

Mass resignation by European Commission

Path cleared for reform of European Union

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The resignation of all 20 members of the European Commission has plunged the European Union into the worse crisis of its 42-year history. It came after an emergency meeting late on Monday night of the Commission, the unelected executive body of the European Union (EU), discussed a report into allegations of fraud, corruption and mismanagement.

The investigation was ordered after the Commission narrowly avoided a no-confidence motion in the European Parliament in January. This centred on allegations directed against Commission President Jacques Santer, Research Commissioner and former French Socialist Prime Minister Edith Cresson, Commission Vice President Manuel Marin of Spain, Commissioner Monika Wulf-Mathies, a former German trade union leader now in charge of EU regional policy and Portuguese Commissioner Joao de Deus Pinheiro. The findings of the independent investigation, contained in a 140-page report, were savage. They denounced the Commission for losing political control and allowing a culture of ignorance and incompetence.

Responding publicly to the report on Tuesday, Santer stated that he was shocked by its conclusions and that its tone was "unbalanced". There is a degree of truth in this. Although ineptitude and corruption within the Commission is well known, the actual examples cited are relatively minor. No one is found guilty of fraud and Cresson is charged with only one example of favouritism. But the issue of corruption has been seized on as part of a political campaign aimed at the reform not only of the Commission but of the entire EU.

The confrontation between the European Parliament and the Commission developed last December when it refused to ratify the 1996 budget because of suspicions of corruption. The Commission rejected all criticisms,

and this forced a no-confidence motion to be debated. The Greens, Liberals and Christian Democrats called for the resignation of Cresson and Marin, both former Socialist Party ministers. The no-confidence motion was defeated by the votes of the Social Democrats--by 293 to 232--but the investigation into corruption was agreed.

This has become a vehicle through which to address strategic considerations regarding the functioning of the European Union. The continent faces major economic, political and social changes. The introduction of the euro single currency from January this year is part of a wider strategy of economic reform to ensure Europe's competitiveness for trade and investment with its American and Japanese rivals. This necessitates a sharp reduction in social spending, in the form of grants and subsidies to poorer regions, and a root and branch reform of agricultural policy, which consumes almost half of the total EU budget.

The report's findings were issued on the eve of next weekend's summit to discuss EU budget reform, including an overhaul of farm policies and regional aid. The summit must also tackle growing trade tensions between Europe and the US and an increasingly fraught situation in Kosovo. In the face of a still buoyant US economy and hostility on the world's money markets to Europe's relatively high wages and social spending, the euro has fared badly against the dollar, losing nearly 10 percent of its value in the last three months.

All of this demands the creation of a more efficient administration for Europe, more accountable to Europe's major powers and responsive to the demands of international capital. Opposition to the Commission has grown, based on the belief that it is not capable of the major policy shift now required. From the initially defensivereaction in January, the social democratic

faction in the European Parliament is now advancing the demand for reform of the Commission most stridently. In this the British and German governments are playing a key role. Earlier this month, Britain's Prime Minister Tony Blair called for the "Americanisation" of Europe's economic and social policy, signalling the need to gut welfare spending and abandon economic regulation. In Germany, Gerhard Schröder's Social Democrats have indicated their intention to strenuously pursue a similar agenda. Only last week this forced the resignation of party chairman and Finance Minister, Oskar Lafontaine, who advocated albeit minimal policies to ameliorate the worst excesses of the market.

The growth in hostility to the Commission amongst the Social Democrats is indicated by the comments of Pauline Green, leader of their group in the European Parliament. On the day prior to the report's publication she insisted, "If, after investigation by the independent experts, any individual Commissioner is found wanting, then he or she must go. Gender, nationality, and political affiliation is irrelevant." After the resignations she commented, "Perhaps now we can move on to a new European culture of transparency and honesty." Transparency and honesty are euphemisms for reform of economic and social policy in the interests of the major corporations.

In the British Parliament, Blair said the investigation had revealed "systematic failings in the Commission which have been tolerated for far too long". The appointment of a new Commission should be used "to push through root and branch reform". A "new course for a Europe of reform and change" should be laid out, including a complete overhaul of financial management and spending programmes and a stress on accountability "to ensure that the standards of management and public administration in the European institutions are as high as we expect them to be".

Blair is due to hold discussions with Schröder this week on the implementation of this agenda.

The dramatic climax of the dispute surrounding the Commission creates major difficulties for Europe's governments. The euro fell overnight to an all-time low, before recovering slightly, and is predicted to fall to parity with the dollar by the end of the year, as against a launch value of \$1.18. One of Britain's Commissioners, Sir Leon Brittan, summed up the

dilemma when he said of the outgoing Commission, "In principle we are caretakers, But if you're trying to defend the interests of British cashmere manufacturers, for example, against American threats you need the authority to do so."



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