


The crisis of the Santer Commission

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On 15 July 1994, the European Council designated Jacques Santer, Prime Minister of the Grand Duchy of Luxembourg, President of the European Commission because John Major, Prime Minister of the UK, had vetoed the selection of any person likely to follow Jacques Delors' political line and, in so doing, prevented Jean-Luc Dehaene, Prime Minister of Belgium, whom he regarded as too federalist, from standing as a candidate.

The new President's position was weakened by the very conditions of his appointment. He looked like a 'second choice', showing that the Council rather distrusted the Commission that had been very active under Delors. For its part, the European Parliament, elected in June 1994, expressed its dissatisfaction with the conditions of that appointment on 21 July when it adopted, by a narrow majority, a favourable opinion. In this way, it confirmed its wish to play a stronger role within the Community institutions. Santer managed, however, to assert himself when it came to the Council's selection of members of the Commission, in which the Commission President now had a say, thanks to the Maastricht Treaty. He managed to persuade Parliament to endorse the Commission, on 18 January 1995, by a larger majority than expected (by 416 votes to 103, with 59 abstentions). The Santer Commission was appointed by the Council on 23 January for the period 1995–2000. It took office on 1 February.

Jacques Santer was regarded as not very federalist. Perhaps that was because the Luxembourg Presidency had proposed, during the negotiations on the European Union Treaty in the first half of 1991, a 'three-pillar' structure, of which one would be Community and the other two intergovernmental, while the then Commission preferred a single Community framework. Prime Minister Santer had, however, attempted without success to add a reference to a gradual process [of integration] that would have led to a 'federal' type of Union.

The Santer Commission played a major role in several areas, first of all in the preparations for the transition to a single currency. It concerned itself with that from the start; in particular, the French Commissioner, Yves-Thibault de Silguy, increased the number of contacts with professional circles, banks and chambers of commerce. That led to the publication, on 31 May 1995, of a Green Paper proposing the technical measures to be adopted in order to ensure the transition towards a single currency. In that area, the Commission had the support of the European Parliament. The European Monetary Institute (EMI) drew on the Commission's Green Paper when it proposed the scenario for the introduction of the single currency on 1 January 1999 to the Madrid European Council (15–16 December 1995). The Council adopted the name 'euro', and the Commission invented the logo €, which consisted of an E for Europe crossed by two horizontal lines standing for stability. Banks and undertakings immediately adopted the € on the same basis as the \$ and the £.

Jacques Santer, following on from Jacques Delors, confirmed his social concerns. He drafted a document entitled 'Action for employment in Europe. A confidence pact', which was welcomed by the Florence European Council (21–22 June 1996). He then endeavoured to involve the European Union in the campaign to create jobs. That issue was raised at the Amsterdam European Council (16–17 June 1997) at the insistence of the French Socialist Government. It was decided that an extraordinary European Council would be convened in the autumn to consider how the Union might be given specific powers and rules in the field of employment as in that of the single currency. Jacques Santer and Jean-Claude Juncker, Prime Minister of Luxembourg, played a very active part in the preparations for that Council, which was held in Luxembourg (21–22 November 1997). The two men proposed a specific programme based on formulating a general European approach towards employment policy, on coordinating national policies and — something new — on defining common criteria whose implementation would be monitored by the States. Despite resistance from the Germans and Spaniards, the Council adopted a 'coordinated employment strategy' aimed at ensuring the convergence of economic policies based on the annual definition of common guidelines for the national action plans to combat unemployment and the definition of practical objectives. That was a major, albeit limited, advance, given that, unlike in the monetary field, the only penalties facing Member States that did not meet their annual commitments were simple recommendations.

With regard to the future development of the European Union, the Santer Commission set out an ambitious programme in the document entitled 'Agenda 2000: For a stronger and wider Union', which was published on 16 July 1997. Its purpose was radically to reform the common agricultural policy (CAP) and to make the Structural Funds more efficient, with a view to the future enlargement of the Union, and to establish the financial perspective for the period 2000–2006 (the 'Santer Package'). On 17–18 March, the Commission adopted a package of detailed proposals on which the Council would have to act. However, the Commission's role as mediator between what were, at times, very opposed national interests was to be reduced because it lost some of its strength and authority during the institutional crisis.

Inside the European Parliament, there was growing criticism of the Commission's management methods during 1998. On 17 December, that criticism was reflected in the refusal of MEPs to give the Commission discharge in respect of the 1996 financial year. In so doing, the European Parliament wanted to assert its political power of scrutiny over the Commission, a power it did not have vis-à-vis the Council of Ministers, all the more so since Parliament found itself the subject of widespread criticism in the German and Scandinavian press about the undue payment of allowances to certain MEPs. Henceforth, the media concentrated their attacks on the Commission and, in particular, on the French Commissioner, Edith Cresson, who was accused of favouritism, and the Spanish Commissioner, Manuel Marin, accused of fraud in relation to humanitarian aid. More generally, there was criticism of the financial and administrative management by the Commission and its departments.

A motion of censure on the Commission was discussed on 14 January 1999, at the request of the Socialist Group in the European Parliament. It was rejected, but by a small majority (by 293 to 232, with 27 abstentions). This was the first time that a motion of censure had secured so many votes. Following its rejection, Parliament adopted a resolution calling for a Committee of Independent Experts to be set up with a remit to investigate the administrative irregularities already noted by the internal control bodies and made public. The Commission accepted that procedure and took a part in the nomination of the experts. Jacques Santer did not, however, manage to find a solution or to secure the resignation of the two Commissioners involved. On 15 March, the Committee's report severely criticised the Commission's management methods, taking the view that, collectively, the Commissioners did not have adequate control over their administrations. It implicated not only the two Commissioners, who were already the subject of an internal inquiry, but other Commission members, too. From that point on, it became inevitable that Parliament would adopt a motion of censure. To avoid that situation, the Commission decided that same evening to resign as a body, although its term of office was not due to finish until the end of 1999.

The Santer Commission remained in office for a few more months so that a new Commission could be appointed. In June 1999, it decided to create a European Anti-Fraud Office (OLAF) in order to combat any fraud affecting the sound financial management of the budget, with far greater powers than the Anti-Fraud Coordination Unit (UCLAF), set up in 1998, which had not managed to do its job effectively. Pending its replacement, however, the European Commission no longer had the necessary authority to intervene in the serious debates on reforming agricultural policy and the financial perspective.

Chancellor Gerhard Schröder, President-in-Office of the Council of the European Union for the first half of 1999, wanted to move fast. As soon as the Berlin European Council (24–25 March) opened, he had designated Romano Prodi, the former President of the Italian Council of Ministers (from April 1996 to November 1998), who had played a vital role in the reforms that enabled his country to take part in the single currency, as President of the new Commission. On 5 May, the European Parliament approved the appointment. On 19 July, the Council, in agreement with Romano Prodi, designated the other Commission members. After holding hearings with them, on 15 September the European Parliament endorsed the new Commission (by 404 votes to 153, with 27 abstentions). It took office on 18 September 1999 and finished the previous Commission's term of office, which ran until 21 January 2000, before embarking on its own five-year term until 21 January 2005.

The new Commission included few survivors from the Santer Commission: the British Commissioner, Neil Kinnock, Vice-President, who was responsible for the administrative reform that had become imperative; the Austrian, Franz Fischler, who was to continue being responsible for agricultural policy, rural

development and fisheries; the Finn, Erkki Liikanen, who was moved from the budget to enterprise and the information society; and the Italian, Mario Monti, who moved from internal market and taxation to competition, taking over from the Belgian, Karel Van Miert. The newcomers included the Frenchman, Pascal Lamy, Jacques Delors' former *chef de cabinet*, who took over from him and was made responsible for foreign trade; the Spaniard, Pedro Solbes Mira, responsible for economic and monetary affairs; and the German, Günter Verheugen, responsible for the forthcoming enlargement of the Union to include the applicant countries. As for the British Commissioner, Chris Patten, the last Governor of Hong Kong, he was given responsibility for external relations, but he had to share this with the High Representative for the Common Foreign and Security Policy (CFSP), a post created by the Amsterdam Treaty and held by the Spaniard, Javier Solana, Secretary-General of the Council of the European Union (EU).

The Prodi Commission was faced with a difficult task. During the transitional period, the governments had taken initiatives, the administration had remained in a state of uncertainty, while the EU's sphere of activities had been enlarged by the Amsterdam Treaty. Moreover, the European Parliament had set the new Commission the task of reforming its departments as a priority. To that end, the Commission rapidly drew up an action plan. That was the 'White Paper on Reforming the Commission', dated 5 April 2000, which aimed to make the institution more effective and transparent in response to criticisms that it was running a 'technocratic Europe'.