57 Tufton Street, London SW1P 3QL, Tel 020 7233 3121, Fax 020 7222 4388
info@global-vision.net

# THE EU WASTE MOUNTAIN

## A GUIDE FOR HOLIDAY SKIERS

By Matthew Elliott and Dr Lee Rotherham

---

***Perspective - published 8th February 2008***

**This paper is an amended excerpt from the TaxPayers' Alliance publication, *The Bumper Book of Government Waste 2008,* published by Harriman House*.***

> ***"It is not government practice to publish exact forecasts of the [EU] contributions and receipts of other member states, as this could prejudice the UK's relations with these states."***
>
> **Government Minister (HL PQ 3854)**

The *Bumper Book of Government Waste 2008* has hit a few raw nerves. A key provoker of motor neuron flailing happened to involve our coverage of EU material, and we revisit it here in this publication.

It wasn't the first time this had happened. The press warriors at the European Parliament in London generously dipped into our first *Bumper Book* in 2006 to come up with half of the list of 'Euromyths' listed on their website. Thoughtlessly, however, they failed to acknowledge the only myths in question involved CAP subsidies for fantasy animals even rarer than a herd of minotaurs, and we had reams of paperwork to prove it.

In our first foray, we delved into the madnesses of the system; the EU library system that cost £2,138 per book loaned; the sniper guns and silencers held by the Commission's security people; the perks such as the saunas, and the glass eye allowance. We revealed for the first time closely-guarded internal documents that spelled out how much could be spent on the official chauffeur-driven limousines, state-funded political campaigning, acupuncture, or the three weeks of funded treatment at a spa. There was the medical insurance for politicians' illegitimate love children; electrotherapy; and the mud baths allowance. We even had a full page on the dental allowance provided so our politicians' gnashers would be whiter than white (even if everything else wasn't). Add to that the whole business about the funding of the in-house lobbyists and you have a veritable blancmange of excess you could paddle in.

We could have left it this year at that and concentrated on Blighty. But a salient point still held true; however much we focused on the spending of British taxpayers' money, we couldn't escape the fact that an awful lot of taxpayers' money is being spent via Brussels, just as an awful lot of the decisions about how this country is run are being made through its institutions, too.

For starters, you may not be aware that according to the government's own figures, the admin burden alone that flows from EU's laws and regulations – a burden that is borne by business, charities and the voluntary sector – costs £6.3 billion a year. That excludes the costs on the City, and the costs on government. One of the EU Commissioners – Günter Verheugen, actually the one in charge of the Enterprise portfolio – said that he believed that the overall burden of regulation was costing the EU a mind-boggling €600 billion a year.

Funnily enough, shortly after attacking the way the EU was piling on costs, Mr Verheugen's staff reportedly froze him out of office policy-making; a staff union demanded he apologise or resign; and within days a German magazine leaked stories about a relationship the Commissioner was alleged to have had with a member of staff. Meanwhile, even the uninspiring objective of simplifying 54 laws in a year seemed to have been stalled by bureaucratic obstructionism.

This burden translates to an astronomic sum for the UK's share alone. According to research undertaken by the British Chambers of Commerce, over the last ten years there has been £55.66 billion in red tape costs piled on to British businesses. They calculate that 72.5% of this, or around £40 billion, is due to EU red tape. These are costs which reduce the ability of our businesses to make profits and expand, or simply to compete on the world stage. The official response appears to be not to fix the problem, but to change the way the cost of red tape is counted.

It's not clear if the UK's way of running things helps much. There seems to be a tendency to hide the origins of EU legislation. Attempts in the House of Commons to print EU-origin material on different coloured paper, so MPs can check the laws haven't been added to by zealous civil servants, have been repeatedly rejected. The government says it cannot accurately work out which of the 100 UK agencies are simply replicating work done by the European Community's own 18 (and growing) agencies. One example is the European Food Safety Authority, set up in 2002, and the UK's own Food Standards Agency, set up in 2000. If you want another, there's the UK's Health and Safety Executive, which is even described as the "UK Focal Point" for the European Agency for Safety and Health at Work.

That's before you even get within a mile of the really contentious material that we were the first to uncover during our research, like the EU plan to create a combined list of national terror targets (which will obviously in time need an EU force to protect), and a Gas Coordination Group for joint policy on energy supply (while remembering we have the North Sea reserves and they don't).

It's funny how the sloth of bureaucracy manages to speed up when it suits its purpose. Take the example of one document dated 26 October 2006. It warned of a business merger, and gave readers ten days from publication of the text to submit any observations. The paperwork arrived in the Commons on 6th November, i.e. nine days after publication, which is quite quick for the normal rate of things. It went through the internal mail, went into the in-tray and was read by one of the authors in the House of Commons at precisely 2.34pm on the following day. Allowing for a one hour time difference with Belgium, the system allowed 86 minutes for a potential comment to be officially submitted.

The EU bureaucracy's contempt for member state individuals and companies will come as no surprise to businesses who supply it. Officially, businesses owed money by the Commission have to be paid within a set time frame. This used to be 60 days, which is a long time, so the Commission changed it to 45. However, its bureaucrats developed a new tactic to get round the rule: on Day 44, an official would send a letter to the supplier querying one point in the invoice. When the frustrated businessman replied, the deadline clock would start from zero again. It's been suggested to us that the problem is intrinsically that the Commission is full of bright people who have been put into an administrative role without the proper training, and simply don't understand how small businesses work.

There's also a bit of a 'them and us' attitude to the way the rules are applied. Take the Working Time Directive, which set limits on how long workers are allowed to be in the office, and which had knock-on effects on small businesses. Funnily enough, senior civil servants were allowed to 'volunteer' to avoid the ban. As for the Prime Minister, in Tony Blair's words:

> *"Holders of political offices in the UK are not defined as 'workers' under the terms of European working time legislation, and are therefore not subject to the working time limits: as such, they do not need to opt out."*

So it's official – government ministers don't do any 'work'.

Others who drive vans, however, clearly do. *Le Monde* recently delved into the costs of maintaining two assemblies for MEPs in Strasbourg and Brussels. It transpires that each month, 200 tonnes of papers are transported, as well as video material and reportedly even hospital equipment in case anyone has a heart attack.

The Parliament recently spent €830,000 replacing the filing cabinets, because the old ones tended to fall over and injure the removal men. So much needs to be carted around on the seven hour drive, because MEPs and officials are never sure if the agenda will change at the last minute. On top of that, every Monday when there is a session in Strasbourg, 500 European Parliament civil servants based in Luxembourg come to Strasbourg to join 1,200 of their colleagues from Brussels. In addition to the expenses of the civil servants, MEPs, their staff, and the staff of the political groups, around 60 journalists get paid as well. So much for journalistic integrity. The extra costs associated with all this are estimated at €205 million in 2006, not forgetting of course the Size 12 carbon footprint that goes with it.

And all that is without even considering the democratic issue of how the institutions work on a daily basis. The way, for example, that MEPs spend entire days pushing yes/no/abstain buttons every few seconds. The Chairman sometimes has to be reinterpreted into a third language before it gets to the MEP's ears, so he might even be voting on the last motion while a new one is being proposed. And he quite probably is pushing his little button on votes where he himself hasn't read the draft, or where the draft may well not have been translated into his native language so he couldn't understand it if he had.

The French lately have had a wheeze to get round all this. Leading politicians got together and had a press conference to say that the authoritative language of the EU should go back to being French. But they sort of blew it when the fellow from the *Académie Française* got corrected half way through his speech for using the English word 'understatement' to explain himself.

How much does it cost Britain to be a member of the EU? Some think tanks calculate that thanks to recent botched negotiations and EU enlargement, Britain's net payments will now go up to £10 billion a year. To be honest, nobody in government knows. Because every time someone in the Treasury has started to do the sums, totting up what we pay out and what we get back in grants, and adding the burdens and costs and trading markets to boot, officials have been told in no uncertain terms to stop working it out. The true cost of EU membership might be just too unpalatable.

**On Mountains and Deserts**

Two big areas where EU money goes are to support the Common Fisheries Policy (CFP) and the Common Agricultural Policy (CAP).

Indeed, these two areas could be regarded as modern parables. They are just like the miracle of the loaves and fishes. Only in reverse.

We could write an essay on what's gone wrong, but we'll just highlight the salient details to show where your tax money goes. Let's begin with the CAP. This is a policy, to be frank, which was designed in the 1950s to support French rural society, in a culture that had historically and traditionally relied on its rural manpower, that was psychologically as attached to the bucolic idyll as say the UK had been to its coal miners, and in an age where the rulers in Paris were painfully aware that their country, once Europe's most populous, had been overtaken by the titan east of the Rhine. So Germany paid a form of latter-day reparation to support agricultural France, in return for rehabilitation on the international stage and some new home markets for its industries.[1]

However, that was the philosophy fifty years ago. The net result today means taxpayer support (especially for certain major land owners, and by a couple of countries in particular), at a colossal price. One payer is the developing world, whose growers often have to stump up at the border in order to access European markets in which local producers are subsidised. Of course, that pushes up prices at the till, so families are paying twice – once for subsidies, and again in the shopping basket.

Last year, the EU paid out €920 million to subsidise mainly Greek and Italian tobacco growers in Flavour Country. This year, it will be €317 million. At long last, the EU is phasing out its subsidy, mostly to small mountain farmers, to grow a product whose quality even as a noxious weed is questionable, and whose sole benefit is to decorate upper stretches of the Apennines for the benefit of poor farmers.[2] But this reduction will take until 2010 to complete, and we are still faced with a quota of 350,600 tonnes. This, incidentally, doesn't limit the amount grown – it's just the limit that gets subsidised.

It also shows how long reforms can take. The tobacco regime was first introduced in 1970. It bodes ill for fixing any of the other EU problems in a hurry.

Just over half of the tobacco crop gets exported. Lucky Africans - literally (excuse the pun).

Meanwhile, the New Zealanders have started to get seriously whacked with their butter exports. Part of the arrangement when we joined the EEC would be that

[1] Germany even now is still so psychologically scarred it has sent reconnaissance jets to Afghanistan who aren't allowed to tell allies what they find. They might bomb them.
[2] One of the authors is an ex-smoker of Gauloises and Belga, and even he wouldn't touch the stuff.

we didn't harm our Commonwealth trading partners. Countless hours of parliamentary debating time were spent guaranteeing that very point. But some Commission figures have rejected the old deal, and import tax has leaped from just under £2 million in 2004 to around £25 million today. Last year, we imported about 42.5 thousand tonnes of Kiwi butter. To put it into shopping trolley talk, every pound of the creamy yellow stuff you bought at the supermarket cost an extra 25p in customs tax.

Tot all these up, and even the government itself says the CAP costs us. Shared out evenly between absolutely every EU national (though of course many of these countries aren't paying), it costs everyone £210 each in payments alone. This, of course, ignores the higher food bills that follow, and the fact that the subsidies go mostly to a group of people who ban our beef and set up roadblocks when we are trying to go on holiday through their ports. It's not even as if we've got rid of the food mountains yet. In this country we still have 13,500 tonnes of cereal, rice, sugar and milk sitting in silos and warehouses, plus 3,500 hectolitres of alcohol including wine. Last year, the UK spent £1.38 million buying up some more or storing its current stock, though we also sold some off. But this was a tiny proportion of the whole EU budget for intervention buying, which ran at over a billion euros last year. Who are the main beneficiaries, we wonder?

Then there is the CFP. This is the system that has allowed Spanish fishermen to upgrade their massive fleet and spruce up their ports, while our fleet suffers a disproportionate share of the cutbacks. While modern, foreign-owned trawlers ply our waters supported by grants totalling countless millions over the years, attempts to revitalise the Shetland fishermen with rare awards of a few thousand pounds have lately been taken to the European Court by the Commission, in no less than four separate court cases.

Between 1976-80 in Britain, 707 under-10 metre fishing boats were built, and 140 larger deep sea vessels; in 1996-2000 the figures ran at 486 and 102 respectively. The figures continue to drop, and with it the average age of the surviving boats increases. More and more, a proportion of the boats are the smaller type. From 1997 to 2005, the number of under-10 metres boats dropped from 5,474 to 4,833, and the larger ones from 2,338 to 1,508.

Such reductions might be good for conservation if the competition was also shrinking the size of its fleets. But it hasn't worked like that. Our coastal communities have borne the brunt, to conserve stocks on their very own doorstep in a system that fails to conserve, with science that is contested, and a quota system that is biased against them.

Whereas in 1997 there were 18,600 working fishermen, by 2005 there were 12,600. British fishermen, to abuse an expression, have been kippered.

Meanwhile, the system continues crazily to require fish caught excess to quota to be dumped back overboard, sinking to the bottom to pollute the seabed. The latest government figures confirm that Scottish fishermen have to dump 15% of caught cod, 15% of haddock, and 49% of whiting overboard.

Tot up the major species and you are looking at 152,000 tonnes of fish north of Brittany going straight back into the sea. A disproportionate number of these will be fry, small fish that will never grow to adulthood, but could still be used as a protein source if landed.

It is an unfathomable amount that is descending into the fathoms. People just don't appreciate it because it's being done out of sight. But imagine the outrage if it were done in full view of a cross channel ferry. We are looking at the equivalent in simple weight of 12,300 sperm whales being killed and left floating out at sea. Or 6.08 billion fish fingers bobbing around the Channel.

It is an ecological slaughterhouse of pure waste, being forced upon fishermen against their will. But we haven't told you the worst. Those figures only cover British boats in British waters. The Fisheries Commissioner, Joe Borg, is on record as estimating that total discards under the CFP run to an annual dumping of roughly 880,000 tonnes. The average rate of discards is about 8% in the rest of the world. In some waters off Scotland and Ireland the figure is believed to be more like 90%. By a harsh statistical coincidence, 880,000 tonnes is also the target for the amount of biodegradable landfill for Scotland by 2013. This total is also more than the entire weight of fish both landed and farmed by the whole of Egypt.

At least the old system of hoovering up a million tonnes of sand eels every year to feed to Danish pigs is being phased out, albeit decades too late. The basis of the marine food chain will not recover overnight.

It is an outrage. The TaxPayers' Alliance further object to tax money being used to support one set of fishermen, while more tax money is used to wind up the businesses of another. We particularly object when it is UK tax money that is doing both, and predominantly non-UK fishermen who are reaping the benefits. We also note with shame that the government could have invoked the Hague Preference on numerous occasions to reserve a bigger share of the allowed catch, but has only ever done so when the Irish have taken the lead, because they have been afraid of annoying other governments. But not, it seems, of annoying our own fishermen and putting them out of work.

**El Mundo Audito**

We could spend forever on fraud and waste. But that would be like accountancy prison. Or running Belgium. So let's just focus on what the official auditors have found out over the last year or so.

Let's start with the main blast. Every year, the European Court of Auditors carries out a general review. It is now a long-established tradition that it will spot lots of dodgy bookkeeping and refuse to sign off 97% of the accounts (one good year they actually only objected to 91%, but that was an aberration). However, rather than dwell on their main annual assessment, which we cover in our book, let's revisit instead in this pamphlet some of their more focused audits.

For example, there was a report on how the Commission responded to the Indonesian Tsunami. It revealed that too many charities rocked up and did their own thing, hampering attempts to coordinate. This meant that some communities in Aceh were "overwhelmed with aid while others were neglected", which led to too much health assistance in Indonesia, for example, and too many boats in Sri Lanka – so many in fact that the UN warned that local fisheries wouldn't cope with it. It meant that fishing boats were given but no fishing nets were available. It meant that a year on, 67,000 people were still living in tents. One water treatment plant couldn't function for four months due to a lack of chlorine. A million and a half bottles of chlorine, meanwhile, couldn't be distributed because of a lack of transport.

Then there was the special report the Court of Auditors produced to look into pre-accession aid for Bulgaria and Romania. These two countries, you may recall, have since joined the EU. Heaven help the taxpayer. In half of the projects that were looked at, money was being spent partially or not at all on what it was supposed to be spent on. The report criticised the Commission for its blind over-optimism and for not checking that matched money was actually being stumped up by the locals. The result was inevitable. €1.9 billion was up for grabs.

Software intended to help the Public Prosecutor's Office in Bulgaria was only being used in one of eight places visited. The software itself was incompatible with the system already in place. And there was a problem with the internet. Hardly surprising, then, that in one location the investigators found 37 brand new computers locked, unused, in a storeroom. A similar situation was found in Romania, as the government simply hadn't come up with funds it had promised to make the system work. €400,000 spent on IT for agriculture has similarly been found to be faulty.

What about the project intended to modernise and develop the tourist infrastructure in Pietra Neamt. The auditors found the place to be an untouristy dump. The money went into a bridge and a 2 mile street for local traffic. The 'tourist' area itself – euphemistically known as The Strand - was discovered to be a part of town the locals liked to hang around in summer, whose principal feature was an empty, degraded swimming pool.

Next there was the bridge linking Romania and Moldova over the River Prut, which cost €3.1 million. Unfortunately, it can't be used, as there is no road to it on the Moldovan side. Moreover, border checkpoints were missing on either side.

A hall for international fairs in Romania with a budget of €6.4 million was halted half way through when the local council withdrew the permit, claiming technical discrepancies.

The fund to invest in Bulgarian privatised companies spent €4.5 million on management costs alone, and blew €4 million backing a company that went bust.

Money spent on building an asylum centre in Romania was discovered to have gone towards a building that was running at an 8% occupancy rate, and only because people were shipped in from elsewhere in the country. The auditors found out that there had never been any asylum applications along the eastern border at all. This left two floors of the building empty and supplies still in the packets.

The Bulgarian border police were obliged to buy a western vehicle, three times the price of the standard Russian model, and which has no local dealers when bits go wrong. But the rules prevented local companies getting the contract. Border patrol police also had to send back half of their night vision goggles because they didn't work.

Their Romanian counterparts had to buy 43 vehicles of a particular make. But these were out of service for a third of the time because they had to be serviced abroad. Two of the river patrol boats could not be used during the winter, despite this being a key part of the specs.

In comparison, the MEDA report (on Euro-Mediterranean cooperation) is a model of correct simplicity. It was revealed that in Egypt, small local contractors had problems complying with the paperwork to apply for tenders because they were all in English. The requirement that all supplies had to be European or Mediterranean in origin also caused difficulties, especially with computer and electronic equipment.

Similarly, what one might charitably call blips are a recurring feature of the audit report on environmental policy, an area which was supposed to be central to planning in delivering third world aid. A consultancy firm was contracted for a year in 1998 to come up with a manual, which it delivered only in 2001. However, it was so long and shoddy it was treated as a draft and locked away. Another consultancy firm was brought in to rewrite it in 2004, but 18 months later the text still hadn't been completed. Staff training was also dropped when it was made voluntary and only half the planned number of people turned up. Reports from consultants brought in to assess projects were just filed away.

Out of twenty developing countries that had received general budget support by 2005, for only one had the planners thought of including measures to support the environment as per the original plan. The Commission's Regional Delegation in Nicaragua, covering six countries and employing 140 staff, were found neither to use environmental guidelines nor even to have an environmental expert. In Tanzania, an €85 million road building project plan had one page on environmental impact. In Botswana, there was none on a €30 million plan for a copper and nickel mine with a shaky dam and a smelter that belched out sulphur dioxide. In Guatemala, no impact assessment was carried out on a major refugee resettlement programme. A Kiribati seaweed project failed to spot that wooden posts would be cut from crucial mangrove swamps and that protected turtles would be killed by the seaweed farmers.

In some cases, suggestions were made but never implemented, such as checking promised measures were taken when replacing a pipeline in Mauritius, replanting trees and monitoring water pollution in a Mali rice programme, and ensuring that a Fijian bridge didn't pollute the water of a nearby fishery.

Fraud was found by the Commission in four projects in Brazil, Guatemala and Morocco. In three cases, projects were delayed so long that the original reason for undertaking them was no longer valid. In many others, projects were put together without involving the local community. In one subsidised nature reserve locals turned to poachers when promised tourism failed to materialise because the gorillas were nervous and hid, and the news channels were full of stories of Ebola. Disastrously, in Brazil measures to limit deforestation seem to have actually accelerated it, as it identified areas which weren't to be protected.

Assessing the auditors' reports for the latest European Development Funds shows that there are concerns across many of the funds. It appears that there is a special provision under international accountancy law, IPSAS 19, that the Court has decided is rather appropriate. This covers what are colourfully called 'doubtful debts', and allows the auditors to take for granted that for every year of an outstanding debt, the chances are 20% that it won't be repaid. It also allows them to look at a debt and just laugh at the reality of it being refunded. It looks like €6.4 million has been written off this way. But then, the IT system couldn't provide a full audit trail.

The auditors took the same view on an account in the Congo. Here at least the taxpayer would witness a happier story. €2.75 million was sitting in a bank account in a country in which the Commission had no presence, in an account whose paper trail had simply vanished. But the bank account was found again. So at least this part of €15.5 million of doubtful debts might be redeemed.

The audit of the auditors' department itself reveals that they gave themselves an extra €4 million in employee benefits. Bearing in mind that staff didn't take leave due, worth €1.6 million, this might perhaps be understandable. Rather than bottle up the stress, open up a bottle for the stress. Still, it seems a lot even for a group that we would otherwise hold as unsung heroes.

The baffling array of EU agencies has also come under scrutiny. The **European Aviation Safety Agency** suffered from a lack of internal audit and a failure to use open competition, for instance simply awarding one contract worth €86,000 "by direct agreement and without justification", and another of a quarter of a million by straight barter. The **European Medicines Agency** demonstrated anomalies in IT contracts and played fast and loose with the rules on evaluation committees. The **European Agency for Reconstruction** did not show a real control of its spending in Kosovo. The **European Agency for Health and Safety at Work** was signing off for public procurement expenditure without any supporting evidence on the quality of the bids, and without all the committee members' signatures. The **European Maritime Agency** had files covering payments and commitments which were often "incomplete or confused". The **European Food Safety Authority** was found to have key documents missing, and to have paid out for unjustified mission expenses of staff. It also seems to have failed to check that new employees weren't faking their own certificates, and was forking out €3.5 million a year for temporary accommodation because the move into its own buildings had been botched. The **European Centre for Disease Prevention and Control** had seen all its payments handed over without due authorisation.

The **European Centre for the Development of Vocational Training** (CEDEFOP) had dodgy accounting software, ran 17 websites in a costly and higgledy-piggledy manner, and handed out allowances that weren't covered by the regulations. Two contracts worth a half million euros broke competition rules. Embarrassingly for its role, it was also discovered to have recruited from among the boys, which meant that they recruited a graduate of philosophy rather than management, with barely enough professional experience for the job. **Eurojust** has a badly drawn-up list of assets which means that no-one can say where some of them are. This, to remind you, is the body that is meant to coordinate the fight against organised crime. The **European Training Foundation**'s books had two items representing 10% of the budget missing from them. The **European Foundation for the Improvement of Living and Working Conditions** was spending money on projects that were not quantifiably linked with its mission statement.

The **European Monitoring Centre for Drugs and Drug Addiction** appeared to lack an inventory of its assets, and used questionable recruitment practices, such as recruiting someone who did not get the best assessment in the selection procedure. Furthermore, in the auditors' words, "At the end of 2004, a member of staff was sent on a long-term (two year) mission to Brussels. It has not been possible to ascertain the purpose of this mission, which had cost around 70,000 euro (in pay and allowances) by the end of 2005, and the person concerned did not have a heavy workload. When the mission was terminated, he was seconded to the Commission, yet the Centre continued to pay his salary." Procurement contracts also were found to have serious flaws, like bids accepted before the start date and a clear underestimation of contract value that seems to have favoured one tenderer.

The **European Monitoring Centre on Racism and Xenophobia** was found to have staff on recruitment panels selecting people who would be senior to them. The **Community Plant Variety Office** did not have a computer system that could handle the different account audits reliably. The **Office for Harmonisation in the Internal Market** had several hundred payments that had been signed for and signed off by one and the same employee. It also had unusual recruitment procedures, such as advertising for one post and recruiting two people, and some questionable contract awards.

Add to this a special report on rural development agencies, which found money being spent on areas "which are not predominantly rural", and with projects so designed that it was impossible to work out whether they were effective. Given that this covers a six year set of projects worth €24 billion, this is quite a concern.

What particularly struck us was the report's findings on 'deadweight', which is funding to provide aid for projects that would have gone ahead and been self-funded anyway. One example the auditors found was that of two Italian farmers who quite happily told their visitors that they would have carried out the farm improvements regardless, and had in fact gone a mile further and with their own money expanded on the EU-funded project. In one case, the farmer made it five times bigger from his own bank account.

There were also some dubious investments. In Brandenburg, a 100 ft. steel viewing tower has been built to provide scenic views over the Seftenberger See. The auditors liked the views, but didn't appreciate the fact that it made no difference to tourist figures. This was €380,000 spent with no discernible benefit (other than to satisfy traditional local urges to build watchtowers).

Then there is the special report on support for fruit and vegetable growers. This found recipients ticking every box available in order to claim grants, or simply picking a funding line at random to justify buying a fork lift truck. Mind you, you have to feel some pity for the farmer in his efforts to manipulate the paperwork. One irrigation project in Italy was funded in order to 'improve quality', then in 1999 continued as 'concentration of supply', and by 2002 was receiving money for 'reducing cost'. No doubt poor Luigi was trying to find a box for 'delivering water'.

Farmers seeking grants to buy pallet boxes faced the same challenge, when giving reasons for their application. Some said the pallet boxes would 'stabilise producer prizes' because a box of fruit is easier to sell in bulk; others reasons were ‘increased product quality’ no doubt because the fruit wouldn’t get trodden on, ‘boost in the product’s commercial value’ because it wouldn’t get bruised, ‘reduced production costs’ because farm labourers wouldn’t have to chase rolling fruit, ‘improved environmental practices’ because the lost veg wouldn’t spoil, and ‘reduced withdrawals’ because it helped management. All this, to convince conniving bureaucrats that they should spend money on projects that the auditors found to have negligible long-term development benefit, like vehicles, crates and salaries of existing staff.

It turns out that only the UK set targets for farmers that could be measured. Our civil servants apparently just never bother to measure them. They know a bureaucratic trap when they see one.

The long and the short of this system was that money got misspent. A €3 million programme in Spain was supposed to go to things like greenhouses and irrigation. But 98% was spent on cardboard boxes.

Perhaps something got lost in translation. There’s no excuse for that, though. The Commission spent around €106 million in 2003 on interpreter services, and the European Parliament another €57 million. This was, mark you, before the recent round of expansions. It’s not even as if the translation services on offer were well used: auditors found that permanent translators were spending on average 33 days on ‘implicit stand-by duty’ – i.e. physically present at the building but not actually needed for anything. A high proportion of these days – 130 interpreters a day, or a quarter of the staff interpreters – occur in the slow month of August. As a result, about 15,000 interpreter days, corresponding to about 15% of the workforce’s working days, weren’t used. Even the temporary staff, or ACIs, were sitting around unused for a total of 6,000 days. Since each day costs an average of €865, that meant a waste of €18 million on having interpreters drinking espressos. 6,300 half-days were lost when interpreters were booked but not told in time by MEPs or officials that they weren’t needed – about 8% of total interpreter use, or €6 million in costs at the European Parliament alone.

In another assessment we discovered how the Commission miscalculated the asset value of its buildings by €188 million, the total lease liabilities by €254 million, and the accumulated depreciation value by €23 million. With accounting sloppiness of this order, is it any wonder that the system has its problems?

The same report also details hidden liabilities. As at the close of 2004, the EU’s pensions liabilities were estimated at an astounding €26 billion. That is a massive future burden that simply hasn’t been prepared for. There are serious questions about their legality, and who is financially liable in future years.

That €26 billion (a figure already now massively out of date) was up €3 billion on the previous year. It was the estimate for 14,000 then-current pensions and all the pensions of the existing employees. It didn't include pensions liabilities for the influx of new staff from Eastern Europe.

But there is no real excuse for the sort of things we find emerging from another report on the Structural Funds. A discrepancy, for instance, in the bookkeeping for two countries comes to €11.5 billion. The UK's by comparison is a mere €842 million, or 18% gaffe, with a lamentable absence of bookkeeping on another line amounting to nearly eight million cases of hand outs over the years. Management systems were deemed to be adequate in just under half of the eligible states. A high level of deadweight was deemed likely to have occurred. You can sense the palpable frustration of the auditors as they find that the money trail makes absolutely no sense at all.

Contrast this litany of incompetence, fraud and irresponsibility with another international institution. COSAC is the committee that brings together MPs from the national parliaments. It doesn't have a proper budget, as it's not an EU institution as such. It doesn't even have legal personality. It meets only four times a year, hosted by the parliament of the country that holds the EU Presidency, while its secretariat is made up of staff briefly on loan from those parliaments. So the opportunities for fraud are basically non-existent, its participants are directly elected on a national level, and its staff have got day jobs. It's also the nearest thing the system has got to real connection with the public and democratic accountability, which is why it will never get given any real power.

**Whistleblowers**

It takes a special type of person to become a Brussels whistleblower. For starters, the pay and benefits packet for those who stay silent is superb, and no-one wants to throw away the trappings. More significantly, the type of person who is attracted to the bureaucratic environment in the first place tends to be something of a fellow traveller, someone who shares to some degree in the European dream and ideal. To speak out publicly against what is happening in the institutions is seen as being synonymous with criticism of the project itself.

That's why we would like to pay due tribute to that handful of people who have tried to fix bust systems in the EU, but who were stonewalled, and were driven against their will to try to end fraud and corruption by the only means at their disposal – going public.

The Brussels machinery is not like the mechanisms of governance in governments and even local councils. It is skewed to suppress. That's why an entire Commission was sacked by MEPs. That's why Neil Kinnock pledged when he was a Commissioner that he would undertake radical root and branch reform. And that's why he basically failed, and the key faults in the system persist to this day.

***"I just had a drink with someone from the anti-fraud unit. Do you have any idea what is going on over there? I am just small fry"***

The overall scale of the fraud is mind-boggling. In 2005, the EU's own anti-fraud unit (which has itself been heavily criticised) indicated that there were 12,000 reported cases of 'irregularities', involving over one billion euros in grants. Only 5 of the 511 cases the unit was actively pursuing in 2004 involved whistleblowers. But that belies their importance in revealing institutionalised cover-up.

So what examples of fraud and waste have been revealed by these unsung heroes? Well, they range from revelations about key personnel breaking the treaty rules to get deals done, through petty larceny, to mafia-related fraud. Here are some recent revelations, which we have modified only to hide the sources:

- An official was accused by his boss of committing a crime in saying that fraud is rife within one of the institutions.

- One woman employee allegedly received invalidity benefit after spending time regularly asleep on her office floor, though was fit enough to work on an election campaign team.

- An employee got caught stealing. He then had a seizure and was kept on the books.

- A staff member decided "to start acting like the majority of fonctionnaires" by coming in late, leaving early and taking long lunches, because his salary was reduced when he was found to be overpaid.

- One of the institutions uses a temping agency which is reportedly run by the daughter of the head of the typing pool.

- An ex-boyfriend of an employee was said to be regularly flown in to be employed as a permanent member of staff in his own right. One official was overheard complaining that the regular staff never get sent to Strasbourg because of all the fake officials working there. So he and others just hang around cafés back in Brussels and Luxembourg.

- There are reports of individuals being ostracised for refusing to sign off doctored accounts.

- Instances of petty fraud in the offices of the most senior personnel are rife.

- Car rental procedures are routinely abused.

- Staff pull 'sickies' by regularly using up the full regulation 16 days uncertified sick leave allowed every year.

- Building contracts have been awarded to the husband of someone working in the team of a very senior official.

- Senior staff have planted false allegations about whistleblowers' private lives in the press in order to discredit them.

- Where a whistleblower has been identified, management has failed to use the correct disciplinary procedure.

- Hard evidence of fraud handed over by whistleblowers has been suppressed, and incriminating evidence has mysteriously 'gone missing' or been stolen.

- A senior official took a job transfer and bought a house, but then was given his old job back with a pay hike – which he took while still collecting an allowance for accommodation in the house which was now being rented out.

But this is just the tip of the iceberg. The Commission, for instance, has been accused of trying to get troublesome staff declared mentally ill in order to provide a pretext for their removal.[3] Typically, cruddy or dodgy staff are said to be bought off by expensive early-retirement packages. But at least three cases have emerged of an attempt to get rid of a potential fraud critic this way, and we ourselves have come across a further instance.

***"They fail because they are isolated. Few people can afford to have their lives closely scrutinised. Few people can risk losing their job and an adequate income to feed the family. Few people have nerves that are strong enough to withstand the constant battering by those who believe that the best form of defence is attack and these people usually work as a team against a solitary soul."***

This ultimately is where tracking the mountain paths of EU waste takes us. At the end, however much we may enjoy vicariously slaloming down the impossible slopes of spending folly, it remains an area that impacts horribly upon peoples' lives. Yet whistleblowing in Brussels is not about causing problems for bosses. It's about breaking free of attempts to cover up. It's about coming up with solutions.

During the Convention on the Future of Europe, the Eurosceptic MP and delegate David Heathcoat-Amory submitted a detailed paper that had been put together with the assistance of whistleblowers. It demonstrated how the system failed them twice, driving them into open critique when they sought to reform systemic failures; and then crushing them because they refused to remain silent. This was a flaw spreading across the many institutions in Brussels and beyond.

There can be no more eloquent reason to oppose the EU Constitution, reborn as the Lisbon Treaty, than the single and cataclysmic failing to address the structural defect at the heart of the machine.

[3] The journalist who reported this was appropriately called Justin Stares.

***Note on the authors:***

**Matthew Elliott** is co-founder and Chief Executive of The TaxPayers' Alliance, a pressure group launched in 2004 to represent taxpayers in the corridors of power and to fight for lower taxes. Now with over 15,000 supporters, it generates more media coverage than any other independent political organisation in the UK.

**Dr Lee Rotherham** is by background a linguist and historian. He acted as an advisor on the Convention that drafted the EU Constitution and has advised three successive Shadow Foreign Secretaries. A prominent Eurosceptic, he has been widely published.

***Note on the book:***

*The Bumper Book of Government Waste 2008: Brown's Squandered Millions,* by Matthew Elliott and Dr Lee Rotherham, Harriman House Publishing, pp 344, ISBN-13: 978-1905641482, RRP £9.99.

Harriman House is one of the UK's leading independent publishers of finance, trading and investment books. Visit their website at *www.harriman-house.com*, where you can purchase a copy of *The Bumper Book.*

***Note on the TaxPayers' Alliance:***

The TaxPayers' Alliance is Britain's independent grassroots campaign for lower taxes. After years of being ignored by politicians of all parties, the TPA is committed to forcing politicians to listen to ordinary taxpayers. Visit their website at *www.taxpayersalliance.com*