USE OF THE EUROPEAN UNION FINANCIAL RESOURCES

Florin-Cornel Popovici: PhD student
Doctoral School, field of Finance, Timisoara West University
Faculty de Economy and Business Administration, Timisoara, Romania
Laura Nasta: PhD student
Doctoral School, field of Economics, Bucharest University of Economic Studies, Bucharest, Romania

Abstract: In terms of the destination of revenues (secondary function of the EU laws on finances), the EU conception, transposed into its own budgetary policy, focuses on strategies meant to ensure an economic growth that is smart - the focus being on education, sustainable - by eliminating dependence on limited resources and favorable - making the social factor a priority. By analyzing EU budgets for the period 2012 - 2015, it can be observed that the principle of budget deficit is not used in the projection of the EU budget, the balance being the true engine of development of the European Union since exceeding revenues create the possibility of making new expenditures and not the circumstantial needs that generate costs, the principal reason for exceeding the approved budgetary provisions.

JEL classification: H50, H61, H69.

Keywords: European Union, fiscal policy, smart, sustainable, favorable economic growth, EU budget expenditures, EU budget revenues, European Commission, budget balance.

1. INTRODUCTION

In terms of the destination of revenues (secondary function of the EU laws on finances), the EU conception, transposed into its own budgetary policy, focuses on strategies meant to ensure an economic growth that is smart - the focus being on education, sustainable - by eliminating dependence on limited resources and favourable - making the social factor a priority.

2. OBJECTIVES

The present study attempts to show that the construction of any budget (in this case European or national) envisages ideology, only two states, related to the economic conjuncture, which requires developing, building or construction budget to achieve the budget surplus (expenses provided from own resources) or, conversely, the deficit (expenses being provided and from other sources than from the collection of own resources).
3. METHODOLOGY

This study is based on data and figures used in the construction budgets of the European Commission European Union for the period 2012 - 2015, budgets published on the website of the Ministry of Finance. Therefore, data, figures and information used was gathered from published materials, books, newspapers, articles and documents relating to national legislative framework and application of European law.

4. ANALYSES

In terms of the destination of revenues (secondary function of the EU laws on finances), the EU conception, transposed into its own budgetary policy, focuses on strategies meant to ensure an economic growth that is:

- smart, by:
  - initiating investment in education, able to increase the quality education and learning systems in E.U.;
  - stimulating performance in the field of research;
  - providing a dynamic transfer within the EU of research results, innovation and new knowledge;
  - ensuring the achievement of concrete results as a result of these investments in services and products that will materialize later in new and attractive jobs.

- focused on users’ needs and market opportunities;

- sustainable, oriented exclusively on:
  - a more climate friendly economy, generating low emissions of carbon dioxide;
  - on sustainability (the balance between economic growth, environmental protection and finding alternative resources);
  - maximum reduction of the dependence on limited resources;
  - avoiding environmental degradation and negative effects of the economy on biodiversity with a final impact on the social element.

- favorable:
  - adopting social protection measures and actions;
  - increasing the degree of occupancy of workforce (conversion and re-conversion of workforce capable of managing at the most optimal level changes and transformations occurring in the economy that influence the labor market);
  - reducing the level of poverty and increasing social inclusion, etc.

In terms of monetary value, for the same period, 2012-2015, the destination of budget revenues is presented in Table no.1.

Analyzing the data presented in tabular form it appears that, while benefiting of an approximately equal funding, up to 40-45% of the total amounts allocated in the reference period, the destinations towards which are oriented EU budget revenues are: research, education and ensuring a balance between their results and economic needs. These results, materialized into innovative goods and services, must be able to generate economic growth as well as ensure environmental protection, by preserving the balance.
between economic development and environment through the identification of alternative, renewable resources.

### Table no. 1. E.U. budget expenditures during 2012 - 2015

<table>
<thead>
<tr>
<th>Name of the credit to be covered</th>
<th>Budget 2012</th>
<th>Budget 2013</th>
<th>Budget 2014</th>
<th>Budget 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>value (%)</td>
<td>value (%)</td>
<td>value (%)</td>
<td>value (%)</td>
</tr>
<tr>
<td>Smart and inclusive growth</td>
<td>55.336.724.10 9</td>
<td>69.127.255.20 5</td>
<td>66.374.487.05 8</td>
<td>66.853.308.91 0</td>
</tr>
<tr>
<td>Sustainable economic growth:</td>
<td>57.034.220.26 2</td>
<td>57.814.298.09 4</td>
<td>56.564.930.36 9</td>
<td>55.998.594.80 4</td>
</tr>
<tr>
<td>natural resources</td>
<td>44.1 8</td>
<td>40.0 2</td>
<td>40.3 3</td>
<td>39.6 4</td>
</tr>
<tr>
<td>Security and Citizenship</td>
<td>1.502.339.740 1,16</td>
<td>1.894.151.766 1,31</td>
<td>1.677.039.976 1,2</td>
<td>1.929.165.795 1,37</td>
</tr>
<tr>
<td>Compensations</td>
<td>- -</td>
<td>75.000.000 0,05</td>
<td>28.600.000 0,02</td>
<td>- -</td>
</tr>
<tr>
<td>Particular Instruments</td>
<td>- -</td>
<td>390.465.192 0,27</td>
<td>350.000.000 0,25</td>
<td>418.230.818 0,3</td>
</tr>
<tr>
<td>Total:</td>
<td>129.106.104.6 30</td>
<td>144.450.831,9 42</td>
<td>140.242.700,0 00</td>
<td>141.280.546,4 13</td>
</tr>
</tbody>
</table>

From the following chart, the evolution of E.U. budget expenditures, in the period 2012-2015, shows a linear expression influenced only by the evolution of revenues and budgetary resources:

![Figure no.1](image-url)
making new expenditures and not the circumstantial needs that generate costs, the principal reason for exceeding the approved budgetary provisions.

Table no. 2. E.U. budget revenues during 2012 - 2015

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Budget revenues</th>
<th>Traditional own resources absolute values</th>
<th>VAT resource</th>
<th>GNI resource</th>
<th>Other revenues</th>
<th>Surplus from previous financial year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>absolute values (%)</td>
<td>absolute values (%)</td>
<td>absolute values (%)</td>
<td>absolute values (%)</td>
<td>absolute values (%)</td>
</tr>
<tr>
<td>2015</td>
<td>141,214,040.563</td>
<td>16,825,900.000 11,92</td>
<td>18,264,479.25 0 12,93</td>
<td>104,548,163.75 6 74,04</td>
<td>1,575,497.557 1,12</td>
<td>- -</td>
</tr>
<tr>
<td>2014</td>
<td>140,242,700.000</td>
<td>16,310,700.000 11,63</td>
<td>17,882,179.65 0 12,75</td>
<td>101,931,985.14 8 72.68</td>
<td>3,112,428.277 2,22</td>
<td>1,005,406.925 0,72</td>
</tr>
<tr>
<td>2013</td>
<td>144,450,831.942</td>
<td>14,822,700.000 10,26</td>
<td>14,680,052.25 0 10,16</td>
<td>110,822,836.15 9 76.72</td>
<td>3,067,967.007 2,12</td>
<td>1,023,276.526 0,71</td>
</tr>
<tr>
<td>2012</td>
<td>129,106,104.630</td>
<td>19,294,600.000 14,94</td>
<td>14,498,917.42 5 11,23</td>
<td>92,239,900.053 71,45</td>
<td>1,575,719.138 1,22</td>
<td>1,496,968.014 1,16</td>
</tr>
</tbody>
</table>

Where, the surplus from previous financial year is included in the total value of budget revenue

Under the circumstances, we consider it appropriate to mention art. 269 and 270 of the Treaty Establishing The European Community, which come in support of the above mentioned assertions and also provide that "the budget shall be financed wholly from own resources, without prejudice to other revenues" and respectively, where, is mentioned unequivocally that "in order to ensure the budgetary discipline, the Commission cannot propose Community acts, cannot modify its proposals and cannot take enforcement actions which could significantly impact the budget, without giving the assurance that those proposals or measures can be financed within the limits of Community's own resources arising from the provisions set by the Council in accordance with Article 269".

So, even at the European Commission level, the budgetary principle is that of budgetary balance, a structure based only on revenues and the expenditures of this budget shall be sized accordingly.

Duchy Of Luxembourg, Hungary, Malta, The Kingdom Of The Netherlands, The Republic Of Austria, The Republic Of Poland, The Portuguese Republic, Romania, The Republic Of Slovenia, The Republic Of Slovakia, The Republic Of Finland, concluded and signed by the countries listed above in Brussels on the 2nd of March 2012, with effect, in principle, from the 1st of January 2013, which states in the introductory section that "Taking Into Account the necessity for governments to keep public finances strong and sustainable and hinder the evolution of public administration deficit towards an excessive level is of vital importance in preserving the stability of euro zone as a whole and, therefore, requires the introduction of specific rules, including a "rule regarding a balanced budget " and an automatic mechanism capable of taking corrective action" so that in art. 3, paragraph (1) to specifically state that "Parties shall apply the rules set out in this paragraph, in addition to their obligations under European Union law and without bringing prejudice to those obligations ... the budgetary position of a contracting party's public administration is balanced or in surplus ".

We do not believe that it is meaningless to point out that this rule, of budgetary balance, which underlies the formation of the EU budget has been considered also in the elaboration of Romania's budget for the period 1949-1989.

Thus, the revenues were inventoried and were reported to the size of budget expenditures only in the limits of its own resources and exclusively on surplus, and under no circumstances on the deficit.

4.1 Critical

Reported fiscal policy imposed by the European Commission - the budgetary balance in the construction budget of the European Union, it can be appreciated that by its economic developments Romania remains a country of paradoxes. Arguments to support this assessment are given that in the period after 1990 marked the transition to a market economy, capitalism, state budgets were built and achieved in terms of budget deficit - approach characteristic theories of Keynes - construction is on expenses, along with a steady decrease state role in the economy, something that comes, however, in contradiction with the same theories that emphasize the active role of the State in achieving economic stability through budgetary imbalance seen as a means or instrument for removing the economic crisis conditions the orientation of budget expenditures primarily for securing business operating expense development activity demonstrated in post-revolutionary chaotic character, the programming term budgetary balance principle is increasingly removed in budget execution Romanian philosophy.

5. Conclusions

Elaboration of any budget (in this case European or national) does not rely on ideology, but only on two states that are related to the economic conjuncture and require the development, elaboration or drafting of budget to be achieved on budget surplus (expenses being provided for from own resources) or, conversely, on budget deficit (expenses being provided for from other sources, different from its own resources). Or for any deficit that can be characterized of quality, it is imperative for it:

- to be generated EXCLUSIVELY from investment, this deficit being recovered from the resulting added value of investments;
- to be covered from funds raised that are safe (typically loans for
investment, not consumption), not from monetary issues, because those have a profound and immediate inflationary feature.

The philosophy of Romanian budgetary projections post-1989 was based on the idea of budget deficit and we consider that it has produced no positive effects; every year in the budget's structure were provided significant amounts for financing the budget deficit registered during the post-revolutionary years, at present time - from the information gathered - the financing of budget deficit for 2016 would target the funding of the budget deficit of years 2008 - 2009.

REFERENCES

1. Avram, A., Avram, C.D., Avram, V.
   Research and development expenditures between discretionary costs and source for economic growth, Romanian Journal of Economics, 39 (2 (48)), 49-66;
2. Avram, A.
   The mix of fiscal and monetary policies impact on economic growth, Sitech Publishing House, Craiova, 2013;
3. Avram, M., Avram, A.
   Accounting and tax legislation, Universitaria, Craiova, 2012;
4. Avram, M., Cristea, D.H., Avram, V., Domnişoru, S., Mateş, D.
   Romania's integration in the Economic and Monetary Union Universitaria, Craiova, 2008;
5. Dobran M. M.
   Economic Dictionary, 3rd edition, revised and enlarged - Publisher Eurostampa, Timisoara, 2003;
6. Banciu, T.D.
   European fiscal policy, Publisher Salgo, Sibiu, 2011;
7. Heteş Gavra, R., Crâşneac, A., Avram, A.
8. Lazăr, T. D., Inceu A., Zai P.
   Local lending as a source of financing - Transylvanian Review of Administrative Sciences 2 (14) 2005;
9. Mota, P.R., Costa Fernandes, A.L., Nicolescu, A.C.
10. Popovici, D.
    Public finance, Mirton Press, Timisoara, 2007;
11. Talpos, I., Avram, A., Hetes, R.
12. The European Commission
13. The European Commission
    Communication from the Commission - Europe 2020 : A strategy for smart, sustainable and inclusive growth, Bruxelles, 3.3.2010;
14. ***
    EEC, EURATOM ) REGULATION NO. 1553/89 of 29 May 1989
15. ***
    General Department of macroeconomic analysis and financial policies: http://discutii.mfinante.ro/static/10/Mfp/trezorerie/sisteme_imp_UE_directe_indir_contributii.pdf;
16. ***
    Treaty establishing the European Economic Community;