

"Fraud is no greater in Brussels than it is in the governments" from El País (14 March 1999)

Caption: In this interview with Jan O. Karlsson, President of the European Court of Auditors from 18 January 1999 to 31 December 2001, published on 14 March 1999 in the Spanish daily newspaper El País, Mr Karlsson explains the nature of the audit function of the Court of Auditors and warns against the tendency of some overzealous journalists and politicians to blow cases of Community fraud out of proportion.

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Interview: Jan O Karlsson, President of the European Court of Auditors

‘Fraud is no greater in Brussels than it is in the governments’

Since January, Jan O Karlsson (born in Stockholm in 1939) has been President of the European Court of Auditors, the body responsible for auditing the Commission, whose work has uncovered a good number of management irregularities.

Xavier Vidal-Folch, Brussels

Despite his mild manner, Jan O Karlsson has a reputation for being thorough and hard-hitting, although he lacks his predecessor’s inquisitorial aura. In this, his first interview with a branch of the southern European media, he deplors the deep-seated causes of the irregularities. He assesses the level of Community fraud as being on the same level as national fraud without ‘hyping it up’, as some newspapers and politicians, who come in for acerbic criticism, have done. He highlights the ‘very appropriate’ reaction by the Spanish Commissioner Manuel Marín to the first sign of corruption in his department. And he proposes formulae to combat corruption in Brussels and among national governments.

Question: Is the Commission’s management of the European budget very unsatisfactory?

Answer: It is more or less the same as that of the Member States, which administer 85 % of the budget. As in many other administrations, there are big differences between departments because of their different traditions, the nature of the tasks that they perform, depending on whether their scope of action is static or very changeable and dynamic. The Commission must rethink the structure of its own administration in the knowledge that its only way forward is to use flexibility when allocating officials and money because there is no way of increasing resources.

Q: That would require the agreement of the national governments.

A: The national governments must do away with the misapprehension that an official can be used twice. If workload is increased but staffing levels remain the same, then the system will not function. It is a breeding ground for bad management, because it is over-dependent on external agencies offering technical assistance and on external controls. That engenders a risk of fraud. The governments must be realistic: they must tell the Commission, if they so wish, not to do more, but they must prevent it from being given more work while staff numbers remain as they are.

Q: What is the extent of fraud within the Commission?

A: The cause of the misapprehension that has been created is that, when fraud is uncovered in a Member State, it does not occur to anyone that the state in question should shut itself down. When fraud is discovered within the Commission, plenty of people use the opportunity to undermine it and, thereby, undermine the European integration process. They use the opportunity to say that any money sent to the common budget is squandered and that, therefore, it is better not to send any. We have uncovered many irregularities, but they are not as serious as some of the media and some politicians have tried to hype them up to be. Some newspapers, especially some of the tabloids and some areas — please do not ask me to be more specific — have played a part in this deception and have deceived people. There is no evidence that lack of integrity or fraud are greater in Brussels than in the national authorities. None whatever, although that does not diminish the seriousness of the fraud.

Q: Some people maintain that that is the case.

A: It is mere suspicion with no scientific basis. It so happens that a big noise armed with an ‘incident’ in Brussels spreads more than an identical incident in London, Madrid or Rome, because the Commission is very vulnerable. It has been given more work than it can handle. What is more, the EU has no army and no schools; almost all its budget goes on subsidies, and subsidies always carry a risk of fraud. But all such matters are the

joint political responsibility of the Commission, the European Parliament and the Member States.

Q: What do you think that the result of the current process will be? What will be the impact of the report by the Committee of Wise Men?

A: Greater openness and transparency in the European institutions. It is possible to increase it; that is something that we Swedes have known for centuries.

Q: How do you distinguish, succinctly, between irregularity, fraud, corruption, nepotism, favouritism, etc.?

A: The distinction is substantive, but it is impossible to describe. It would take me months to explain it to you, and it would cover all the pages in your newspaper. But that is not down to me, it is down to the 15 Prime Ministers. As far back as the Essen Summit in 1994, a decision was made to draw up a Convention on the Protection of the Communities' Financial Interests. This is the major anti-fraud agreement intended to protect the proper use of European money and provide assurances to taxpayers. It was adopted in 1996, and, to date, the Member States have failed to ratify it. What on earth is Aznar doing in the Cortes if he is not bringing pressure to bear on them to ratify it? And he is not the only one: what on earth are all the other 14 Heads of Government doing in their Parliaments? When it has been ratified, there will be a clear set of rules, and I shall be able to give you a very clear answer.

Q: What do you wish to achieve during your mandate?

A: Six years ago we were unknown. Now, the Court of Auditors is on the public radar, thanks to my predecessors, André Middelhoek and Bernhard Friedman, who managed to attain that objective with very prominent political profiles, which have sometimes been criticised. So I am in a privileged position in that I do not need a profile to spread the word. My task is different, and it consists in concentrating all my efforts on professional aspects, namely on increasing the quality of our reports and improving the audit structure.

Q: Will you increase or reduce the number of audits?

A: We have produced an avalanche of special reports. I propose reducing the number of reports and making them shorter, clearer, more focused on criticising mechanisms which are not working as they ought and less focused on people. And, above all, improving the situation with regard to follow-up action.

Q: In what way?

A: Let me give you an example with which Spaniards are familiar. When, during the investigation in 1995 into the Mediterranean programmes, I found a number of unacceptable situations, I immediately wrote to Commissioner Manuel Marín. He reacted very quickly, forcibly and very appropriately and suspended the programmes. Good work by him, but then there is the follow-up action: five years later, and the missing money has still not been fully recovered. If we carry on increasing the number of reports, we shall make it impossible to follow up earlier reports. We must improve that aspect in the interests of the taxpayer.

Q: Does the Court feel that its monitoring role has been diminished by Parliament or by the Committee of Wise Men?

A: Not at all. This is not a political institution. We all have our own ideas as individuals. I am not a political eunuch: I have been a Social Democrat for more than 40 years, just as my predecessor was a Christian Democrat. But we leave our ideas behind at the door. We are not politicians. We do not interfere in the work of the Council or Parliament. Our role is not to replace them but to draw up audit reports. Nothing less, nothing more.

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