

The *FT* reporting on Expenses



LOMBARD

The furore over EEC expenses

BY GILES MERRITT IN BRUSSELS

WHAT IS a reasonable expense account? Until a few years ago, the 70,000 officials of the Inland Revenue shared an annual expense account of £100. In 1975 it was decided that was inadequate, and therefore unreasonable, and the fund was boosted to £250.

In Brussels, meanwhile, the 30 members of the European Commission are allocated a total sum approaching £200,000 a year, and four of their numbers are found to have overspent their shares of that. Reaction throughout Europe to the recent disclosures of the commissioners' spending habits makes it clear that many people view their expense accounts as bloated, and therefore also unreasonable.

Public glee

To some extent the furore over the Brussels commissioners' expenses it unfair and owes more to public glee at finding politicians with their trousers down than it does to any serious analysis of the circumstances. Put simply, the men at the top of the common market's executive arm take fair taxis because they are often too over-stretched on time to queue at airports, and do their negotiating at a level where pub grub would imply a deliberate slight to their guests. That said, it is unlikely that any of them is going to come very well out of the affair. Nor, perhaps, are other prominent members of the European institutions, for it is now increasingly probable that the European Court of Auditors, whose report shone the spotlight on the commission, will shortly be combing through the expenses returns of other EEC institutions.

The first candidates for inspection will almost certainly be the European parliamentarians. It was the parliament which at the beginning of this year asked the Audit Court to open up the commissioners' expenses account ledgers, and it may well find that instead they have opened a Pandora's box. Not only did the new elected European parliament last month vote itself £20,000 expenses for each of its 410 members, in addition to salaries and £60 a day subsistence allowances. It was also made plain that a blind eye would be turned to those members who resorted to paying their wives the salary of a full time secretary out of their expenses.

So what is a reasonable expense account? It is a tricky question, but one that the Luxembourg-based Court of Auditors is expected to turn its attention to for two pressing reasons. First, because it has discovered with horror that there are no hard and fast rules governing either commissioners' expenses or those of anyone else in the Community's employ. Second, and much more important, because any doubts in the public mind over the probity of EEC expense account spending must be proved groundless.

Every politician knows that few things trip a government so hard as **BRUSSELS** and unease among European taxpayers over the expenses affair could endanger Community institution's political credibility. It is the political mileage that can be made out of the issue that most worries Brussels. It is a gift both to anti-marketeers around Europe and to parliamentarians seeking to establish a watch dog role over Community finances.

Order

For the Court of Auditors, whether it waits to be invited to draw up a new expenses regime or decides to go ahead on its own authority, the politics of the matter are secondary to the need to establish order. Financial malpractice has never been hinted at, but poor accounting practice has. As the court's report sourly observed of the absence of rules governing commissioners' representational expenses: "A normal audit is hard if not impossible to carry out."

Whatever the political wrangling that ensues once the Audit Court report is publicly debated, one likely side effect will be censure of the Brussels Commission for the apparent laxity of its internal accounting controls. Mr. Roy Jenkins, the EEC Commission president, has already made a statement defending these. Last February, when Press reports on the alleged extravagance of Herr Wilhelm Haferkamp, the External Relations Commissioner, first focused attention on expenses, Mr. Jenkins said that Commissioners' expense accounts "are subject to long-standing internal procedures designed to ensure that they are properly disbursed and fall within the agreed limits." According to the Court of Auditors, there is something wrong with the design.