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The need for a European transparency initiative

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

The European Foundation for Management, Nottingham Business
School

Nottingham, 3 March 2005

It is an honour and a particular personal pleasure for me to deliver a speech to the European Foundation for Management Development. This is a high level gathering of distinguished experts in the concept of transparency. Today's conference offers a unique opportunity to exchange views on how to promote transparency in the public service in general and the European Union in particular.

This conference is timely. The notion of transparency has moved to the frontline of the public debate and is now high on the European political agenda. It is due first and foremost to the fact that public institutions which have sound transparent practises perform better and are valued more highly. Transparency is an essential prerequisite for the integrity and credibility of our political institutions - local, national or international. Transparency is not an end in itself. Its aim is to promote the long term success of sound, time-tested policies by acquiring general public support. This may sound easy, but it is increasingly difficult because the public tends to become more demanding and less patient. Citizens want to have value for money. They pay taxes and demand good government in return. Whenever high expectations are shattered, citizens express outrage and dismay at the ballot box.

Therefore, each political institution should be aware that transparency must be an integral part of its policy. It should not be a smokescreen for a 'make believe government', nor an instrument which replaces substance by spin. Throughout history big political institutions believed to know what is best for citizens. In the political culture of many countries citizens were long regarded as the objects of policymakers, not as subjects.

I have always been an admirer of the BBC series 'Yes Minister' in which minister James Hacker is completely fooled by the civil service, in particular by Permanent Secretary Sir Humphrey. This week, the series celebrates its 25th anniversary. One may regard it as a parody but besides the amusement 'Yes Minister' offers a lot of truth. James Hacker was 'Minister for Administrative Affairs'. So, as European Commissioner for Administration, Budgetary control and anti-fraud I watched the series with specific interest, even twenty years after it has been broadcasted for the first time.

Oddly enough, the title of the first program was called 'Open Government'. Apparently each minister of administrative affairs announces his policy intentions with reference to 'open government'. So did James Hacker who intended to launch a 'White Paper on Open Government'. Sir Humphrey was not impressed and referred to the 'law of inverse relevance' which means: 'the less you intend to do about something, the more you have to keep talking about it'. According to some civil servants in the Department the expression 'open government' is a contradiction in terms: You can be open, or you can have a government. But you can not have an open government. It is like having a cake and eating it.

Therefore, the first challenge for any modern public institution is how to establish a government which is open and operational. Sir Humphrey would probably react with utter disbelief but I believe that government works better when procedures are transparent.

A second feature which attracted my attention is the amount of information. What and how much should people know? Here again Sir Humphrey is rather reluctant. He said: 'One should not just give people what they want. It is not good for them. One does not, for instance, give whisky to an alcoholic.' A colleague of his added not without surprise: 'If people do not know what you are doing, they do not know what you are doing wrong'.

So, the public has a right to know, but it would be more convenient to give them with the right not to know. But how much information should a public organisation provide in case citizens do want to know? A widely known method to prevent people from knowing, is either to say nothing or to drown them in puzzling documents. In moments of despair an official can always say: 'It was all in the files'.

Here is our second challenge, how to make information accessible for citizens in case they do want to know and how to tailor information to prevent them from drowning?

In modern times one can-not afford to maintain a closed season for open government as portrayed in 'Yes Minister'. A closed season would undermine the efficiency of policies, it would lead to distrust and finally to a disconnected electorate which expresses anger. Populist movements will try to harvest the vote of the discontent. The political institutions of the European Union are under permanent scrutiny. The physical and mental distance between the European public and the political institutions of the European Union tend to create a gap, both in policy and perception. 'Brussels' is regarded a far away rainy place, as an inaccessible political 'black box' where all sorts of obscure measures are taken.

On the other hand 'Brussels' itself wants to do good for people but often it feels misunderstood. The Internal Market creates millions of extra jobs which the European economy would not have had otherwise. Citizens can travel across Europe freely and at low cost. Brussels is not credited, but whenever things go wrong, national governments or the media point their finger at 'Brussels', as the playground of restless paper pushers.

If Brussels pursued the policy methods of Sir Humphrey, the European Union would risk to collapse. Secret government erodes the legitimacy of the European Union; the lack of information opens the dirty tricks department of 'make believe' spin. Lack of accountability results in a furious public opinion which feels deceived, and finally rejects the European project altogether. A closed season for transparency in Europe only serves the cause of populist movements, aiming at the demise of the European Union. We can not let that happen.

In the course of this year and next, citizens of a considerable number of Member States have the opportunity to vote on the European Constitution. The Constitution is an instrument to improve the functioning of the European Union and, amongst other things, to enhance accountability and transparency. European citizens have a 'right to know', and they have a 'say' in the future of Europe.

The current Commission has made transparency one of its strategic objectives for the 2005-2009 mandate period in order to achieve 'higher levels of openness and transparency'. It has also stated that fraud deterrence must be enhanced through more transparency and co-operation.

In this framework I will launch the 'European Transparency Initiative' which aims to strengthen transparency throughout the European Union. I will submit a White Paper to the College in the course of spring and organise a Round Table Conference involving all relevant stakeholders to exchange views and put forward concrete proposals. The 'European Transparency Initiative' will be closely co-ordinated with the Presidency of the United Kingdom. A Communication - announcing specific, possibly legislative, action on Community level and recommendations to Member States and other stakeholders - could be presented this autumn and will be discussed with the European Parliament.

The 'European Transparency Initiative' starts from three assumptions:

1. Transparency is needed to ensure a proper functioning of the decision making process. A closed system will always produce bad policies because it is deaf and disconnected. However, a fully open system will turn decision-making institutions into talking shops, which will be long on talk and short on decisions. In the end, one has to take a decision. Therefore, procedures which ensure transparency need to be crystal clear and agreed upon before the decision process starts. Policymakers have to apply transparency, but they also need 'space for reflection'. For example, in the preparatory stage of legislation decision-makers need to be able to discuss freely and evaluate information before submitting a proposal. Other stakeholders may provide data input, suggestions and position papers, but in the end those politically responsible have to table the proposal and defend it in Parliament. If no 'space for reflection' were to be left, Parliament would engage in the preparatory stage of legislation. Government would then become tantamount to a *gouvernement d'assemblée* which, as occurred in the Fourth French Republic, inevitably breaks down because it infringes upon the separation of powers. Therefore, one has to strike a balance on the highest possible level of transparency.

2. Transparency is needed to gain the trust of the public. Political institutions can-not perform without public confidence. Throughout history ambitious empires have tried to set up political institutions and conduct policies in spite of the public. In many cases people were promised to be provided with happiness, even against their will. 'Model states' were designed and 'policies of good intentions' developed. Intellectuals, in particular those far away, admired the so-called 'model states' and their leaders. But on closer inspection they were no more than a house of cards. Why? People didn't believe it anymore, in spite of the promising statistics and the daily 'good news' which were spread by state-controlled media. Legitimacy is only ensured when political institutions are exposed to transparency, when people know that what they see is what they get.

3. Transparency protects policymakers against themselves. The fight against fraud and the abuse of public money should be a permanent activity of each public administration. Policymakers are just like normal people. They may not be inclined to listen to the inner voice of evil, but it is always better to install a set of tangible guarantees. Sometimes political institutions are on the slippery slope before they are aware of it. Transparency is one of the instruments to keep public administrations on the right track and to prevent human weaknesses to prevail.

Following these three assumptions the 'European Transparency Initiative' would have two thematic focuses:

1. Increase financial accountability.
2. Strengthen personal integrity and institutional independence.

Firstly, financial accountability is the lynchpin of transparency in public administration. The budget of the European Union accounts for about 100 billion euros of which 80 percent is spent in two policy areas: agriculture and structural funds. In both areas the European Union and Member States are co-responsible for the allocation and spending of the financial resources. However, many Member States regard so-called 'European subsidies' as other people's money and in some cases tend to turn a blind eye when a 'grey zone' arises. That is wrong. So-called 'European money' is taxpayers' money and should be well-spent just like national tax revenues.

Here, we should try to increase transparency, for example by requesting Member States to enable public access to information on the end beneficiaries of European Funds. This way, we know who gets what. At the moment, in most Member States, data on end beneficiaries are not publicly available.

Frankly spoken, I was amazed about this 'information gap' on the European level because in Estonia all data regarding recipients of agriculture and rural development are available on the webpage of the Agricultural Registers and Information Board since July 2000. In Denmark a similar webpage is operating since June 2004. In the United Kingdom the Food and Farming minister recently announced that data concerning recipients will be made available under the Freedom of Information Act. I think these data must be made available and accessible in all Member States of the European Union.

In the sector of Structural Funds there is a similar 'information gap'. In the programming period 2000-2006 the Commission is in charge of the management of four structural funds. At the moment the regulations aim at a wide variety of possible beneficiaries without taking account of specific needs. Information to the general public is often simply provided by erecting billboards on the sites of the projects. There is no monitoring of the quality and efficiency of the information. I think the Commission should improve the level of transparency of the Structural Funds in the preparation of the programming period 2007-2013.

Proper information and public awareness are needed to prevent the evil phenomenon of fraud or at least limit its scope. The fight against fraud lies at the heart of my activities because the European Union is spending taxpayer's money. Fraud is a crime against European funds. The Commission could try to raise public awareness on fraud through public debate and urge whistleblowers to 'tip-off' anti-fraud authorities. At the moment there is a free-phone line in all EU languages but it has only been used 32 times over one year period. Perhaps it is not yet sufficiently known.

Secondly, personal integrity and institutional independence are cornerstones of good governance. Here, transparency is also a useful tool to strengthen both elements. The most important asset of political institutions is its human resources management. Institutional strength and wisdom is derived from individual talents and dedication to the public cause. Personal integrity and institutional independence require permanent control. Members of the European Commission attempt to ensure personal integrity by respecting a code of conduct and providing a declaration of financial interests. Both set high standards for Commissioners. Perhaps the Commission could lead by example and urge other institutions of the European Union, and even Member States, to set the same standards by using a code of conduct and a declaration of financial interest. At the moment Members of the European Parliament are obliged to provide a declaration of financial interests, but the information is very sketchy and some do not fill out the above mentioned declaration. Here, there is room for improvement.

The issue of integrity should not only be limited to public institutions. Organisations, groups or persons in the ambit of European institutions which offer advice, represent clients, provide data or defend public causes should also be accountable. People are allowed to know who they are, what they do and what they stand for. There is nothing wrong with lobbies because each decision-making process needs proper information from different angles. At the moment there are about 15.000 lobbyists established in Brussels, while around 2,600 interest groups have a permanent office in the capital of Europe. Lobbying activities are estimated to produce 60 to 90 million euro in annual revenues. But transparency is lacking.

There is no mandatory regulation on reporting or registering lobby activities. Registers provided by lobbyists' organisations in the EU are voluntary and incomprehensive and do not provide much information on the specific interests represented or how it is financed. Self imposed codes of conduct have few signatories and have so far lacked serious sanctions.

Lobbyists can have considerable influence on legislation, in particular on proposals of a technical nature. Their lobby is mainly directed to the Commission and the Parliament. But their transparency is too deficient in comparison to the impact of their activities.

The same accounts for Non Governmental Organisations. Many NGO's rely on public funding, some from the Commission. Annually the Commission channels over 2 billion euro to developing countries through NGO's. The word 'non' is quite fictitious. Some of the NGO's receiving funds from the Commission describe on their website one of their main tasks as: 'lobbying the Commission'. Or to put it in the words of Sir Humphrey: 'the Commission is paying lobbies, in order to be lobbied'. The 'European Transparency Initiative' also seeks to increase transparency in these networks, for example, by improving the current registry of NGO's. It should also contain financial information.

People have a right to know how their money is being spent, including by NGO's. Currently, a lot of money is channelled to 'good causes' through organisations we know little about. Noble causes always deserve a closer look. In the Middle Ages the forests of Nottingham were famous for the courageous Robin Hood, the 'prince of thieves' who tricked the Sheriff of Nottingham and stole from the rich in order to help the poor. One may regard this legendary figure as an early NGO. His cause seemed noble, but his ways to redistribute wealth were not always quite transparent.

These are all questions and suggestions that are open to discussion in the framework of the 'European Transparency Initiative'. All stakeholders are allowed to ask questions and to raise issues. There are no taboos. The White paper is a starting point, not a concluding document. There will be sufficient time and various occasions to discuss the issues at stake. Transparency is not a one-off. It is a permanent process.

However for me, one concern remains. How would Sir Humphrey react to a White paper from Brussels on transparency? He would probably shake his head and mumble that the less people know about 'Brussels' the happier they are. He would probably want to give people a constitutional right to be ignorant, in particular on a European constitution. He would say that information leads to complicity and guilt, whereas ignorance ensures innocence.

I beg to differ. Public ignorance leads to bad government and lack of information to angry voters. Transparency is not the easy way for public officials, but it is the best way to provide citizens value for money. In all transparent debates the best arguments should carry the day. And sometimes, courageous public officials should dare to say: 'No, Commissioner'.