

The budget and the cost price of the european parliament?

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ABSTRACT

Every five years (2014, 2019) the electorate of the European Union (E.U.) member states has the opportunity of electing a new European Parliament. This Parliament is the legislative body of the E.U. and the voters from the 27 member states, after the Brexit, will elect 705 seats in May 2019. The financing of the European Parliament is a part of the general budget of the European Union. The own income and all the expenditures of the European Parliament are a complete part of this general budget of the Union. This article examines the following items in further detail:

- how has the appropriation for the European Parliament evolved since 2003?
- what is the budget of the European Parliament spent on?
- is it possible to compare the costs of the European Parliament to those of other Parliaments?
- how have the costs of each MEP evolved?

INTRODUCTION

This article is based on primary sources, namely the figures contained in the general budget of the Union and the concerned reports. Ultimately the object is to assess the evolution of the costs of the European Parliament (E.P.) since 2003, the year after the introduction of the euro, bearing in mind the dramatic expansion of the EU this century.

Indeed, in the traditional scientific publications concerning the finances of the European Union there is no attention for the budget of the European Parliament (E.P.).

The European Parliament came into being as a result of the “Treaty establishing the European Economic Community” of 1957 (Treaty of Rome). Prior to the first direct elections in June 1979 it was made up of delegates from the national Parliaments. The first direct election for the E.P. was in June 1979.

The number of MEPs (Member European Parliament) has steadily increased as a consequence of the growing number of member states, namely: 410 members in 1979, 434 in 1984, 518 in 1989, 567 in 1994, 626 in 1999, 732 in 2004, 785 in 2009, 766 in 2013 as result of the accession of Croatia and 751 in 2014 including the President of the E.P. who does not have a vote.

As result of the Brexit the number of MEP becomes 705 for the 27 staying member states of the E.U.

Over the last years the E.P. is influencing the European Union system in three main ways, namely: the legislative process, the budgetary process and through control and supervision of the executive.

The role of the European Parliament became more political after the first direct elections of 1979. The battle of the budget power started already in 1970 with the first European decision concerning the own resources for the financing of the E.U. general budget.

THE BUDGET PROCEDURE

Since the Treaty of Lisbon, the entire general budget of the European Union must be submitted to the approval of the European Parliament. A budget proposal is prepared by the European Commission, which is then submitted to the Council for approval. Afterwards it becomes the draft budget. If the Council and the Parliament cannot reach agreement on the submitted budget a mediation committee is set up. If both parts of the E.U.'s Executive Authority fail to reach agreement in this committee, the European Commission must draw up a new budget proposal and the budget procedure has to be started again.¹

Concerning the E.P. budget it's up to the Secretary-General of the European Parliament to make a proposal concerning the budget for the next year and that already in February of the previous year. It concerns the needs, the priorities, the new targets etc. of the E.P. The next step is the political discussion of this proposal in the office of the E.P. which consists of 15 members: the E.P. President and the 14 vice-presidents of these Parliamentary Assembly. The proposal of the E.P. office will be discussed further in the 'budget commission' of the Parliament. Finally it results in the 'General Assembly' of the European Parliament, in May month of the previous year, where the MEP vote about the proposal of the own budget. In the beginning of the summer this part is then handed over to the European Commission. It becomes a part of the general budget proposal. The European Parliament decides in the month of the December concerning these complete budget for the next year. That's also a political moment to change something in the original proposal of the own Parliamentary budget.

THE OWN REVENUES OF THE PARLIAMENT

The budget of the European Union contains a complete overview of the revenues and disbursements of the European Parliament. This general budget is based on the functional budget classification. This counts for the revenues and the outlays of all the E.U. institutions in this budget. The fact that the European Parliament is the first political institution gives it division one in the budget. (f.e. the E.U. Council has number two, the European Commission is number three, the Court of Justice is five etc...). The fixation for the Parliament as the first division in the general budget of the Union is a consequence of the priority position of the legislative power.

The budget understands as own revenues ²:

- revenue accruing from persons working in the E.P. (taxation on the salaries; wages and allowances of the MEP, the servants and the officials as well and the contributions for the pension scheme;
- revenues coming from the administrative operation of the Parliament;
- miscellaneous revenues. (f.e. loans and rents)

The foregoing is clearly the largest source of income of the European Parliament.

According to the European Union's 2019 budget³ the own revenues of the European Parliament may be estimated at 171 million euros.

¹ H. MATTHIJS, The financing of the European Union budget, *Advances in Social Sciebnes Research Journal*, vol. 5 , nr. 7, (2018): 160-171.

² F.e. E.U. budget 2018, own revenues E.P. in: Definitive adoption general budget for the financial year 2018, Official Journal of the European Union , edition L nr. 57, 28 February 2018: 172-187.

³ General budget of the European Union 2019, Official Journal of the E.U., edition L nr. 67, 7 March 2019.

This sum may be broken down as follows (in millions of euros):

- tax revenues from the remuneration of MEPs and taxes on the salaries and pay of civil service employees: 93.3
- pension contributions by civil service employees: 77.6
- others: 0.1

Based on these figures, we have to conclude that the taxes are the greatest part of the own resources of the E.P. budget.

THE EXPENDITURES OF THE E.P.

The main outgoings in the budget of the European Parliaments are those associated with the salaries of the MEPs and the civil service employees. The budgetary picture of the spending (figures from the initial budget for 2019) of the European Parliament is as follows (in millions of euros):

TABLE: I Expenses EP (Y = 2019)

- remuneration MEPs	77,8
- travel and general expense MEPs	108,8
- accident and health insurance MEPs	3,8
- language & computer courses MEPs	0,8
- pensions MEPs	13,6
- end-of-service allowances for MEPs	20,7
- pay for civil service employees	681,8
- interpreters and external translations	144,6
- other personnel expenditure (restaurants, day care facilities, medical service, etc.)	20,7
- logistics (buildings, furniture, etc.)	412,6
- ICT, EP archives & research service, visitors	123,8
- costs of meetings / conferences	34,1
- information programmes political parties	64
- financing of European political parties	50
- financing of European political foundations	19,7
- MEPs' support staff	208,8
- former MEP activities & meetings	0,5
- reserve for unanticipated expenses	10,8
TOTAL	1.996,9

Source: E.U. budget 2019

In this budget 2019, is the influence noticeable of the coming elections. Indeed the transitional allowances are increasing as result of stopping a political career and the new E.P. pensions are now fully at the expense of the parliamentary budget.

According to the budget appropriations the main items of expenditure in figures and percentage are as follows:

- EP personnel: 847 million or 42,6%;
(civil service employees, interpreters, personnel management services)
- MEPs: 434 million or 21,7%;
(all costs and support staff)
- buildings: 412 million or 20,6%;
- working means: 157 million or 7,9%;
- political parties and foundations: 133 million or 6,6%.

From this it appears that the payroll costs (civil service employees and MEPs) account for 64% of expenditures. The staff of the European parliament ⁴ had in the budget year 2018 a staff of 5.426 permanent positions, 142 temporary positions and 1.135 persons working in the political groups. Together gave this 6.683 positions or a decrease of 60 positions comparing with the year 2017.

Together these three main items account for more than 84% of the total expenditure of the European Parliament.

The European Parliament has its own limited financial resources. These, however, are only a relatively small proportion of the overall expenditure. The following table provides an overview.

TABLE: II All E.P. expenditure (in euro)

	Appropriation	Own resources	Total expenditure
2003	1.020.296.850	66.348.525	1.086.644.375
2005	1.155.139.529	112.393.557	1.267.533.086
2007	1.312.595.982	84.864.192	1.397.460.174
2009	1.286.479.684	141.250.058	1.427.729.732
2011	1.561.178.170	124.651.223	1.685.829.393
2013	1.613.619.014	143.024.893	1.693.038.015
2016	1.640.462.658	183.381.514	1.823.844.172
2019	1.825.939.362	171.038.900	1.996.978.262

SOURCE: figures based at the E.U. budgets

The own resources come to 8,56% (2019), 8,4% (2018), 10,05% (2016), 8,8% (2014), 8,1 % (2013), 10,3 % (2012), 7,4 % (2011), 9,9 % (2009), 6 % (2007), 8,8 % (2005) and 6,1 % (2003).

From this we may conclude that the own resources of the European Parliament always fall between 6 and 10%. But over the mentioned years the share of the own resources is increasing. Nevertheless, the appropriations from the general budget of the European Union constitute the principle source of finance of the European Parliament.

APPROPRIATION

An examination of the 2003-2019 period reveals the following budgetary trend in the growth of overall expenditure (2003 = 100).

TABEL: III Evolution of total expenditure

2003 =	1.086.644.375 =	100%
2005 =	1.267.533.086 =	116,6%
2007 =	1.397.460.174 =	128,6%
2009 =	1.427.729.732 =	131,3%
2011 =	1.685.829.393 =	155,1%
2012 =	1.693.038.015 =	155,8%
2013 =	1.750.643.934 =	161,1%
2014 =	1.755.631.742 =	161,5%
2016 =	1.823.844.172 =	167,8%
2018 =	1.950.687.373 =	179,5%
2019 =	1.996.978.262 =	183,7%

⁴ Budget 2018, p. 249.

During the above period the budget of the European Parliament rose by 83 %. In other words the rate of increase over the 16 year period under study came to an average of a bit more than 5% per annum.

These increases are, however, closely linked to the number of new member states. For example there were the expansions of 2004, 2007 and 2014. This resulted in an increase in the budget in those years. The increase in 2009 and subsequent years has to do with the fact that the cost of the salaries of the MEPs were assumed by the E.P. in that year. Hitherto it had been the national parliaments of the E.U. member states that were responsible for paying MEPs.

Another approach to the budget is to calculate the cost of the European Parliament per elected member.

This calculation only become relevant in 2009 and subsequent years, because it was only then that MEPs started to be paid from Parliament's budget.

TABLE: IV Cost per MEP (in million euro)

2009:	1,9	(736 members)
2011:	2,2	(736 members)
2012:	2,3	(736 members)
2013:	2,2	(766 members)
2014:	2,3	(766 members until June 2014)
2014:	2,3	(751 members, after 25 May 2014)
2016:	2,4	(751)
2018:	2,6	(751)
2019:	2,6	(751)
2019:	2,8	(705 members after the Brexit)

In this period, the cost rose from 1,9 million euros per MEP to 2,8 million euros per MEP, or a rise of nearly 50% . In view of the calculation shown in Table III (Evolution of total expenditure), this is not a particularly remarkable increase per MEP.

The main reason are the increase of the total of MEP, the fact that since 2014 the E.P. pays the remunerations of the elected members.

COMPARING WITH OTHER PARLIAMENTS

If we do take the costs of national Parliaments in some E.U. member states, then we have the following budget picture of the public price concerning the legislatures.

The comparing study concerns Belgium⁵, the Netherlands⁶, the Federal republic of Germany⁷ and the French republic⁸. All the following calculations and figures are based at the 2019 budgets of these Parliament and in euro.

Belgium has a federal Parliament with two houses, namely: a direct elected House (Kamer van Volksvertegenwoordigers) with 150 members and an indirect elected Senate (Senaat) with 60 members . The House has a cost of 173 million euro and the Senate of 42 million euro. This gives for the kingdom of Belgium a public cost of around 1,1 million per elected for the House

⁵ Kamer van Volksvertegenwoordigers, Begroting 2019 op basis v/d voorlopige kredieten.

⁶ Rijksbegroting Nederland 2019.

⁷ Bundeshaushaltsplan für das Haushaltsjahr 2019.

⁸ Budget de l'Assemblée générale Française et du Sénat Français 2018.

and 700 thousand for a Senator. The Senate is a non-permanent Parliament with limited competences.

The kingdom of the Netherlands has a centralised state structure and a parliament with two houses, namely: the 'Eerste kamer' (Dutch Senate) with 75 members who are indirect elected and with the limited competences. The " Tweede Kamer" (Dutch House) with 150 members and direct elected by the voters. The ' Eerste kamer' has a cost total price of 12,1 million euro or 161 thousand per elected. The Dutch House has a cost of 133,5 million or 890 thousand per elected.

The federal republic of Germany has a federal Parliament of two houses, namely: 'Der Bundestag' with 598 members and elected by the voters and the ' Der Bundesrat' with 69 members and nominated by the government of the 16 states. The ' Bundestag' has for 2019 a public cost of 990 million euro or nearly 1,6 million euro for one M.P. The 'der Bundesrat' costs 37 million euro or 543 thousand euro for each member. Important to know is that the ' Bundesrat' is not a permanent Parliament.

The centralized French republic has a national Parliament with two houses. First of all the ' Assemblée Nationale' (House of representatives) with 577 members and elected by the voters. The budget 2019 for the French ' House' is fixed at 567 million euro or 982 thousand euro per member. The French Senate ' Le Sénat' is composed by 348 members and elected by an electoral college per department in the French republic. This budget is fixed at 351 million euro or something more than 1 million euro per French Senator.

Comparing with this national Parliaments the global cost of the E.P. and the price per European M.P. is a lot higher in the Union than in the member states, which were used up here as examples. The budget figures mentioned, do give the following ranking below.

- European Parliament: 2,6 or 2,8 million per elected member
- German 'Bundestag': 1,6 million
- Belgian 'Kamer van Volksvertegenwoordigers': 1,1 million
- French " Sénat" : 1 million
- French " Assemblée Nationale" : 982 thousand
- Dutch „Tweede kamer“: 890 thousand euro per elected.

The reason is partly the number of European M.P.'s. with 705/751 in the European Union. Other explanations for the more expensive budget concerning the European Parliament are certainly related with the higher wages for the European M.P.'s and the civil servants in comparing with the national situation. This situation is no exemption because in many European countries and E.U. member states the civil servants of the legislative bodies are much better paid than the civil servants of the departments related with the government. Knowing the number of MEP's and all the 24 official languages in the union explains also a part of the cost. of the .

Finally, the fact that the E.P. works at three places with administrations in Brussels, Luxembourg and Strassbourg. The increasing effect for the budget is the monthly move between these three places.

In the end of these comparing part of the study we have to ask the question with which Parliament can be compared the E.P.? Then we arrive by the 'US Congress'. What's the cost of the federal Parliament of the United States of America ?

The following figures try to compare some parameters between the European parliament and the United States Congress. First of all, this study wishes to place particular emphasis on the enormous differences in political power between these two institutions in the field of the legislative branch.

The E.P. budget concerns nearly 1,9 billion euro and the one for the US Congress⁹ about 4,5 billion US dollar (= 3,9 billion euro).¹⁰ The MEP cost situates around 2,6 till 2,8 million euro per elected. For the US Congress it concerns 7,2 million euro per elected (100 Senators, 435 Congressman from the states and 6 from the territories).

The E.P. has 6.683 persons at work and for the US Congress it concerns 19.500 persons.

At last the salaries. The MEP has since 2014 a basic single statute with a brut salary of 105.092 euro a year. (8.757,70 a month) This amount of the MEP salary is related at 38,5% of the basic salary of a judge at the Court of Justice of the E.U.¹¹ Besides there is a flat rate allowance for general expenditures of 4.513 euro a month. Also the MEP are covered under the European Union rules for social security, pensions, accommodations costs etc. The yearly compensations for US Senators and Representatives is 174.000 US dollar. (= 154.000 euro) They have also the benefits of a Congress pension, social security protection, accommodations costs etc.

THE PARLIAMENT RELATED WITH THE GENERAL BUDGET

The sum of the E.P. budget (example year 2018) is 1,34% of all the expenditures in the general budget of the European Union. (1.950 million vs. 144.680 million euro) Therefore this budget is a small one, but the second largest within the E.U. institutions. Obviously, the expenditures of the E.U. Commission are decisive in the entire general budget of the Union with a share of (year = 2018) more than 140 billion euro's comparing the total sum of outlays of 144 billion, which is a percentage of more than 97%.

THE FINANCING OF THE POLITICAL PARTIES

The European Council of the European Parliament introduced arrangements on the status and financing of political parties at European level for the first time in 2003. During the years the original rules became a changing topic¹².

This funding serves to finance the political parties at European level. The European regulation states that political factions in the European Parliament can only be recognized when they have at least 25 members in the E.P. and that from at least one quarter of the total states. ($\frac{1}{4}$ of 28 = 7, $\frac{1}{4}$ of 27 = 6,75 or 6 !). The composition of these European political groups is based on the political affiliation.

The result of the Brexit is that prerequisite of the member states goes from 7 to 6 !

⁹ For the US figures: see the US Congress budget and the reports and statistics of the Congressional Research Service. F.e. IDA BRUDNICK., Congressional salaries and allowances., CRS - April 2018.

¹⁰ For the US the parliamentary budget concerns the money for the Senate, the House, architect of the capitol, Botanic garden, Congressional Budget office, Congressional Research Service, General Accountability Office, Government Printing Office and Library of Congress.

¹¹ Art. 10 of the Decision nr. 684/2005 of the European Parliament of 28 September 2005 adopting the statute for the MEP., Official Journal of the EU, edition L nr. 262, 7 October 2005, p. 1 and next.

¹² Regulation nr. 1141/2014 from the European Parliament and the Council of 22 October 2014 concerning the statute and the financing of European political parties and the European political foundations. (Official Journal of the E.U., edition L nr. 317, 4 November 2014, p. 1 and next) and amended by regulation nr. 673/2018 of the E.P. and the E.U. Council of 3 May 2018 (Official Journal of the EU, edition L nr.114, 4 May 2018, p. 1 and next).

Once a faction is recognized it may apply for funding from the Parliament and be guaranteed seats in the various parliamentary commissions. What means that the political parties must have member parties from at least seven member states, which are represented by members either in the European Parliament, in national Parliaments or in regional Parliaments or regional assemblies. Other conditions for the registration of an European political party are that the member parties are not members of another European political party. The European parties must observe in their programmes and activities the values of the E.U., namely: democracy, dignity, freedom, human dignity, and rights and the respect of the rule of law. The members must have participated in E.P. elections or do have the intention to participate in the next elections.

The changes from 2018 in the system includes also an increase of the rate of co funding from the EU budget from 85% to 90% of reimbursable expenditure of parties. A second change is the distribution of funding among the beneficiaries that gives more weight to the number of MEP affiliated to each party, up to 90% in place of the previously 85%. Finally, the parties must not pursue profit goals.

These factions do receive a share of the working resources of the Parliament (e.g. parliamentary staff). In practice these factions are the parliamentary reflection of the European political parties.

The status arrangement also state the conditions that must be met in order to receive financial support. It's an obligation that each political party active at the European level must publish an annual statement of its revenues and expenditure. Community resources must be spent on things that are directly related to the political programme and may in no case be used to finance the political parties in the member states.

The funding of the European political parties for 2019 is fixed at 47,5 million euro.¹³ But this amount was only 8,3 million euro in 2005, it was 10,5 million in the E.P. election year 2009, became 27,7 million euro in the last election year 2014 and rises further to 30,7 million euro in 2016 over 32,4 million euro in 2018 and up to the present amount. Over these period from 2005-2019 the European budget contributions to the political parties went up with 602% !

¹³ Budget 2019 and Note of the Secretary General of the E.P. from 30 November 2018 (note nr. D – 2018 -44366)

TABLE: V appropriations for Europe's political parties 2019

EPP ¹⁴	15.663.000
PES ¹⁵	11.475.000
ALDE ¹⁶	4.565.421
ACRE ¹⁷	4.431.358
EGP ¹⁸	3.518.721
EL ¹⁹	2.250.000
EDP ²⁰	887.400
EFA ²¹	1.327.049
ECPM ²²	921.217
MENL ²³	2.465.679
TOTAL ==	47.504.845

The rising trend can also be clearly seen from the appropriations per political party (by order of magnitude of the factions).

- "European People's Party": from 1.5 million euros in 2004 to 6.4 million in 2012 and 15,6 million in 2019
- "Party of European Socialists": from 1.2 million euros in 2004 to 4.3 million in 2012 and 11,4million in 2019
- "Liberal Democrats": from 0.6 million euros in 2004 to 1.9 million in 2012 and 4,5 million in 2019
- "Conservatives and Reformists": from 0.1 million euros in 2004 to 1.1 million in 2012 and 4,4 million in 2019.

The two largest political parties (EPP and PES) are receiving nearly 57% of the sum of 2019. With the number three and four (liberals and conservatives) the four greatest fractions are receiving nearly 77% of the financial resources.

FINANCING OF THE POLITICAL FOUNDATIONS

An European political foundation (formally political foundation at European level) is a research and advocacy organization attached to a European political party. The purpose of these foundations is to support the party concerned by means of studies, conferences, seminars, training sessions etc.

Authorized for the first time in the 2008 budget these foundations are financed by the European Parliament. The finance for these foundations was made available in the form of subsidies from the European Commission and that for the first time in October 2007.²⁴

¹⁴ EPP = European People's Party with 215 members (situation end 2018)

¹⁵ PES = Party of European Socialists with 176 members

¹⁶ ALDE = Alliance of Liberals and Democrats with 57 members

¹⁷ ACRE = Alliance of Conservatives and Reformists in Europe with 55 members

¹⁸ EGP = European Green Party with 43 members

¹⁹ EL = European left with 32 members

²⁰ EDP = European Democratic Party with 8 members

²¹ EFA = European Free Alliance with 12 members

²² ECMP = European Christian Political Movement with 6 members

²³ MENL = Mouvement pour une Europe des nations et des libertés with 27 members.

²⁴ The legal basis for the European foundations is also determined in the mentioned regulation nr.1141/2014 and amended by regulation 2018/673.

Under the parliamentary appropriation system these foundations receive sufficient financial resources to pay 95% (was before the 2018 changes 85%) of their expenditure. The foundations are expected to raise the rest of their financial requirements themselves from donations, contributions, sales and so forth.

The appropriations paid to these foundations may not be used for campaigning costs at elections or passed back to the related political parties in the member states.

In order to receive resources from the Parliament chapter of the general EU budget, these foundations must abide by a number of conditions:

- they must be legal entities separate from the party organization in the member state in which the party is based;
- abide by the following principles of the E.U., namely: freedom, democracy, respect for human rights, fundamental rights and for the rule of law;
- it's objectives must complement the objectives of the European political party which it's formally affiliated;
- not pursue profits;
- the composition of the administrative body of these foundations must be geographically balanced over at least one quarter of the member states of the Union. (begin 2018 = 7)

TABLE: VI Appropriations for the foundations (period 2008-2019, millions of euro)

2008	4.2
2010	8.7
2013	12.4
2014	13.4
2016	18.3
2018	19.3
2019	19.7

In this period the financial resources for the foundations have increased with a multiplier of 469 ! (2008=100)

The main foundations are linked to European political parties and receive appropriations as follows for 2019:

- "Centre for European Studies" (European People's Party): 6,2 million in 2019;
- "Foundation for European Progressive Studies" (Party of European Socialists): 5,1 million;
- "European Liberal Forum" (Alliance of Liberals and Democrats for Europe Party): 1,7 million;
- " New direction : foundation for European reform" (conservatives): 1,7 million;
- " Green European foundation": 1,4 million;
- " Transform Europe ": 1 million;
- etc...

The four largest European political foundations receive roughly three-fourth of all the E.P. contributions.

CONCLUSION

This study calculates the cost of the European Parliament. The first observation is that the expenses of the parliamentary assembly have risen steadily during the period of the study. The own resources of the European Parliament account for about or less 10% of its expenditure. As a result the Parliament must be financed primarily from appropriations from the general budget of the European Union.

Since 2009 the remuneration and pensions of MEPs have been a charge on the budget of the Parliament.

The payroll costs of the MEPS and civil service employees account for over 60% of how the European Parliament's budget is spent.

Comparing with the national Parliaments of the member states the cost per M.P. in the European Parliament is a lot higher. The reasons therefore are indicated in this article. Other notable expenses are logistics and the subsidies paid to the European political parties and the foundations linked to them. These costs too have risen sharply in recent years.

Here it can be seen that the three largest factions take a good two thirds of the resources. The per capita cost of each MEP rose sharply when the European Parliament took responsibility for their remuneration and pensions, but this expenditure has remained relatively stable since then.

Comparatively speaking the European Parliament with its 751 and even with 705 members, is a very large assembly. The numbers could be reduced, which would result in savings on salaries, support staff, pensions and similar. The distribution of the Parliament between the cities of Brussels, Luxembourg and Strasbourg, however, also gives rise to considerable expenditure. The question of whether it would be politically possible to actually act on these suggestions must however be left to conjecture. Indeed the decision-making system of the Union, which requires qualified majorities and a level of consensus among the 28 member states does not make things any easier. The division of the Parliament into a smaller "House" and a Senate would give no assurances of savings, the reason being that every parliament has to bear the fixed costs of logistics, civil service employees, and so forth.

Finally this article also clearly shows that the costs of the European Parliament represent only a small part of the overall expenditure of the general budget of the European Union.