

## EU incomes atlas confirms enormous pay gap: members of parliament earn 878 % more than EU citizens

An army of 8,185 parliamentarians looks after the interests of 500 million EU citizens

A Bulgarian citizen would have to work for 108 years to reach the salary level of one of his EU parliamentarians

Top of the list are members of the US congress with an allowance for office expenses of up to €90,000 per month

+++ Long version +++

### **Foreword by Anette Kröning**

*As an internal market the European Union (EU) is converging ever more closely; national borders are disappearing; the economy is becoming increasingly globalised, and yet the differences from country to country within the EU are still enormous. The same is true of politics. For instance, there is still a yawning social gap between the parliamentary delegates to the EU and their compatriots back in their 27 home countries. This is the finding of product, energy and financial services portal Preisvergleich.de in its major salaries and parliamentary allowances report.*

*The focal point of the study was the following question: How much do EU parliamentarians in Strasbourg and members of the respective EU member state parliaments earn in comparison to the citizens of the EU? Of equal interest was this: How many parliamentarians in total are actually engaged in working for the welfare of the inhabitants of the 27 EU member states? In all of this, the following can be stated in anticipation: As far as the authors of the study are aware, the difference in salaries between the rulers and the ruled in Europe has never been examined in the degree of detail now being presented by the consumer portal preisvergleich.de.*

## **A total of 8,185 parliamentarians look after the interests of 500 million EU citizens and are paid € 3.9 billion for doing so**

According to the present study carried out by product, energy and financial services portal [Preisvergleich.de](http://Preisvergleich.de), 8,185 parliamentarians go about their daily business in the 27 EU member states. This figure is composed of 7,433 members of national parliaments and 752 (as of European elections of 2009, now 754 MEPs) in the European Parliament. Whilst the members of EU national parliaments receive some € 620 million per annum in the form of parliamentary allowances and other benefits, their EU counterparts get € 161 million of taxpayers' money from around 500 million EU citizens. This amounts to a grand total of € 781 million per annum. Per legislative period, therefore, the lady and gentlemen members of parliament enjoy a combined income of € 3.9 billion (tables 1 and 2)

But that isn't all: The gap in earnings between national elected representatives and ordinary citizens is more like a yawning chasm. Thus, for example, according to the current preisvergleich.de salaries atlas, the 752 members of the European Parliament now earn on average 878 per cent more than the average citizens of the 27 member states. This is a huge difference

Just how glaring the disparity of incomes between MEPs and their citizens has become is revealed by the following statistics: for instance, French delegates to the European Parliament now earn a salary that is 740 % higher than that of the ordinary French "mortal". A deputy to the French parliament now earns on average 518% more than his compatriots.

Equally striking is the extent to which allowances claimed by MEPs from financially squeezed Italy exceed the average income of their compatriots (795%), whilst members of the Italian national parliament in Rome earn 379% more than their fellow citizens

The situation in Slovakia reveals an equally stark discrepancy: the MEPs from this country receive around 1,190% more than their compatriots, whilst the incomes of members of the Slovakian national parliament are 325% higher than those ordinary Slovaks.

The picture in bankrupt Greece is similar. Here, Greek members of the European Parliament earn 890% more than their citizens, whilst incomes of members of the national parliament in Athens exceed those of their compatriots by 297%. But first place goes to the Bulgarian deputies to the

EU: They earn a staggering 2,051 per cent more than the average citizen of the Balkan state, whereas members of the Bulgarian national parliament earn a mere 6% more than their compatriots (see European chart).

## **In the European Parliament everyone earns the same: the salaries take their cue from the highest paid MEPs - the Germans**

Similarly extreme is the difference between the salaries of the citizens and those of their MEPs in Bulgaria's northern neighbour, Romania. Romanian MEPs earn 1,861% more than their fellow nationals. The fact that in particular Romanian and Bulgarian MEPs in Brussels or Strasbourg rake in so much more than their compatriots is also down to the other EU parliamentarians. About three years ago, the MEPs decided to raise their own "incomes" (parliamentary allowances) to a standard level across the board. In the process, the guideline figure used was one of the highest salary levels - that of the German MEPs. (Table 2)

Prior to this hike in income, the difference between the MEPs' allowances and the average income of EU citizens was less than 300 per cent. There's just one thing: MEPs now earn almost € 100,000 a year more than even the comparable US congressmen and women (Table 6).

It's true that their American colleagues get a supplementary allowance of about € 90,000 per month for their office, staff and advisers. This may admittedly be significantly more than the MEPs receive (€ 21,209), but this latter figure still represents a generous amount.

In all this, one thing is clear: Although the German word "Diät" covers both eating habits and parliamentary allowances, there's nothing remotely slim about the latter: € 3.9 billion for the members of the 27 national parliaments and the EU Parliament in Strasbourg. This is a lot of money, and it does not even take into account regional parliaments (where these exist), although it has to be said that the representatives in such parliaments often work in a voluntary capacity. And yet: € 3.9 billion represents just a fraction of the total cost to their taxpayers of the governments and ministries of EU states. Here, rough estimates on the part of preisvergleich.de indicate that this might well amount to an additional € 100 billion in five years.

## **A Bulgarian would have to work for 108 years to earn the salary of an MEP**

To earn the sum received by a deputy to the EU in one single five-year legislative period - roughly € 1 million - EU citizens would have to work for an average of 55 years. A Bulgarian back home would have to work for up to 108 years to earn this amount. Average income in the Balkan state is a mere € 9,948 per annum (Table 2).

And equally glaring differences in income are also to be found in other EU member states. For instance, a Pole would have to work for 78 years to get his hands on the salary earned by a deputy to the EU in five years of membership of the plenum. On the other side of the Oder and Neisse rivers, the average gross annual income is € 13,721. Similarly vast differences are to be found in Italy (45 years' work), the United Kingdom (40 years' work), Germany (39 years' work) and Luxembourg (24 years' work). (Table 2)

## **€ 1.35 billion for members of parliament in Germany, France and Italy**

In contrast to millions of EU citizens, whose salaries are in some cases subject to laborious negotiations between employers and unions, the picture in politics is quite different. Members of parliament in the EU democracies can set their own salaries and supplementary benefits as if they were in some kind of self-service store. They are employers and employees all rolled into one. Even in the midst of the Eurozone and global economic crises, hardly a single parliament is trying to enact cuts in the income of EU politicians. Quite the contrary, in fact. The allowances are, if anything, often being increased yet further.

Since 1975, for example, members of the lower house of the German parliament (Bundestag) have been allowed to set the level of their allowances for themselves ("Diäten-Urteil")

(“parliamentary allowances ruling”) of the German Constitutional Court). Just how much this costs the German taxpayer is revealed in the following example: The 620 deputies to the Bundestag receive € 373 million per legislative period (4 years). This makes the Bundestag the third most expensive parliament in the EU. But, it gets more expensive still: For instance, the members of the French National Assembly (€ 545 million per six-year legislative period) and the Italian parliament (€ 434 million in four years) can pride themselves on raking in yet more taxpayers’ money - and that in spite of the fact that their countries are less populous than Germany. This corresponds to € 1.35 billion per legislative period (Table 1).

## Members of the European Parliament earn more than all other national elected representatives

A glance at the income of the deputies to the EU parliament in Strasbourg reveals the striking fact that no member of any other parliament in Europe can boast such high levels of “income”. An MEP receives, on average, € 17,782 per month in parliamentary allowances or € 213, 924 per annum. This amount is comprised of several items. The basic rate per month is € 7,957 and the supplementary general expenses allowance comes to € 4,299 per month. Added to that you get annual flat-rate compensation for travel expenses amounting to € 4,243 and an average daily allowance of € 304. In return for proof of expenditure, the members of the plenum of the European Parliament can in addition claim office and staff expenses of up to € 21,209 per month or up to € 254,508 per annum (tables 1 and 2).

To be fair, however, one thing has to be said: At least as far as the flat-rate sum for office expenses is concerned, the handout is relatively modest in comparison with that received by US representatives, as the salaries of the parliamentarian’s staff have to be paid out of it. However: In the USA, citizens are offered significantly higher levels of transparency. Every three months the 545 US representatives in congress are obliged to hand over expenses records for financial controlling. There then follow detailed breakdowns showing which politicians have spent how much money on which items (staff, mail, office furniture, rent, printing technology, office material, travel, various, communication). These reports are then presented on the Internet to be inspected or downloaded by the citizenry. For instance, the report for the third quarter of 2012 is available here: [http://disbursements.house.gov/2012q3/2012q3\\_singlevolume.pdf](http://disbursements.house.gov/2012q3/2012q3_singlevolume.pdf).

### *Members of the German parliament come second – to France*

As a rule, national members of parliament in the 27 member states earn significantly less than their counterparts in the European Parliament. And yet: Even here you can find “people’s chambers” which cash in on a grand scale: Deputies to the French National Assembly can on average draw on a sum of € 13,127 per month (before tax) or over € 157,520 per annum (more than representatives in the US Congress, whose parliamentary allowances amount to € 133,221 per year plus an average monthly allowance for office expenses per representative of around € 90,000 or about € 1 million per annum). Included in the income of members of the French National Assembly are average expense allowances and living costs. This explains the huge sum of € 545 million per parliamentary term which French taxpayers have to stump up for their elected representatives.

Second place on the leader board for the most lavishly rewarded members of parliament goes to representatives to the German Bundestag. They coin in an average of € 12,536 per month (taking into account the most significant additional flat-rate allowances)\* or € 150,432 per annum. In the wake of the most recent rise on 1.1.2013, the basic compensation for members of parliament comes to € 8,252 per month on its own (this increase did not feature even once in the appended tables due to the fact that the cut-off date for the research was the beginning of December 2012). Third place in the list of top earners in the national parliaments is taken by the Dutch chamber, with € 10,032 per month or € 120,384 per annum per elected representative (compensation for expenditure, accommodation allowances etc. see Table 1 footnote).

It’s also richly rewarding for members of all national parliaments to claim free extra benefits (“benefits in kind”). In this way, the 946 Italian elected representatives get, for example, a free official car in addition to their basic salary of € 9,550 and can even treat themselves to a free haircut (Table 1 and 5).

Moreover, nearly all national parliaments offer an expense allowance or a daily living allowance and attendance fee on top of the actual parliamentary allowances for MPs. In this case, the disparity within the 27 EU member states when it comes to declaring such extra benefits is enormous. Whereas some parliaments require rigorous evidence of costs, others don't bother at all - thereby opening the door to conduct that is simply shameless.

For instance, poverty-ridden Bulgaria is very strict in this respect. Here, members of parliament have to account for their costs down to the last cent before being reimbursed. MPs in Cyprus, Estonia and Finland, on the other hand, don't get any extra money for attending parliamentary sessions. Taxpayers in those countries ought to be glad. It's a different story in the liberal Netherlands. Here, MPs can even claim a holiday bonus during the parliamentary recess.

## Additional benefits for the elected representatives

A comprehensive structure of income opportunities for the elected representatives, some of which add significantly to their parliamentary allowances, has emerged both within the European Parliament and in the 27 national parliaments of the European Union. The following sections go into this issue in greater detail.

### *EXTRA: In Paris, representatives are not required to provide receipts for rental expenses*

In almost all cases (with the exception of Luxembourg and Cyprus), the costs of a second home for representatives who live away from the seat of government are borne by the state. In some cases (France, Slovakia and the Czech Republic), members of parliament get flat-rate compensation for their secondary residence in the place where parliament meets. In the majority of instances, members of national parliaments from Sweden to Portugal are reimbursed for expenditure on their secondary residence in return for proof of costs actually incurred. There's just one thing: Millions of EU citizens also have to run two residences - one at the workplace and another at home. The reason: commuting between far-flung places has long been compulsory for ordinary citizens too, especially if they wish to remain in work.

Of interest are those EU member states in which the representatives are allowed to rent the most expensive apartments, without any need to provide evidence of costs, and are effectively not held to account for it. Taking as the basis of calculation the average costs of a 30-square-metre apartment in the most exclusive locations in the EU's capital cities, it doesn't require genius to work out that British MPs can bill the taxpayer with no further ado for a whopping monthly sum of € 2,410 for their second homes - at the very least (here, notwithstanding comprehensive research, the study was unable to get a transparent overview, as this kind of information is not publicly available). Hard on their heels are parliamentarians in Paris (with, in the most inexpensive case, a monthly allowance for living costs of at least € 1,200), Helsinki (€ 900), Dublin (€ 850) and Rome (€ 800). Comparatively modest in terms of their reimbursement for secondary residences are the Greeks (€ 450), the Estonians (€ 240) and, bringing up the rear, the Lithuanians (€ 140).

These are in all cases the very lowest cost estimates for apartments of 30 square metres in the EU's capital cities. It is a fair assumption that most members of parliament live instead in a space of between 60 and 100 square metres, even in their second homes. There is hardly a single EU member state which really opens up to public scrutiny the additional money paid to each parliamentarian for his or her second home. In democracies, which like to lament the way in which dictators stash money away for their own clans, this is an unacceptable state of affairs

### *EXTRA: Free air and rail tickets*

Whilst in many countries the national members of parliament get an extra travel allowance, the parliamentarians in Estonia, Luxembourg, Malta and the Netherlands have to shell out for themselves. Elsewhere in Europe, members of parliament receive free rail, air and ferry tickets (in Scandinavia, Greece and, more recently, Germany, they even get rail tickets for private purposes). There is money per kilometre (Portugal), a flat-rate tax allowance (Spain) or an official vehicle for the capital city (Germany).

### **EXTRA: Office and staff expenses**

In addition to the parliamentary allowances, expense allowances, costs for a second home and travel expenses paid to the elected national representatives, the taxpayers in 16 of the 27 EU member states are also forced to foot the bill for what are in some cases extravagant expenses for personal members' offices, complete with equipment and staff at the seat of the parliament.

Thus, for instance, members of the German Bundestag receive by some distance the most generous supplementary allowance of all European parliaments, of up to € 26,712 per month (or € 320,544 per annum), for the running of their offices and for their staff. However: MEPs get an even higher flat-rate sum for office and staff - up to € 21,209 per month - and in the US this figure is yet higher. Moreover, where these figures are disclosed online in a really transparent way - in the kind of detail you get in the US - the office allowances are, if anything, on the moderate side. But this is not the case in the US: with a monthly supplementary allowance for office and staffing of up to € 90,000, what goes on here is nothing less than the squandering of huge sums of money to pay for luxury (Tables 5 and 6).

### **EXTRA: 240 litres of free petrol on Malta**

Some of the other extras granted also occasionally make for curious reading. The spectrum is broad and ranges from a € 5,500 supplement for the purchase of office equipment right through to free entry to museums (Greece), a flat-rate amount of € 802 for postage costs (the United Kingdom) and the assumption of child care costs and those of gym membership in the parliament building (Greece).

Just as unusual as these are the following: on the small Mediterranean island of Malta, the parliamentary deputies receive 240 litres of petrol for nothing each month; and in Madrid there's a lavish flat-rate allowance of € 250 for travel by taxi. For parliamentarians in the Czech Republic and on Malta there is even free police or, as the case may be, comprehensive personal protection (Table 5).

## **Euro and economic crisis? Only to a point - if you're a member of parliament**

One thing is clear from the current public discussion concerning national budgets: the economic management currently practised in some national parliaments in Europe just can't go on. Critics complain that the sinecures which some elected representatives allow themselves are excessive. The idea of parliament as a self-service store is gaining currency and is also backed up in some (but not all!) EU member states by the study carried out by the consumer portal preisvergleich.de.

But never mind: after heated discussions and under pressure from a populace hemmed in on all sides by compulsory austerity, former Italian Prime Minister Mario Monti decided when taking office to waive his salary. However, as a former member of the Senate in Rome, he already gets a pension in excess of € 200,000 per annum and isn't therefore exactly hard up. It's true that the deputies to the state parliament in Rome voted for a reduction in their allowances of € 1,300 per month and a minimal reduction in their pension entitlements. But if and when the new regulation will actually take effect is still unclear. Just as lacking in actual implementation is the decision made in the Spanish parliament to reduce parliamentary allowances in the Corte Generales by seven per cent. And in France, whilst it's true that the new president has reduced his own salary and that of his cabinet colleagues, this reduction has merely returned them to the level at which they were before being raised by his predecessor five years previously. The members of the French National Assembly are unaffected by this.

And where do the Greeks, reviled as wasters of taxpayers' money, come in this comparison of different countries? Whilst all Greece's elected representatives put together get "only" € 103 million per legislative period, this still puts Greece in sixth place in the cost ranking of the 27 EU national parliaments. This is all relative. As the parliament of the country currently being kept afloat by the Eurozone's rescue package has only 300 elected members, the Greek parliamentarian pockets € 7,156 per month, almost exactly the amount of taxpayer's money taken home by his counterpart in the United Kingdom, at € 7,888 (Table 1).

## **This is how much Europe's taxpayers pay per annum into the EU's pot**

The major differences are not confined to comparisons between the EU's national parliaments and with the European Parliament in Strasbourg – they also feature when it comes to the size of the contributions made by EU member states to the EU budget. A well-known fact: Germany tops the league of contributors and is the place of origin of at least every fifth euro spent – some 20% or at least € 20.7 billion net per annum. The runners-up are France (17.6%), Italy (13.2%) and the United Kingdom (11.7%). These four member states between them contribute 62.6% of the EU's total budget. The burden of the remaining 37.4% is shared between the 23 nations of the European Community. (Table 3)

Moreover: whereas the four largest member states (Germany, France, the United Kingdom and Italy) between them account for 53.5% of the total population of the EU, they have a mere 42.3% of the vote in the European Parliament.

Even though the Germans pay a great deal into the EU budget, one thing still needs to be said: in proportion to the average gross national income per head, it is actually the Danes, with an annual contribution of € 375 per person, who pay the most into the EU budget. In comparison to the average income per head, this is some 56% above average.

But this too needs to be said: in comparison with the average annual gross income per head, Bulgaria's contribution to the EU budget, at only € 41 per head per annum, is 50% below the EU average, a significant figure which, in comparison with other poor EU member states, must be considered too low. (Tables 3 and 4)

## **The conclusion of the study:**

There's currently precious little transparency when it comes to the allowances claimed by all elected representatives in Europe. Also of concern are what have become significant differences in pay structure between the politicians and the citizens of the European Union. What you get is a difference in salary averaging 878 per cent.

## **Design of the study**

In the course of months of difficult, detailed and multilingual research, journalist Annette Kröning and her team of statisticians investigated the "income" of politicians in Europe for the German product, energy and financial services portal Preisvergleich.de. For this purpose she surveyed all 27 EU national parliaments and established contact with members of the European Parliament in Brussels.

In the process, the research overall proved extremely difficult. In the case of Greece, for instance, the people carrying out the study had to turn to a Greek blogger for the decisive tip on exactly where in the obscure depths of the parliament's website to find the statutory information on the members' salary structure (all figures in the annex to the tables are marked with source references). The Greek parliament showed itself in a particularly bad light in this respect. For instance, the office of the Greek parliamentary speaker was not prepared to disclose information on incomes, nor was it easy to get usable information from Italy, Portugal or Malta. Even the comparatively clearly and uniformly structured EU salaries earned by MEPs required the surveying team to brush up its maths before it was able to produce what was little more than a usable rough outline of these incomes.

Whereas some parliaments (Benelux, Scandinavia and the Baltic states) were willing and able to quickly provide information on parliamentary allowances and bonus payments for their members, numerous other parliaments completely ignored the survey requests from the product, energy and financial services portal preisvergleich.de.

The basis of the information on the yearly income of EU citizens is formed by the annually updated "Fischer Weltalmanach". For this reason, this part of the research was the least complicated.

Primary sources only were used for the information in the tables (See appended references). A conscious decision was made to exclude from the study the regulations on the disclosure of secondary paid activities, the contributions paid by elected representatives and the pension entitlements of parliamentarians. All data and calculations are derived from the research as it stood on 07.12.2012

### ***Preisvergleich.de - Background facts***

The consumer portal [Preisvergleich.de](http://Preisvergleich.de) (2.36 million users per month, AGOF Internet facts February 2013) offers numerous online comparisons on all matters concerning insurance and energy tariffs.