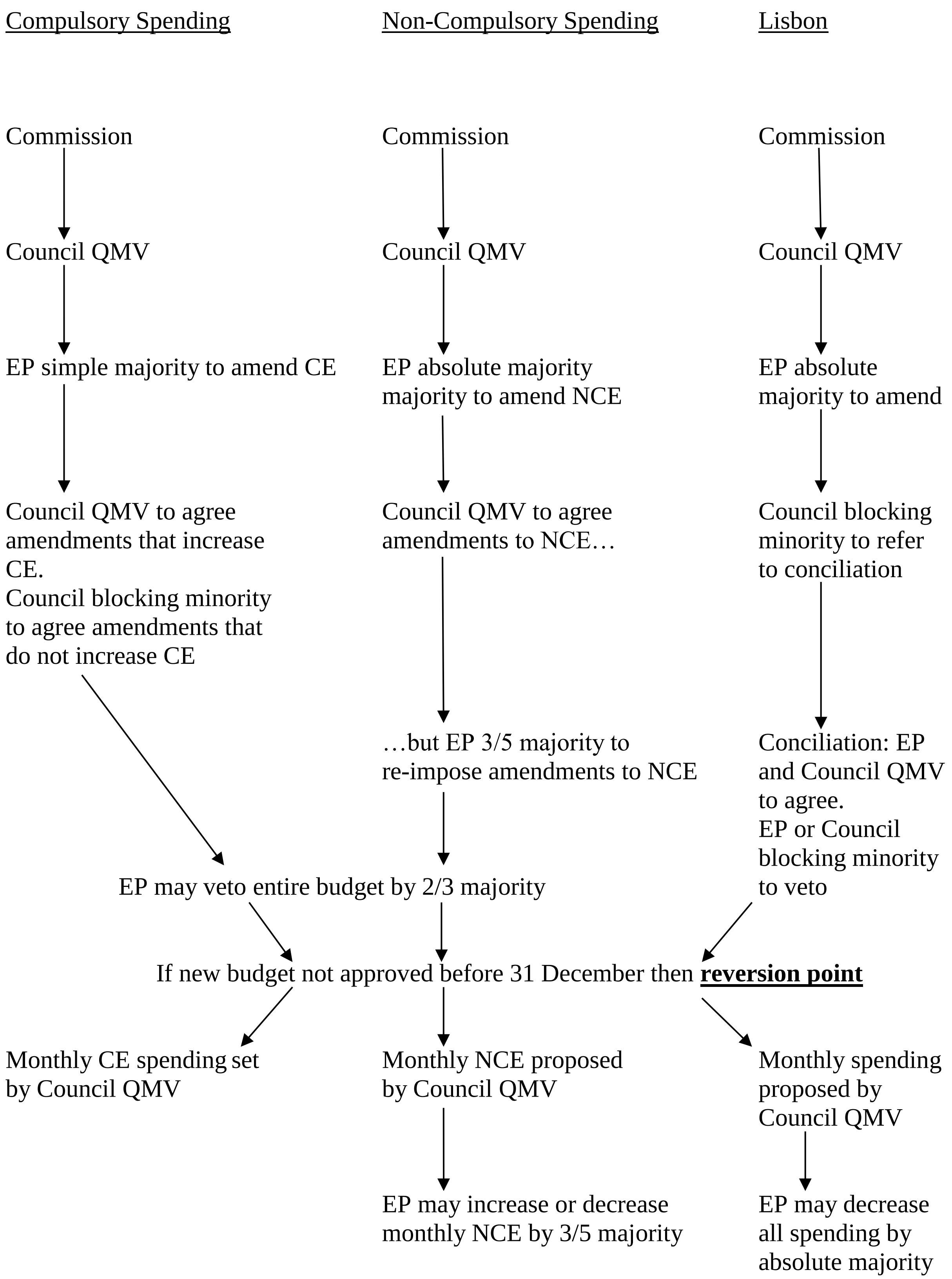
The paper consists of a review of the literature on comparative budgets, the EU budget, and comparative institutional power changes. Next, it presents a theoretical discussion that includes a number of assumptions about budgetary outcomes during the course of the period 2007-13, which was the multiannual budgetary period in operation when the LT took effect. Finally, it presents the empirical data, which consist of a comparison of budgetary amounts voted in each year and their changes year to year, and analysis of budgetary texts, media coverage and elite interviews compiled between 2010 and 2012. A concluding discussion follows at the end.

Literature Review

As Benedetto and Høyland (2007) have revealed, the annual budgetary procedure of the EU is the subject of a special legislative procedure that for the European Parliament (EP) carries significant differences compared to the codecision procedure, under which the EP and a qualified majority of national governments represented in the Council of the EU “co-decide” on legislation. The old procedure was in operation for all budgets up to that of 2011 decided in the autumn of 2010. Under its rules, there were two types of spending: compulsory expenditure (CE) and non-compulsory (NCE). CE was linked to agriculture, fisheries and aspects of foreign policy, compulsory since these were items under which the EU was contractually obliged to provide financing, and accounting for about 40 percent of spending by 2010. The remaining 60 percent was deemed non-compulsory and included cohesion funds for deprived regions, as well as investment in competitiveness, growth and other public goods.

The rules for agreeing CE and NCE differed. In CE and NCE, respectively, the Council and the EP could each force through amendments and decide spending levels against the wish of the other if they disagreed (Benedetto and Høyland 2007; Benedetto 2013: Article 272 EC). Under Article 272 of the old European Community (EC) Treaty, the EP also had the option to veto the budget. If this occurred and no budget was agreed by the start of the new financial year, a system of monthly roll-overs (provisional twelfths) from the previous year's budget would need to be approved by Council and EP on a monthly basis. Council would set the monthly amount for CE and the EP would set the amount for NCE. This allowed the EP to veto the budget but to act to protect its preferences in NCE (Benedetto 2013).

Figure 1: The Budget Procedures of 1975 and the Lisbon Treaty



The LT replaces the old articles 272-3 EC with the new articles 314-5 Treaty on the Functioning of the European Union (TFEU), and this changes the consequences of veto or negotiation breakdown. The Council by QMV and the EP must now agree with each other on everything for a budget to pass. Either side can veto by failure to agree on any line. If this happens, compared to the old provisional twelfths, the Council sets spending and the EP gains the power to cut or freeze spending on any part of the budget, but loses all power to increase. Veto of the budget or breakdown in agreement therefore becomes less palatable for the EP but much more likely since veto is the consequence of failure to agree on everything. Agenda-setting power is reduced but veto power is increased for both the Council and the EP (Benedetto 2013).

For Wehner (2010a: 21; 2010b: 213) there a number of budgetary powers that legislative institutions can exercise, whether across parliamentary or presidential systems. These include amendments that increase expenditure without limits, amendments that do not rise above an overall ceiling or a ceiling for each policy area or above a limit that would increase the deficit; the power to accept or reject without amendment; or the power to amend but limited to cuts only.

Without an agreement, the status quo will not be an option if annual re-approval of a budget is required. This being the case, the reversion point (RP) applies. The RP for budgets could be zero expenditure, a roll-over of the spending for last year perhaps with an automatic cut, or simply the amount proposed by the executive (Wehner 2010a: 28). To further its own interest, the executive has only to propose a budget, which the legislature will prefer only marginally more than the RP budget which would otherwise take effect.

The EU's annual budgets have since 1988 been agreed within the ceilings established by the five to seven-year multiannual budgetary package. The old article 272.9 allowed for this to be overshot if the EP by a three-fifths majority together with QMV in the Council so agreed. Therefore for the chances of unlimited amendment were rather small. An effect of the new treaty is the deletion of the old article 272.9, meaning that an overshoot of the ceilings is possible only with the unanimous agreement of the Council (Benedetto 2013).[1] For a fuller discussion of these implications in policy terms, please see the discussion below. Understanding the EP as a legislative body and the Council, representing national governments, as an executive, we see that the EP's powers of amendment have been reduced. Exceeding spending ceilings requires unanimous accord of the governments, and amendments below the ceilings require majority consent of those governments. The EP or a blocking minority of enough member states to prevent QMV in the Council can set the reversion point, which is the system of monthly provisional twelfths in the event of non-agreement. Previously the EP could freely set NCE within the ceilings. The reversion point moves from an improbable outcome, in which the EP could still set NCE within the ceilings to a more probable result where the EP's powers of amendment are reduced to "cuts only". It is this, which has a deflationary bias in the new budgetary arrangements. These include the deflationary effect of the changes and the effect of provisional twelfths

Tsebelis (1994; 2002) and Tsebelis and Garrett (2000) help us to understand likely institutional processes in the EU and further afield through veto-player and agenda-setting theories. To this end, Tsebelis et al (2001) have also tested those theories empirically in the case of EU legislation. Path dependence of EU norms, particularly

[1] Interview, EcoFin official 2, 15 December 2011.

with regard to the budget has also been the subject of research by Lindner (2006) and Lindner and Rittberger (2003).Unlike codecision, the new budgetary procedure allows only for a single reading in the EP and extremely tight deadlines for making agreement. By the same token, the rules of the new budgetary procedure appear to give more power to the EP, but work as a bargaining advantage for the Council.

The EP is less able to agenda-set, meaning that its opportunity to make a proposal to the Council that the Council finds easier to accept than tot reject is reduced. The LT has reduced the EP’s power to amend the annual budget and protect its spending plans under the reversion point budget if there is no annual budget agreement (Benedetto 2013).

While the rules governing budget decision-making have changed, budgetary amounts may stay frozen. In other words, changing the rules can reinforce the policy status quo. A gain in power for the Council will only make reform more difficult if Giving power to national governments or the Council makes reform more difficult if there is disagreement inside the Council with more veto players whose preferences do not cohere (Tsebelis and Garrett 2000). Policy stability and system immobility are more likely if there is a reduction in agenda-setting power and an increase in veto power among those who do not agree. The LT of course reduces the EP’s budgetary agenda-setting power but has increased the veto power of both the EP and a blocking minority in the Council.

Cheibub (2006: 353) asserts that budgets are more likely in balance in presidential systems regardless of whether the executive is single party or a coalition, while Persson and Tabellini (2003: 23) find that budgets are larger in parliamentary systems because powers are more concentrated than in presidential systems characterised by separation of powers. The most significant variable is not the system type but the power of the legislature to amend the budget (Wehner 2010a: 95).

To understand the significance of what Cheibub (2006), Persson and Tabellini (2003), and Wehner (2010a) assert, we have to appreciate that in budges the Council is a broad based executive anxious to limit revenue, while the separate EP is a heterogeneous legislature, prone to profligacy. It is rules on spending ceilings that own resources and the MFF establish, which constrain EU budgets. If the LT has strengthened the budgetary power of the executive Council then we should expect that budgets will be smaller if the EP wants to spend more and national governments want to spend less. The ability of the EP to amend, a significant variable for Wehner (2010a; 2010b), is reduced by the LT.

Theory and Assumptions

In 2008, the largest crisis since the 1930s hit the world economy. Rising deficits and national debts created a context for calls for austerity at both national and EU levels. From the discussion of the treaty changes and their significance above, it seems that new budgetary rules for the EU interacted with wider calls for austerity. Did these produce changes to the way the budget is implemented and the amount of funds voted for EU level redistribution (like agriculture or cohesion) or public goods (like innovation and economic growth)? To the extent that any institution lost in securing its policy priorities, could it be that institutional behaviour was path dependent? Put another way, did institutions or policy-makers behave according to the old rules without having adapted to the new situation of new rules plus a new political economy? Besides the effects of rule changes, the economic crisis and divisions on how to deal with the crisis between those favouring austerity and others who preferred increased spending to boost economic growth, were there other institutional factors? Ratification of the LT brought with it the need to implement new rules on multiannual budgeting, annual increases in spending in line with inflation, the difference between various categories of expenditure, reform of the revenue system, a strategy for rolling over any underspends in different parts of the budget, and the make-up of the negotiating teams on the budget that would try to reach agreement.

All of this allows me to present a number of assumptions to guide my empirical analysis on the agreement of annual budgets since 2007, comparing those from before the entry into force of the LT to those that followed the treaty's ratification. The first assumption is that the EP lost, despite its belief during the Convention on the Future of Europe and subsequent Intergovernmental Conferences that a new form of codecision for the budget was a gain. I analyse how this treaty outcome was reached and I also analyse the EP's theoretical loss of power by means of a number of hypothetical scenarios in a recent paper (Benedetto 2013). However, in the current paper, I use empirical qualitative data rather than hypothetical scenarios to come to the same conclusion. It should be noted that hypothetically, the only way in which the EP would win from the new rules is if it wants even more austerity in EU spending than the Council. Put another way, I start with the assumption that the new rules are inherently deflationary.

The second main assumption is that, aside from changes in rules, context has had significant effect, notably that of the economic crisis and demands for austerity. Context also includes the attempt of the EP to use the annual budget of 2011 as an opportunity to extend its own power over new rules of implementation of the budget and EU revenue and in introducing flexibility vis-à-vis annual spending limits or ceilings.

Finally, the third assumption is that whoever is furthest from either the status quo (SQ) or the reversion point (RP) will lose. The reversion point could be the SQ if non-agreement of the budget results in a roll-over of the previous budget. In the EU, as discussed above, the reversion point for annual budgets is only the SQ if that is what the Council wishes by QMV and the EP acquiesces. Because the EP has been furthest from the RP, it has lost annual budgetary battles since the LT was ratified (see Figure 2).

Figure 2: Closeness to the reversion point – who wins?

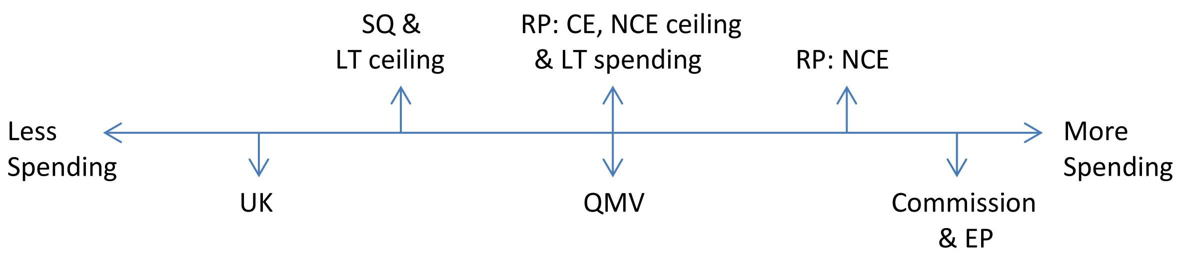


Figure 2 is a simplistic comparison of the hypothetical outcomes in spending decisions before and after the LT according to the RPs available. These presuppose that the European Commission and the EP want more spending, the Council by QMV wants less, and one or two member states in a minority led by the United Kingdom (UK) want even less spending than in the current budget. Under the old rules in which the EP had greater power (Benedetto and Høyland 2007; Benedetto 2013), the EP could set the level of NCE within the ceilings established by the MFF. Because the EP was constrained by the ceiling it could only set NCE at a level below its ideal preference but still above what the Council would have wanted. This is the RP for NCE. The Council by QMV could establish CE and could consent to raise the overall ceilings in NCE also by QMV. Both of these outcomes potentially increase spending compared to the SQ. Under the LT, resort to the reversion point becomes more likely, the Council then sets spending by QMV, the only option of the EP is to reduce spending further and not to increase, and Council unanimity is required to raise the spending ceilings. These outcomes shift the RP for all spending to the ideal point of Council QMV. Meanwhile, the UK gains a veto over raising the spending ceiling meaning that the ceiling's RP is the SQ.

Although resort to the RP is more likely under the Lisbon rules, it is not certain that it will happen. The credible threat of a reversion point budget is likely to strengthen the negotiating hand of some institutions over others during the course of the annual budgetary procedure. As I have already shown Article 315 TFEU allows the EP to win if it wishes to adopt a more austere budget than the Council (Benedetto 2013). Under this scenario, if no budget is agreed, the Council proposes figures in the reversion point budget and the EP has (and could use) the power to reduce those figures further. In this case, the Council would lose by being further from the spending SQ than the EP.

In the next section, the assumptions will be tested by analysing the annual amounts voted since 2007, comparing the final amounts approved to the amounts initially desired by the Council and EP under each policy heading. Elite interviews with officials working for the EP, the European Commission and national governments will also inform the analysis.

The annual budget amounts of 2007 to 2013: continuity or change?

This section analyses the amounts approved in the annual budgets of from 2007 to 2010, decided before the adoption of the new rules of the LT, and the amounts voted in the subsequent three budgets of 2011 to 2013. It also compares the amounts approved with the ceilings, which the MFF of 2007-13 would have allowed. Were the amounts agreed significantly lower after 2010?

In Table 1, we see the amounts pertaining to 2007 to 2013. These are divided into various headings for each policy. Heading 1 to support economic growth is subdivided into H1a for Competitiveness for Growth and Employment and H1b for Cohesion for Growth and Employment. H1a includes technology, innovation, R&D, and Trans-European Networks. For the whole of 2007-13, H1a amounted to 8.6 percent of expenditure or € 74 billion over seven years in the prices of 2004.[2] H1b is mostly assigned to the European Regional Development Fund and amounted to 35.6 percent of expenditure or € 308 billion. Heading 2 on Preservation and Management of Natural Resources is the largest heading. Its name is cunningly couched in public goods and politically correct language to hide the fact that around three-quarters of this heading is destined for direct payments in agriculture. The remaining quarter is spread between fisheries, rural development and environmental protection programmes, of which only the latter can be categorised as public goods. Heading 2 was allotted 43 percent of funds or € 371 billion in the prices of 2004. Next, there follow some smaller headings. Heading 3a on Freedom, Security and Justice includes the funds for counter-terrorism and border control cooperation. It was allotted € 6.6 billion while Heading 3b on Citizenship received € 4.1 billion, together only just exceeding a 1 percent share of the MFF. Heading 4 on EU as a Global

[2] *Official Journal of the European Union* C139/10, 14 June 2006.

Player received a 5.7 percent share equivalent to € 49 billion. Heading 5 for Administration received 5.8 percent or € 50 billion over seven years. The total framework amounted to € 864 billion or 1.048 percent of the EU's collective gross national income (GNI).

Table 1: Total commitments per policy heading made in the multiannual financial framework of 2007-13

	Heading	€ millions	% of spending
1a	Competitiveness for Growth and Employment	74098	8.6
1b	Cohesion for Growth and Employment	308041	35.6
2	Preservation and Management of Natural Resources	371344	43.0
3a	Freedom, Security and Justice	6630	0.8
3b	Citizenship	4140	0.5
4	EU as a Global Player	49463	5.7
5	Administration	49800	5.8
6	Compensations	800	0.1
	Total Commitments	864316	
	% of GNI	1.048	
	Total Payments	820780	
	% of GNI	1	
	RAL - reste à liquider	43536	
	% GNI	0.048	

Prices of 2004. Source: *Official Journal of the European Union* C139/10, 14 June 2006.

It should be noted that the agricultural and fisheries components of Heading 2, together with most of Heading 4 used to be counted as CE, while everything else was NCE. An area of controversy is the distinction in the budgets between commitments and payments. The amounts quoted in the preceding paragraph were all commitments in which the spending ceilings are set. The total for payments was lower at € 821 billion or 1.00 percent of GNI in the prices of 2004. The difference between commitments and payments is known by its French acronym RAL (*reste à liquider*). The MFF is set in commitments in total and for each heading, while payments are set only in total. Instead in the annual budgets, commitments and payments are both agreed for each heading. The difference between the two is that commitments are set as the upper limit to which the EU *commits* itself in spending programmes. A proportion of payments are often released upfront at start of a project. On completion, any remaining balance in payments is released if the recipient has fully complied with the conditions. Therefore some payments honour the commitments made several years earlier and there is often an underspend when a recipient has not fully implemented an agreed programme. It is common for the RAL to be large and to grow larger as not all of the foreseen payments are released. Furthermore, at the end of each financial year, underspends in payments are remitted back to the member states. National governments wishing to reduce EU spending want to cut payments because that will mean that the immediate amount paid out will be lower. However, the European Commission and EP often argue that this leaves the EU facing a deficit which is illegal, while those parties who have honoured their programmes could be left without financing. A more honest way to cut spending is to cut the longer-term commitments.

Tables 2 and 3 show in the prices of the relevant years the division between headings for commitments and payments. The final amounts are shown in the left hand column for each year in millions of euro. The column entitled C% indicates the percentage increase or decrease over what the Council had requested in first reading that then results for the final amount. For example, the final commitments for H1a in 2007 were € 9368 million, which was 6.67 percent more than what the Council had wanted. EP% indicates the same relationship but with respect to the EP's preferences. The closer that this figure is to zero percent, the more an institution has "won" in terms of the final amount.

TABLES 2 AND 3

Turning to the total amounts, we see that the degree to which either the EP or Council “lose” in commitments is low and often lower than 1 percent. The overall figure for 2010 was 2.54 percent higher than what the Council had voted by QMV. In payments, we see a different picture. In 2007, the final amount was 5 percent less than what the EP had demanded, with the EP losing by 6.74 percent in 2009. Table 3 shows that in 2011, 2012 and 2013 the EP lost by between 3.04 and 3.67 percent. These last three figures from the post-Lisbon period seem to show that the EP’s losses did not really change. However, the degree to which the Council was forced to accept a slightly higher budget than it wanted diminished from 2011. In the preceding years, the final payments were between 0.77 and 2.00 percent higher than the level requested by QMV in first reading. In 2011 and 2012, the final amount was exactly the same as the amount requested by the Council, and in 2013 was only 0.11 percent higher.

In terms of total commitments, there was not much variation with Council content to accept relatively high levels, knowing that in terms of money actually released, it was payments that counted. Council seems to be winning by a greater degree in payments since 2011.

When looking at individual policy headings, we see that Council was forced to accept commitments which were 16.65 percent higher for H1a (Competitiveness) in 2008 and 22.12 percent higher in 2010. Increases above 5 percent also applied to H3 (Freedom, Security, Justice, Citizenship) during this period, with the level of increase over what the Council wanted in commitments being lower from 2011 onwards. In payments, the EP had to accept a budget for H1a (Competitiveness) 25.88 percent lower than it wanted in 2007 and 9.75 percent lower than it requested in 2010. In H1b (Cohesion), the amount was 10.33 percent lower than it wanted in 2009. Since 2011, the levels of payments for each heading compared to what the EP wanted have been lower but more evenly spread: for H1a (Competitiveness) the EP's loss has been 3.99 percent 2011, 8.42 percent in 2012 and 12.30 percent in 2013, in H1b (Cohesion), the loss has been 2.04 percent in 2011, 2.90 percent in 2012, and 3.63 percent in 2013, in H3a (Freedom, Security, Justice), the loss has been 4.01 percent in 2011, 8.74 percent in 2012, and 2.66 percent in 2013. Finally, in H4 (EU as a Global Player), the loss of the EP has been 5.19 percent in 2011, 5.50 percent in 2012, and 13.53 percent in 2013.

Where does the Commission position itself when it proposes the annual budget in relation to the ceiling established by the MFF and the final amount approved in the annual budget? Does the Commission anticipate the desires of the Council and EP in proposing budgets closer to its perception of the governments' preferences than to the ceiling available? If so, does this change from 2011 when the LT comes into force?

From Table 4, we can see that in commitments, the Commission overshot the ceiling in 2007, which was agreed by the EP and the Council. This was reversed in 2008. Thereafter, the Commission made proposals generally no less than 1 percent below the ceiling except for 2010. It is notable that the final amount for commitments never differed by more than 1 percent compared to the Commission's proposal. Commitments are uncontroversial and unchanged by the LT. The story for payments was different. Between 2007 and 2011, the Commission proposed payments between 3 and 9 percent lower than the ceiling. In these four years, the final amount as agreed by the Council and EP never differed from the Commission's proposal by more than 1 percent. Since 2011, the amounts proposed and final amounts do not seem any less than in some of the previous years. However there is an accentuated difference between what the Commission proposed and what the Council and EP accepted of between 2 and 3 percent rather than less than 1 percent as before 2011. This may show that the LT has a deflationary effect on spending and that if the EP wants to spend more, it is the EP that loses. It also corresponds with interview evidence that the Commission makes its budgetary proposal on the basis of policy commitments demanded by the Council and that the Commission's Directorate-General for Budgets does not have the same clout as a national finance ministry[3] and would face internal problems from more powerful parts of the Commission if it tried to reduce the amounts in the original proposal: "If the Commission proposed less as a tactic it would provoke huge internal arguments within the Commission and among interest groups. It would also get less if it bid less. If the Council wants less, the Commission and EP are happy for the governments to take the flak".[4]

TABLE 4

The annual budgets of 2011 and 2012: what really happened?

<u>2011</u>

Under the new rules of article 314, the EP was allowed a single reading for the budget, during which it could propose amendments by an absolute majority. Unless the Council by QMV accepted all of the EP's amendments, the next stage was going

[3] Interview, EcoFin official 2, 15 December 2011.
[4] Interview, EcoFin official 1, 7 December 2011.

to be a conciliation committee between Council and the EP to agree a final text. According to more than one source,[5] the EP's mistake was to treat this single reading in the same way as its old first reading. "The old procedure was one where Council cut and the EP increased as negotiating positions before a compromise. This was attempted by the EP in October and November 2010 but was incompatible with the new rules. There was a tendency to treat the new Draft Budget in December 2010 as a second reading."[6]

In reality, the new arrangements encourage small delegations from the EP and the Council to conclude an agreement informally before the EP's first reading occurs. During the conciliation for the 2011 budget, which occurred in November 2010, there was no agreement and therefore the budget failed for the first time since 1987. However, within a few weeks a new budget was agreed very rapidly, in which the same interviewees insisted that the EP behaved as if it was the second reading under the old rules. Due to this later agreement, the resort to the reversion point budget of provisional twelfths was avoided. However, the threat of provisional twelfths and its consequences may have strengthened the bargaining position of the governments in the Council who wanted a more modest budget.

In April 2010, following the Commission's publication of the Draft Budget, the Budget Committee of the EP noted that the proposals were disappointing for young people in the economic crisis and particularly for poorer students unable to take advantage of the Erasmus programme. The Committee also emphasised environment policy and argued that funds not used for agriculture should be diverted elsewhere in the budget rather than refunded to member states.[7] This was a familiar policy approach from the EP, emphasising economic needs for more spending, and focusing on a

[5] Interviews, Commission official, 23 June 2011, EP official 3 23 June 2011, EP official 4, 8 December 2011.
[6] Interview, EP official 4, 8 December 2011.
[7] Press release of the Budget Committee, EP, 27 April 2010.

perceived under-funding of popular policies. In September, the same committee again emphasised public goods like R&D, innovation and student mobility. The EP argued for room to be made for additional spending through creating reserves in the 2011 budget rather than having to pass supplementary budgets in the years to come. The EP reversed the Council's cuts and instead focused on the fund for the ITER nuclear fusion project, which the governments had established, arguing that it would not require as much financing in 2011.[8] Later, the EP also made clear that it wanted 'to accommodate new policy priorities as well as negotiations on new sources of financing', in other words extend its power over revenue within the 2011 budget, which would be something quite new with the 'new revenue sources including transferring unspent money to future budgets instead of returning it to Member States'. The Committee continued by insisting that negotiations on new own resources were a 'full part of the overall agreement on the 2011 budget'. [9] The Committee went further by insisting on an increase beyond the ceilings of the 2007-13 agreement to take into account new investment to tackle the economic crisis, a view that the rapporteur, Sidonia Jedrzejewska MEP echoed: "The budget of the EU is not similar to a national budget, it is oriented towards investment and is a tool for fighting the crisis."[10] The Committee also asserted the full involvement of the EP in the negotiations for the MFF of 2014-2020.

With the start of conciliation, the line of the Budget Committee altered. The EP rapidly accepted the Council's figures, maybe understanding that a reversion point budget would be set by the Council unless the EP wanted it to go even lower (Article 315 TFEU). The EP's President, Jerzy Buzek, stated that '[i]n return' for accepting

[8] Press release, Budget Committee, EP, 30 September 2010.
[9] Press release, Budget Committee, EP, 7 October 2010.
[10] EUobserver.com, 21 October 2010.

the Council figures, 'we request from the Council an institutional and political commitment on the future financing of EU policies.'[11]

The conciliation process failed despite agreement on expenditure, because there was not agreement on the questions of revenue and the role of the EP in other areas of budget policy. The EP demanded an undertaking to respect article 312.5 of the new treaty, which states that the EP, Council and Commission will do their utmost to facilitate agreement on a MFF. [12] As one press agency wrote: 'Sources close to the discussions said the UK, Sweden, Denmark, the Netherlands and Latvia had collaborated to end Belgian EU presidency efforts to broker a compromise. Softer support for the tough member-state position also came from France, Germany , Austria and Finland'.[13] The countries listed as budget sceptics are known as the Noordwijk Group and have also included the Czech Republic. The response from Janusz Lewandowski, European Commissioner for Budgets, was combative, explaining the effect of a reversion point budget on poorer regions and dismissing the sovereignty concerns of the British government on the creation of new EU revenue or tax on the grounds that agricultural levies and value added tax already existed as EU taxes.[14]

The Commission rapidly re-proposed a new budget with figures identical to those demanded by the Council and an agreement was reached informally before the EP's full vote. The EP accepted the Council's figures but with a political agreement (not legally enforceable) that supplementary budgets would be agreed during the following year to top-up any funds on a case-by-case basis.[15] The EP reiterated the need for flexibility in the budget in future and had noticed its loss of power in

[11] Press release, Budget Committee, EP, 27 October 2010.
[12] Press release, Budget Committee, EP, 16 November 2010.
[13] AFP quoted by EUobserver.com, 12 November 2010.
[14] EUobserver.com, 16 November 2010.
[15] Press release, Budget Committee, EP, 10 December 2010.

increasing the ceilings given the deletion of the old article 272.9 EC, which allowed a maximum rate of increase to be agreed by Council QMV. As part of the agreement, the Council conceded that flexibility between spending headings of up to 0.03 percent of GNI could proceed without Council unanimity,[16] although this applied only to payments and not commitments.[17]

Interviews have revealed that the failure of the conciliation committee for the 2011 budget was due primarily to the new rules, which reduced the EP's negotiating power, but "these interacted with politics and economics", while the EP's conciliation delegation for 2011 was led not by the Chairman of the Budgets Committee nor by an experienced Conciliation Co-Chairman from amoung the EP's Vice-Presidents but by the "inexperienced" President of the EP, Jerzy Buzek. For the rest, the EP's inexperience with the new procedure was relevant.[18] According to another official, the Council "talked austerity" in both 2010 and 2011" but the economic situation would not have led to the failed procedure of 2011 without the new treaty rules.[19] Since the EP tried to use leverage on the MFF and the LT actually makes the procedure more complicated and tight in terms of timetables, conciliation failed.[20] For another official, the dispute with the Council was no longer about *juste retour* – getting back what you pay in – it was about gross payments not just net payments and for this reason even the Czech Republic, Poland and Latvia were adopting sceptical positions. Meanwhile the unresolved issue was the status of flexibility in the budget where the Council insisted on unanimity.[21]

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[16] EUobserver.com, 26 November 2010.
[17] Interview, EP official 3, 23 June 2011.
[18] Interviews, EP official 2, 22 June 2011, EP official 3, 23 June 2011.
[19] Interview, EP official 4, 8 December 2011.
[20] Interview, Commission official, 23 June 2011.
[21] Interview, EP official 3, 23 June 2011.

On amounts for 2011, within the EP there was division. The Socialists and the Greens wanted to exceed the ceilings in payments, a move that the European People's Party and the Liberals refused. [22] Another problem for most of the Council was that the Belgian presidency was too close to the EP and not trusted by the others since it defended the increase in the budget of 5.8 percent that the Commission and EP requested. This could not be met given that the British government wanted a zero increase but settled for the Council figure of 2.9 percent though most states if not a qualified majority would have supported 5.8 percent.[23] The Budget of 2011 could also have been a good opportunity to fund ITER, the governments' priority for nuclear fusion research, from under-spends and RAL in the Common Agricultural Policy but not enough governments accepted this.[24] The British stood in the way although David Willetts, the British Science Minister, was lobbying the EP's Budget Committee for ITER nuclear fusion funds to be released to the Joint European Torus (JET) at Culham in Oxfordshire.[25]

In terms of amounts and procedure, the Council insisted on focusing on payments rather than commitments, seemingly not realising that payments are a contractual obligation according to the Commission and EP. One official remarked that tthe position of member states wanting to cut the budget is understandable but "to sabotage of payments creates instability for the Commission and uncertainty for recipients since payments are delivered by law. If you don't like the law then change it with a new inter-institutional agreement."[26] However, according to a national official, a shortage in legitimate payments can be met through under-spends in other

[22] Interview, EP official 4, 8 December 2011.
[23] Interview, EP official 2, 22 June 2011
[24] Interview, EcoFin official 1, 22 June 2011.
[25] Interview, EP official 1, 21 June 2011.
[26] Interview, Commission official, 7 December 2011.

payments so there is no contractual problem if payments are reduced.[27] The focus of national governments was on getting rid of the two-year time lag between commitments and payments (the so-called N+2 principle) and in getting rid of RAL. Cohesion and other policy areas, however, require co-financing, which takes time to establish and often the delays were due to inaction by the recipient national government. Due to evaporation of local co-financing amid the economic crisis, N+2 was rapidly becoming N+3 thus increasing RAL. Cutting commitments would be more logical in the longer-term, leading to lower RAL and lower payments, but only underspends in payments result in a refund to national governments. For 2011, the governments reduced payments but not commitments thus increasing RAL.[28]

At conciliation in October 2010, the EP had agreed the Council's figures. The contentious parts were the other issues on which the EP insisted: flexibility (shifting amounts between headings or roll-overs of underspends), revenue and negotiation of the MFF. In December, the EP received a written guarantee from the forthcoming presidencies of the Council that it would be involved in discussions on the MFF. This political undertaking by the Council had no legal value and was just "symbolic".[29] It was also unnecessary since Article 312 TFEU already guarantees the full involvement of the EP in those negotiations. The EP's small but concrete gain on the MFF was that before and after meetings of the General Affairs Council, the Council presidencies would meet with the Commission and with the Chairman of the EP's Budget Committee and rapporteurs for both the MFF and own resources.[30] The British preference was to stick to Article 312 by allowing the EP to make a proposal and to approve or reject what the Council decides. The reason why the conciliation

[27] Interview, EcoFin official 2, 15 December 2011.
[28] Interviews, Commission official, 23 June 2011, EcoFin official 1, 7 December 2011.
[29] Interviews, EP official 2, 22 June 2011.
[30] Interview, EcoFin official 1, 7 December 2011.

for the 2011 budget failed in November 2010 was that the EP chose to link it to reform of the MFF, which is an area the Council can only decide unanimously, and so agreement on the annual budget of 2011 required unanimity and not QMV as a result of the behaviour of the EP.[31]

2012

Which controversies arose for the passage of the 2012 budget? Interviewees suggested that the EP was playing by the old the rules for the 2011 budget, under which part of the tactic was to reverse Council cuts in the first reading. The new rules meant that this path dependent tactic malfunctioned. Had there been institutional learning by the time that EP considered the budget for 2012? In common with 2011, the final figure for payments was exactly the same as the original figure demanded by the Council and 3 percent less than that demanded by the EP (Table 3). However, the 2012 budget was concluded at conciliation.

The Commission proposed the Draft Budget for 2012 in April 2011, with a 4.9 percent increase on the previous year, in line with the ceilings of the MFF. Again Commissioner Lewandowski insisted that the increases were "necessary to meet already-made spending commitments, particular in the area of EU regional policy". The UK government and the Noordwijk Group opposed the increase.[32] Alain Lamassoure MEP, Chairman of the EP's Budget Committee, emphasised the need to fund economic growth.[33] Familiar arguments were re-used by all sides.

The 2012 budget was held up by France and Germany not on its figures but on the sixth amending budget for 2011. Following the stalemate at the end of 2010, it was

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[31] Interview, EcoFin official 2, 15 December 2011.
[32] EUobserver, 20 April 2011.
[33] Press release, EP Budget Committee, 15 June 2011.

agreed that the Commission would bring forth supplementary budgets to meet legitimate shortfalls. Previous commitments meant that there was a shortfall of € 550 million in the European Social Fund (ESF), for which the Council offered € 200 million. The Polish presidency negotiated directly with the French and German ministers but did not speak with other members of the Noordwijk Group because they were too few to form a blocking minority. Meanwhile, the Commission threatened to release pre-assigned R&D funds whose main beneficiaries were Noordwijk states.[34] According to a Commission official, "the French pretend that for payments, what you don't pay this year, you won't have to pay next year. France took this line with the ESF in Draft Amending Budget 6, even though it gets a lot back, citing bad management of the ESF, which is managed by the same member states." As part of the package deal, the EP accepted € 400 million for Draft Amending Budget 6, in exchange for which it succeeded in setting the commitments for 2012, which will increase RAL "even though the EP and Council hate RAL". If the EP wins on commitments, it may be able to force through future payments to cover them.[35]

By November at conciliation, the EP gave in immediately on payments having demanded an increase of 5.2 percent a few weeks earlier. This seems to be a path dependent legacy again, described by one official as an "out-of-date, out-of-touch tactic, particularly since [the EP] gave in so easily",[36] while another remarked, "we need to revise this tactic due to the single reading situation. The tactic was credible when we could overpower the Council on non-compulsory expenditure."[37]

[34] Interview, EP official 3, 6 December 2011.
[35] Interview, Commission official, 7 December 2011.
[36] Interview, Commission official, 7 December 2011.
[37] Interview, EP official 3, 6 December 2011.

Despite the disagreements on the payments but not commitments for 2012 and Draft Amending Budget 6 for 2011, the procedure for 2012 ran far more smoothly than that for 2011. This was because the questions of revenue, flexibility, and the MFF, were no longer on the agenda. There was still some disagreement on the rate of increase (unanimity versus QMV) with "different institutions legal services disagreeing but with Council binding itself". [38] The EP made a strategic decision to separate the issues and keep the argument on revenue out of the budget for 2012 so that the spending priorities for growth under the Europe2020 programme remained within the ambit of EU rather than intergovernmental funding.[39] In short, agreement for the 2012 budget was easier but the EP still lost in terms of amounts compared to before 2010.

<u>2013</u>

The 2013 budget was again one where the EP lost on amounts. The final result was one where payments were only 0.11 percent more than what the Council had wanted, whereas the EP lost by 3.67 percent (Table 3). The procedure was affected by negotiations of the MFF for 2014-2020, which had stalled, and there were supplementary budgets for 2012 to consider as the year before. This caused the EP to refuse agreement at the conciliation committee. As for 2011, the Commission rapidly proposed a new draft in December 2012 that was accepted in the shadow of a reversion budget.

The EP challenged sceptical member states to declare rapidly which aspects of the Commission's estimates for spending they did not accept and to explain why. The EP also criticised the decision to freeze commitments: 'Freezing commitment

[38] Interview, Commission official, 7 December 2011.
[39] Interview, Francesca Balzani MEP, 14 February 2012.

appropriations cannot be considered an acceptable strategy to keep the level of outstanding commitments under control. Commitments are crucial for determining the EU's political priorities and for ensuring that the investment needed to boost growth, competitiveness and employment will be made.' [40] Previously, the EP had criticised the Council for cutting payments this would mean that legitimate outgoings determined by commitments could not be met and yet the EP stood in the way of spending reductions and reduction of RAL triggered by a freezing of commitments. This was because the EP maintained its familiar attachment to spending that triggers growth and jobs under Headings 1a and 1b.

Supplementary budgets for 2012 to cover legitimate outgoings not accounted for in the 2012 budget played a role in delaying agreement on the 2013 budget. The EP's Budgets Committee called for a roll-over of under-spends from 2011 to cover shortfalls in 2012. The EP was careful to signal that the extra funds for 2012 were destined for R&D, an area of public goods valued by the Noordwijk states.[41] The EP continued this line for public goods in July: 'MEPs highlighted the contradictions between the agreement among EU Heads of state – who at their 29 June summit agreed on a Growth Pact with extra money for growth, research and innovation – and the severe cuts proposed by member states' civil servants for next year's budget (inter alia minus 15% for research and innovation and minus 25% for small business development).'[42] Since the development of the Lisbon Strategy in 2000, latterly replaced by Europe2020, the governments had agreed to increase expenditure on R&D but at intergovernmental level rather than through the EU budget. In October, France, Germany and the UK insisted they would not concede more than a 2.8 percent inflation increase in the budget of 2013 compared to 2012 given the

[40] Press release, EP Budgets Committee, 20 June 2012.
[41] Press release, EP Budgets Committee, 21 June 2012.
[42] Press release, EP Budgets Committee, 12 July 2012.

conditions of national austerity.[43] The Commission countered that its planned increase was needed to meet bills for projects approved under the commitments of 2010, when the economic crisis was already in play. Lewandowski argued that some member states had spent too much too soon and were demanding refunds from the EU, while Spain and Italy had been late in making requests that should have been submitted in 2011 and for which they expected payments in 2012 based on commitments from 2009.[44]

Conciliation failed. The EP insisted on meeting obligations from 2011 and 2012 with supplementary budgets, while the Noordwijk Group on the Council blocked agreement, suggesting that payment shortfalls for 2012 could be met from under-spends already in the 2012 budget. Agreement was reached on a supplementary budget to compensate for an earthquake in Italy, but no agreement was reached on the 2013 budget or other supplementary budgets for 2012 worth € 9 billion for 2012 for Lifelong Learning, Rural Development, the ESF, Cohesion and FP7,[45] much of which are the public goods usually emphasised by the EP. As Martin Schulz, President of the EP, argued: “If there are still unpaid bills for 2012, we cannot take any serious decision for 2013. The EP is not willing to negotiate in this way. If we do not solve the problems in 2012, the EU will need to pay interest on the delays. This is not a proper way to run a budget; it is not sound financial management.”[46]

Once the Commission had re-proposed a new budget for 2013, the EP stated that the bills for 2012 had to be met separately.[47] A few days later, the Council agreed to fund € 6 out of 9 billion outstanding payments for 2012, which the EP claimed would provide backdated funds for the ESF and Erasmus only until the end of September

[43] EUobserver.com, 5 October 2012.
[44] EUobserver.com, 23 October 2012.
[45] Press release, EP Budgets Committee, 9 November 2012.
[46] Press release, EP Budgets Committee, 21 November 2012.
[47] Press release, EP Budgets Committee, 5 December 2012.

2012.[48] As for the remaining € 3 billion, the Commission, Council and EP agreed to consider a further amending budget for 2012 in the new year of 2013. The EP noted that since the funds for 2013 were lower than the Commission estimated, in due course supplementary budgets would be needed also for 2013.[49]

Conclusion

This paper summarised the changes in the powers of the annual budget of the EU under the LT. It then reviewed literature pertinent to those changes, as well as some of the comparative budgets literature, which informs analysis on the types of amendment or veto powers held by institutions, and some of the broader EU institutionalist literature. Next, it evaluated the amounts of budgetary funds voted by the EU and desired by the EP or the Council from both before and after ratification of the LT. Finally, it analysed events for the three annual budgetary procedures that have been completed since 2010, of which two resulted in temporary vetoes or breakdowns of the conciliation system – the first annual budget failures since 1987. Together with Bjørn Høyland (Benedetto and Høyland 2007), I predicted that the new rules of the LT under Article 314 would reduce the power of the EP. More recently (Benedetto 2013), I identified hypothetically a situation in which the powers of the EP are indeed reduced and the budgetary amounts approved are likely to be smaller though an EP that is more austere than the Council would have greater power than before because of the introduction of greater "cuts only" powers by the LT. This paper has tried to apply this assumption and to evaluate whether this was the case empirically.

[48] EUobserver.com, 5 December 2012.
[49] Press release, EP Budgets Committee, 10 December 2012.

Theoretically, I presented three assumptions. The first was that the EP lost and that spending would be cut. This pre-supposes that the EP favours higher spending. However, if the EP favours lower spending than the Council, its powers are increased but the spending outcome is still deflationary. The second assumption was that spending reductions were not the only story but there was an interaction with the politics of austerity and controversy over procedures in the budget and concepts like commitments, payments, and revenue. The third assumption underlying all the analysis is that the institution lying further from the reversion point (RP) will lose if there is disagreement. In linking its positions to policy questions concerned with revenue and budget flexibility, the EP was seeking to maximise its power but failed precisely because this placed it further from the RP. The institution closer to the RP (often the Council by QMV) can pitch proposals close to its preference and the EP (as it is further from the RP) will prefer that proposal over the RP if agreement breaks down.

The empirical evidence showed that after 2010 the EP consistently lost in terms of payments in the budget. Indeed for 2011 and 2012, the final figure was equal to what the Council had originally requested. Interviews and press reports confirmed this, but also revealed that disagreement between Council and EP over rules and policy played a role, thus confirming the second assumption. Because the EP had lost its power to overrule the Council under NCE, it had no sanction to use in the RP budget other than a "cuts only" power, which of course ran counter to its preferences. The interview evidence suggested that, despite the relevance of austerity pressures and disagreement on rules, what mattered in determining smaller budgets in which the EP lost was the change in rules under Article 314 – and that this was partly due to

MEPs continuing to behave in path dependent fashion according to the old rules with first and second reading.

It is therefore surprising that the differences in spending outcome between the Commission, EP and Council preferences have remained no more than 3 percent. Although members of the Noordwijk Group would like to see the budget cut, they often have difficulty to mount a blocking minority to prevent QMV. Those states that compose a QMV in favour of modest budget increases include nearly all the net recipients as well as some net contributors with recipient sectors. Given this, it is unlikely that the Council will use its new powers to impose much more radical budget cuts of the type that the Noordwijk Group may prefer.

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Table 1: Annual budgets amount voted for 2007-10, with percentage gains or losses reported for the Council and the European Parliament

		2007			2008			2009			2010		
		€ M	C%	EP%	€ M	C%	EP%	€ M	C%	EP%	€ M	C%	EP%
COMMITMENTS													
H1a	Competitiveness	9368	+6.67	+6.01	11086	+16.65	+12.59	11769	+5.91	+4.44	14862	+22.12	+3.45
H1b	Cohesion	45487	0.00	0.00	46878	0.00	0.00	48427	+0.03	+0.01	49388	+0.01	0.00
H2	Natural Resources	55250	-2.16	-4.27	55041	-1.23	-2.45	56121	-1.79	-4.64	59499	+1.46	-0.52
H3a	Freedom, Security, Justice	624	+11.03	+0.81	728	+5.97	0.00	864	+3.85	0.00	1006	+3.29	0.00
H3b	Citizenship	623	+6.13	+1.30	615	+5.31	+0.17	651	+5.85	0.00	668	+5.36	0.00
H4	EU as a Global Player	6812	+3.32	+0.64	7311	+2.55	+0.97	8104	+7.28	+5.47	8141	+7.36	0.00
H5	Administration	6942	+1.64	-0.20	7284	+1.31	-0.03	7701	+1.96	0.00	7889	+0.99	0.29
H6	Compensations	445	0.00	0.00	207	0.00	0.00	209	0.00	0.00	0	0	0
	Total	126551	+0.63	-0.62	129150	+0.58	-0.41	133846	-0.06	-1.60	141453	+2.54	-0.21
	GNI%	1.08			1.03			1.03			1.20		
PAYMENTS													
H1a	Competitiveness	7072	+4.49	-25.88	9773	+8.71	-2.21	11024	+12.33	-3.16	11342	+7.26	-9.75
H1b	Cohesion	37790	+1.14	-5.29	40552	+1.06	-4.46	34975	+0.90	-10.33	36385	+0.82	-6.34
H2	Natural Resources	54719	-0.32	-2.62	53177	-1.92	-3.22	52566	-3.26	-7.80	58136	+0.96	-1.41
H3a	Freedom, Security, Justice	473	+18.25	-0.84	533	+11.51	0.00	617	+7.68	-7.08	739	+6.79	-6.93
H3b	Citizenship	703	+8.49	-0.71	708	+8.92	0.00	679	+6.93	-2.86	659	+7.33	-1.35
H4	EU as a Global Player	7353	+1.25	-6.14	8113	+7.41	-0.25	8324	+15.82	+2.05	7788	+8.83	-0.45
H5	Administration	6942	+1.64	-0.20	7284	+1.29	-0.03	7701	+1.96	0.00	7889	+0.99	+0.31
H6	Compensations	445	0.00	0.00	207	0.00	0.00	209	0.00	0.00	0	0	0
	Total	115497	+0.77	-5.34	120347	+0.78	-3.10	116096	+0.98	-6.74	122937	+2.00	-3.60
	GNI%	0.99			0.96			0.89			1.04		

Key: H – Heading; GNI – Gross National Income; € M – millions of euro; C% - percentage difference compared to Council's first reading; EP% - percentage difference compared to first reading in European Parliament.
Source: *Official Journal of the European Union* and author's own calculations.

Table 2: Annual budgets amount voted for 20011-13, with percentage gains or losses reported for the Council and the European Parliament

		2011			2012			2013		
		€ M	C%	EP%	€ M	C%	EP%	€ M	C%	EP%
COMMITMENTS										
H1a	Competitiveness	13521	+0.98	+0.27	14753	+1.55	+0.13	16121	+3.59	+0.56
H1b	Cohesion	50981	+0.02	0.00	52753	+0.03	0.00	54509	+0.03	+0.02
H2	Natural Resources	58659	-0.60	-2.03	59976	+0.61	-0.80	60149	+0.30	-0.26
H3a	Freedom, Security, Justice	1139	+1.33	0.00	1368	+6.46	-2.29	1399	+1.60	+1.60
H3b	Citizenship	683	+2.25	0.00	697	+4.65	-0.29	707	+3.97	+3.97
H4	EU as a Global Player	8754	+2.75	+0.82	9406	+2.17	-0.62	9583	+3.10	+1.23
H5	Administration	8082	-0.14	-1.71	8280	+0.86	+0.29	8431	+0.39	-1.32
	Total	141818	+0.03	-0.88	147232	+0.67	-0.36	150898	+0.75	-0.17
	GNI%	1.13			1.12			1.13		
PAYMENTS										
H1a	Competitiveness	11646	+3.81	-3.99	11501	+0.59	-8.42	11886	+1.98	-12.30
H1b	Cohesion	41683	+0.52	-2.04	43836	0.00	-2.90	47199	-0.37	-3.63
H2	Natural Resources	56409	-1.58	-2.90	57034	-0.22	-2.08	57484	+0.02	-0.83
H3a	Freedom, Security, Justice	814	+1.37	-4.01	836	+1.46	-8.74	877	0.00	-2.66
H3b	Citizenship	646	+4.19	-0.46	649	+3.02	-1.82	638	+0.31	+0.31
H4	EU as a Global Player	7249	+3.39	-5.19	6955	-0.54	-5.50	6323	+0.72	-13.53
H5	Administration	8080	-0.17	-1.75	8278	+0.84	+0.27	8431	+0.37	-1.35
	Total	126527	0.00	-3.09	129088	0.00	-3.04	132837	+0.11	-3.67
	GNI%	1.01			0.98			0.99		

Key: H – Heading; GNI – Gross National Income; € M – millions of euro; C% - percentage difference compared to Council's first reading; EP% - percentage difference compared to first reading in European Parliament.
Source: *Official Journal of the European Union* and author's own calculations.

Table 3: Percentage difference between ceiling in financial perspective and annual budgets as proposed by Commission or finally agreed

	2007	2008	2009	2010	2011	2012	2013
COMMITMENTS							
Commission proposal	+1.86	-2.77	-0.27	-1.69	+0.21	-0.41	-1.03
Final Amount	+1.86	-2.75	-0.69	+0.34	-0.32	-0.55	-1.05
PAYMENTS							
Commission proposal	-4.76	-6.28	-3.05	-8.93	**-2.67**	**-6.10**	**-4.16**
Final Amount	-5.48	-7.20	-3.61	-8.45	**-5.36**	**-8.68**	**-7.70**