

**The necessary control of public expenditure**

Resolution of the Economic and Social Commission (Paris - 16 April 2003)  
adopted by the Warsaw Central Council (6 June 2003)

The management of public expenditure and its funding are of critical importance, because a well-controlled policy of asset management and of compulsory levies makes it possible to avoid the negative economic impact of excessive debt, which leaves future taxpayers with inescapable charges they would not have freely chosen. Too much resorting to savings in order to finance public debt also has a negative impact, through the crowding out effect, on private agents' investment capacity, and moreover excessive debt increases the cost of capital by degrading the lender's risk rating.

In spite of a difficult economic background, ELEC therefore believes it essential to move towards reduced deficits, first and foremost by moderating public expenditure. Revenue and operating expenditure should be kept in overall balance, even if vital public investments in some areas may be financed by a temporary imbalance.

European citizens need transparent information systems enabling them to make informed choices, and allowing for public debates that prepare Parliamentary decisions when budgets are set. To contribute to greater transparency when comparing budgetary policies, it would be helpful, for example, to consider as public expenditure any compulsory expenditure imposed on citizens by law, and then only to distinguish the methods of management: direct expenditure by the State or local authorities, social security expenditure, and compulsory expenditure managed under private partnership agreements. It is also desirable to outline general guidelines for taking into account all public commitments that are still left out of the public accounts, and for establishing programmes for the disposal of assets (real estate in particular) that are no longer needed for public administration.

Finally, ELEC deems it necessary to modernise the management of public interest services in order to provide the best possible service to the public at the lowest cost. This can be done under public as well as private status, publicly owned enterprises having demonstrated their capacities in this respect as well as their limitations. But it implies a more entrepreneurial approach to management, in which those in charge have a personal stake in the improvement of the quality/price ratio. ELEC believes that a public authority or a committee of wise men should, in each country, act as a court to consider issues of competition in this field, and to guarantee an appropriate level of quality and a sound cost/efficiency ratio.

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