

[Comment] Constructive criticism on the EU budget should be welcomed

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EUOBSERVER / COMMENT - British Chancellor of the Exchequer Gordon Brown has not always sought popularity among his fellow EU finance ministers. On the eve of Euro-12 Council meetings, to which of course he is not invited, he likes to air his views on the relative economic performance of the British and the eurozone economies.

He chooses, naturally, to speak about those aspects of policy which cast Britain in the best light – his critics could readily choose others where the comparison is less favourable – and the leaders of eurozone must be getting pretty fed up by now.

Against that background, it was surely rather daring for Ed Balls, a junior minister in the Treasury and long-time Brown associate, to launch a broadside on the EU budget last month. Not again, they must have sighed in capitals of Europe. But actually, this time, things are different.

For the proposal from the British actually looks like rather a good one.

A long-standing complaint about the EU has been its apparent inability to keep a check on its spending. The budget is not only disproportionately spent on agriculture but is not even properly accounted for. The Court of Auditors has rejected the accounts for 12 successive years. Not a pretty picture.

The plan to turn this around rests on dividing the budget into sections, and getting auditors' approval for each section individually. That way, the areas of doubt and uncertainty in the accounts can be isolated and slowly reduced.

Rather than a failure to get sign-off casting doubt on the entire financial system, the EU will be able to report year by year how far things are getting better. The number of areas where doubt remains will get fewer each year. This is a concrete strategy for progress.

And the sections into which the budget will be divided up will be those spent by each member states. This also makes sense.

First, the bulk of the money is spent by or under the control of the member states: if there are accounting difficulties, it lies within the hands of the member states to fix them.

And secondly, this will bring peer pressure into play. Member states that fall short of the standards of the rest will face a moral and political obligation to catch up. Their demands for a bigger share of the budget will be weakened to the extent that they cannot account properly for their existing share.

It should be said, by the way, that the level of fraud or uncertainty in the EU budget is not greater than in comparable spending programmes in the member states. The British government's experience with the Individual Learning Accounts, when hundreds of millions of pounds went missing through fraudulent training providers, is salutary.

But there is no purpose in simply pointing the finger. What matters is to take practical steps to fix the problem.

The British Treasury might be an unlikely source for a positive European proposal, but it is nonetheless welcome for that. And perhaps that is the real test of pro-European feeling in any

case: not words, but action.

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