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## Editorial

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### Fraud and Community Expenditure

Particularly among the intellectually challenged, the recent media attention to fraud in Community expenditure becomes yet another occasion for attacking the Community and all its works, and all its pomps. Yet while there are undoubtedly a number of brazen and spectacular frauds, very few are actually perpetrated at the Community level. The overwhelming majority of cases involve fraud at national level which could have been prevented by more effective supervision. That supervision is in the hands of the Member States in the first instance, as the majority of Community expenditure takes place through the national authorities or national agencies. The Commission certainly does not have the staff to supervise every item of national expenditure charged to the Community budget. Indeed, in accordance with the principle of subsidiarity, supervision should remain the task of the national authorities. They are best placed to control what happens at grass roots level. Indeed, their obligation to ensure that Community money is properly spent devolves from Article 5 EC. That duty to co-operate loyally in the achievement of the Community's tasks and to abstain from any action which would jeopardize their achievement implies that all necessary steps must be taken to ensure that Community money is spent in accordance with the regulations or decisions concerned. Supervision in relation to Community expenditure must be at least as effective as that in relation to national expenditure. Where the national procedures are not yet effective enough, Article 5 in fact obliges the Member States to strengthen their existing procedures, at least as far as Community expenditure is concerned; the same is true in regard to

Community income, in so far as the Community's own resources are collected on its behalf by the national authorities. A strengthening of procedures in relation to Community matters should bring in its van the improvement of national supervision. The desire for more effective supervision must, though, be reconciled with the desire to reduce the bureaucratic nature of Community procedures. Not an easy task, but certainly not beyond the wit of the combined strength of the Community and national civil servants.

Whether national civil servants will respond well to flying squads of Commission inspectors is far from certain, although it may be expected that farmers or importers may not take well to sudden inspections by Commission inspectors not of their own nationality, even if accompanied by national officials. But compliance with the requirements of Community law will increase only when the chance of discovery becomes unacceptably great. Perhaps national civil services will have to be assisted more frequently by Community inspectors if effective supervision is to be achieved. In the competition field co-operation between the Commission and the national competition authorities has usually worked well, with the odd hiccup. In other fields existing co-operation will have to be strengthened in order to improve the effectiveness of supervision. Who is *chef de file* may be the subject of debate. If the mutual confidence between the Community and national administrations is there and such confidence is justified, there may be little need to resolve such a debate. But if primary responsibility shifts to the Commission, it will be a clear vote of no confidence in the administrations of at least some of the Member States.

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