Reforming the Commission

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Introduction
Predictions about important developments in European politics are always hazardous. At the beginning of this year, with the successful launch of the Euro behind him, Jacques Santer was considered a candidate for a second term as President of the Commission. No-one foresaw the chain of events that led rapidly to the resignation of the whole Commission and the installation of a new Commission led by Romano Prodi. Nor was it easy to foresee that in a short space of time a fundamental reform of the Commission would become a top priority. Although there has been a long-standing concern about the deficiencies of the Commission it seemed likely that institutional reform would, as on previous occasions, be pushed aside in favour of new policy initiatives with more political appeal. However, amidst the allegations of nepotism, fraud, mismanagement and neglect that led to the first report of the “Committee of Independent Experts” on 15 March 1999, it was hard for anyone to argue against fundamental reform. The publication of the report precipitated the resignation of all the Commissioners. The crisis immediately prompted proposals for root and branch reform of the organisation. It could hardly have been otherwise when the report concluded that “The studies carried out by the Committee have too often revealed a growing reluctance among the members of the hierarchy to acknowledge their responsibility. It is becoming difficult to find anyone who has even the slightest sense of responsibility.” (First Report, Committee of Independent Experts p.144, 1999). The Commission sometimes described as the “conscience” of the EU system appeared, in Freudian terms, to be more “id” than “superego”.

The resignation of the Commission caught the Member States unprepared for the process of finding a credible replacement for Jacques Santer. Within the normal time schedule the tactics of the Presidential succession process are somewhat like a 1,500 metres championship in which the main contenders avoid taking the lead and, as rivals falter in the finishing straight, the successful candidate comes through with a late run. In the crisis circumstances of spring 1999 the course of events was more like a cycle race in which the eventual victor broke away almost from the start and established a winning lead before the peloton could even organise to give chase. Since his nomination Romano Prodi has continued to set the pace of reform by announcing a series of initiatives designed to improve the effectiveness, accountability and, not least, the cohesion of the Commission as an organisation and the Commissioners as a college. These include: changes in the status, terms of appointment and accountability of Commissioners; changes in the composition and role of Commissioners’ Cabinets; the creation of subgroups of Commissioners to improve internal coordination and changes in structure and top-level personnel of the Commission’s DGs and services. One significant indication of commitment to reform is the appointment of Neil Kinnock as the Vice President of the Commission with responsibility for administrative reform.

The hectic pace of political events over the past few months has transformed public expectations about reforming the Commission from “reform impossible” to “reform inevitable”. There are dangers in this. It is important to maintain a realistic perspective. Major changes in the way any organisation functions do not take place overnight. Although the Commission does seem to be on the verge of the first really significant reform in its history, it would be unrealistic and probably counter-productive to expect dramatic improvements in performance in the short term. For understandable reasons concerns have tended to focus narrowly on questions of personal integrity, public accountability and organisational structure. These are important but they are also symptoms of deeper problems. The broader context of reform must not be ignored. The main driving force is the commitment to widening the membership of the EU. The eastward enlargement, whatever its scale and timing, will entail basic institutional changes. The process of transition and the operation of a Union of twenty or more Member States will impose heavy additional loads on the whole system which the present organisation is simply not equipped to bear.

Real progress in reforming a system as complex as the EU (for reform cannot be confined to the Commission itself) will take years rather than months. Fortunately, contrary to general impressions, a start in improving the organisation and management of the Commission had begun before the crisis blew up. The useful preparatory work done under the previous Commission should not be overlooked. Despite the narrow constraints imposed on Santer’s Presidency by the Member States at the time of his appointment his Commission did make some progress in implementing the commitment to “do better rather than do more”. The political stalemate during the Maastricht II IGC had the unintended consequence of

* Un bref résumé de cet article en français figure à la fin.
providing a breathing space by limiting the increase in EU policy responsibilities in the Amsterdam Treaty. Agenda 2000 instigated a process of internal reform of financial and personnel management within the SEM 2000 and MAP 2000 frameworks. The new wave of reform initiatives can build on the experience gained and lessons learned in introducing these changes under the leadership of Erkki Liikanen, who is a member of the new Commission.

Reforming Management: Managing Reform

One of the basic requirements of a well-managed reform process is, paradoxically, a good understanding of the status quo. Without knowing the point of departure, reforms may be based on false assumptions. Proposals for change may provoke disagreements and misunderstandings that compromise the credibility of reformers if they are seen to be ill-informed about the actual situation. It is useful, therefore, that in October 1997 the Santer Commission decided on a review of the Commission’s organisation and operations to provide an up-to-date picture of its activities, resources and methods. This exercise known as DECODE (Dessiner la Commission de Demain) began in November 1997 and was completed in May 1999 after the resignation of the Commission. The DECODE review is a more or less comprehensive fact-finding investigation of the Commission’s work, resources and working methods. An explanation of its coverage and methodology is contained in the report “Designing Tomorrow’s Commission”, published in July by the Inspectorate General which managed the review. Twelve teams of officials were assigned the task of investigating what work was being done, why it was being done, who was doing it and how it was being carried out. Each team was led by a Director from outside the areas under investigation. The general approach was to work from the bottom up to create a detailed picture of what the Commission does and how it does it. The results provided both factual information about the current situation and preliminary ideas about where the problems were.

Although there are few surprises, the importance of the review is that it provides an overview, based on up-to-date detailed information, the Commission’s activities and tasks. “DECODE has been an opportunity for the Commission, for the first time in its history, to get a detailed description of the activities in which its departments are involved and the tasks carried out by its staff.” (Designing Tomorrow’s Commission. p.71). If the Commission knows more about its organisation now than ever before it must be emphasised that this is only a start. It is still low on its learning curve. The results, as presented, rely on common-sense categories that badly need to be refined. For example, DECODE arrives at a profile of a “standard” DG by leaving out data about “atypical” DGs and concentrating on “traditional” administrative activities. On one hand, some of the DGs defined as atypical are important in their own right. On the other hand, there is considerable diversity among the so-called standard DGs that warrants closer scrutiny and better discrimination. The differences among them have important implications for the way they should be organised and managed. Standardisation suggests the imposition of a uniform approach. Agriculture is not like Environment or Research and should not be organised in the same way.

DECODE is a beginning. Aside from its descriptive evidence about the organisation of the Commission there are two potentially important side benefits of the exercise that may have lasting value in the process of reform. One is that the work was done by a substantial number of Commission officials who now have a better knowledge of the issues of organisation and management than they would otherwise have had. Their shared experience and knowledge is an asset that should come in useful when further reforms are initiated. The other benefit is that, paradoxically, it is sometimes important not to make positive proposals at any early stage of a reform. In any process of organisational change a preliminary phase of ‘unfreezing’ can help to reduce resistance to change, facilitate diagnosis, and open up options for solutions that were previously disregarded or considered unfeasible. Expectations of change gain in strength as old assumptions and established practices are questioned and out-dated structures begin to lose credibility.

This is not to suggest that reforms will occur spontaneously as resistance to change melts away. Nor is success assured solely by political will. Political will is a necessary but not a sufficient condition for successful reform. Deliberate choices have to be made about the direction in which to go and thorough preparations are needed to ensure that there is the ability and willingness to implement the necessary changes. A combination of five conditions seems to be necessary for reforms to succeed: external pressure for change; internal commitment; a strategy for reform; a mechanism for managing reform and, finally, feedback to the political level to steer progress and renew support. At the moment, the first two of these conditions are now met. Uncertainty remains about the other three. This article considers issues accounted with the third condition; the development of a reform strategy, taking account of what has already been done to introduce reforms within the Commission, but looking to the broader context. Clearly, there are powerful external pressures now and internal commitment has been strengthened.

The confirmation in office of the Prodi Commission in September triggered important moves towards creating the other conditions for reform. Unfortunately it also seems to have raised expectations of quick results. The proactive leadership style that the new President adopted has given the Commission more room for manoeuvre in developing reform proposals. The question now is how it will be used. There are sure to be pressures from the European Parliament, from the Member States and from other sources to include or exclude particular proposals. Making ad hoc concessions
would reduce the credibility of reforms inside as well as outside the Commission. It will become important that specific changes can be seen as parts of a coherent strategy rather than a piecemeal collection of unrelated individual initiatives. At the same time, there is a danger of being too prescriptive too soon. The Commission needs a sustained and progressive process of reform rather than shock therapy. An overambitious crash programme could undermine rather than strengthen the capacities to manage change in the long term. Neil Kinnock is to present a “blueprint for reform” early next year. It may be wrong to read too much significance into the phraseology. Taken literally, it suggests a complete package of proposals that provide a detailed design. But there is a danger of failing to see the wood for the trees. Before going into details it is important to be clear about the scope and purpose of reform. Should the aim be to make the Commission better at doing what it already does, or to equip it for a new role better suited than it is at present to the challenges of deepening and widening integration? While there is no absolute contradiction between these goals it is important to understand that they are not the same and the actions taken initially have been based on the established agenda for reform which is more clearly geared to upgrading the existing organisation than adapting the Commission to the challenges ahead.

The Established Reform Agenda
Many of the items on the current agenda for reforming the Commission are familiar from previous, unsuccessful, attempts to instigate change. They include:
- the functions of the Commission and the priorities among them;
- the independence of Commissioners and their roles within the organisation and outside it;
- the internal organisation and decision-making processes of the College of Commissioners, including the powers of the President and the continued appropriateness of collegial decision-making;
- the accountability of the Commission as a body and of individual Commissioners;
- the structure of the Commission services, in particular the number of DGs, the division of responsibilities between them and the means of ensuring better coordination among them;
- the role of Commissioners’ cabinets in policy development, coordination and management;
- the scope for “unbundling” existing responsibilities and decentralising their performance to, for example, independent regulatory authorities or European Agencies;
- improved management of personnel, finance and policy responsibilities within DGs and greater flexibility across the Commission as a whole, taking advantage of opportunities for greater delegation of management responsibility and less reliance on detailed hierarchical supervision as a means central control.

The Prodi Commission has already begun to introduce changes in several of these areas. But to limit reform to them would be to underestimate the task of reforming the Commission. The established agenda does not address the full range of issues that an effective reform strategy should take into account. The familiarity of the agenda items listed above is a warning that the debate has become stuck in a rut. To a remarkable extent current proposals are framed by the terms of debate established in the Spierenburg Report of twenty years ago. This does not mean that they are insignificant. Some of the reform issues are perennial problems of organisation and management that can and should be dealt with. Perhaps the most frequently quoted examples are reducing the numbers of Commissioners and DGs. There is scope for differences of view about what are the right answers to these questions, but they are details in much larger picture. Discussing the reform of the Commission solely on the basis of the Spierenburg agenda is “safe” in the sense that everyone knows the issues, the arguments and the counter-arguments. But new issues and proposed solutions are emerging more strongly than they have done in the past. The established agenda does not provide an adequate basis for formulating a reform strategy that will assure the effectiveness of the EU in the longer term. Too much is happening in the field of European integration and too little has been done to encompass new issues that have arisen as a consequence of the advances European integration has made in the last twenty years.

Management as the Solution
In one respect the main theme of a forward-looking reform strategy is clear. Better management is the answer to the problems of poor performance, negligence and lack of accountability. And, in fact there appears to have been surprisingly rapid agreement on better management as the solution. The Commission seems to be moving belatedly in the general direction that the Member States have already gone – towards the introduction of modern management methods as the means of improving performance and accountability. No-one can seriously deny that there is a great deal of room for improvement. The crisis earlier this year highlighted the managerial inadequacies of the Commission. Subsequent debate, comment and criticism of lack of accountability and excessive bureaucracy have frequently portrayed “management” as the key to improved performance. The Second Report of the Independent Experts has provided evidence of specific failings and more general management shortcomings.

The logic of the situation requires the introduction of better forms of management. The Commission cannot expect a large increase in staff or financial resources in the coming years. What it can expect is a significant increase in workload as the direct demands of the enlargement process rise and the consequential indirect demands for policy adjustments and institutional reorganisation also grow. The Commission will therefore
have to find ways of managing by making better use of available resources than it has done in the past. Among other things this will mean a greater concern with results and less acceptance of procedural rigidity and complexity. It will mean more decentralisation and greater flexibility in the way human resources are allocated and used. It will also mean better management of financial resources with closer control over their allocation and use. This in turn depends on improved flows of information about actual results and more explicit measurement of performance. Better internal accountability will provide the basis for improved public accountability.

This, however, does not mean that management is a panacea. Nor does it mean that there is a ready-made management solution that the commission can implement. In fact, defining management as the solution to the problem of poor performance is the beginning rather than the end of the debate about what the reform strategy should be. As everyone knows, there is not an agreed body of universally applicable management principles. The days of one-size-fits-all management thinking are long past. Conversely, the management field is very vulnerable to shifting fads and fashions which provide a good living for management consulting boutiques. Apart from anything else it is wrong to assume that there is agreement about what management means in the context of the Commission. Is it basically the same as business management or closely similar to public management in national government? Are the differences more important?

At another level, implementing management reforms is fraught with difficulties. It will require a major cultural change that calls for extremely careful handling. Superficial acceptance of reform proposals will not produce lasting results if it fails to change institutionalised values and deeply ingrained habits of thought. At least until recently, “management” has not been a well-established or highly-valued element in the organisational culture of the Commission. As in most national governments, policy-related responsibilities have been more positively regarded and accorded a higher priority. The Commission’s right of initiative has given it a key role in the policy formulation process. Ambitious Commission officials could expect to enhance their reputations and advance their career prospects by being involved in launching new policy initiatives. Conversely, the tasks of management making the resulting policies work in practice have been perceived as much less rewarding intrinsically and extrinsically. Neglect of management has been rationalised by defining it as routine, unproblematic and, therefore, unworthy of the time and attention of top level officials.

One might say that this is nothing new. In national governments public management reforms have encountered similar cultural obstacles and resistance to the acceptance of management ideas. The belief systems of senior officials have been more oriented to current policy issues and short-term political concerns than to questions of long-term performance. As elements of the administrative culture such belief systems are buttressed and protected by “disbelief systems” that simplify and discount the contribution that management can make to performance. One of the most deeply entrenched elements of the disbelief system is the policy-implementation dichotomy itself. By defining management as routine follow-up and implementation of policy decisions it justifies a segregation of policy makers and policy managers. Often status differences and organisational demarcations increase barriers to communication and cooperation.

There is another cultural dimension to reforming the Commission that could significantly influence the impact and eventual results of reforms. This is the stereotyping of management proposals as alien “Anglo-Saxon” ideas being transplanted into the European body politic. The more clearly reform proposals can be identified as business-based or American in origin, the more likely it is that attempts to introduce them will activate rejection mechanisms in and around the Commission. The appointment of a British Commissioner to lead the reform process may contribute to heightening these anxieties. But the problems would have to be faced anyway. If experience elsewhere is anything to go by, such problems are not insuperable. Most Member States are some way down the road in introducing management reforms. They do not all conform to a uniform approach. Attempts to delimit a unifying concept of “New Public Management” (NPM) or to identify a convergence on a single set of NPM solutions have been inconclusive. There is considerable diversity in the solutions adopted. In part this reflects diversity in the underlying problems and in institutional structures. The fact of diversity in the problems to be solved and the possible solutions preclude any simplistic process of imitation. It makes no more sense for the Commission to copy what national governments are doing than for national governments to copy business management models and methods.

**Diagnosing the Management Deficit**

Advocating management as the solution presupposes a diagnosis of the problems that need to be resolved. As yet there is no systematic diagnosis and there is a danger that political pressures to demonstrate short-term progress will result in too much attention to obvious symptoms and too little to underlying causes. The importance of thorough diagnosis is especially important in the case of the Commission for two different reasons. The first is that the recent problems of the Commission are part of the wider problem of the EU’s management deficit. The EU has a structural bias towards taking on responsibilities that it does not have the capacities to fulfil. This can no longer be regarded as a temporary weakness that can be corrected in the future. On the contrary it is a serious and growing problem that could easily get out of hand if it is not dealt with before the forthcoming enlargement. Although the details are complex and depend on the policy field in question, the
The Commission as Policy Manager
Reforming the Commission is not just a matter of streamlining the internal organisation. The external dimension of management is extremely important. Particularly in its role as policy manager the Commission works with and through the administrations of the Member States. As the discussion of project management and European Agencies indicates, managing European policies usually involves networks of organisations linking levels of government and extending across and beyond the administrations of the Member States.

The Commission as policy manager is not usually an executive authority with direct operational responsibilities. Rather, it is responsible for ensuring that operational responsibilities are performed, and necessary support functions are provided, by other organisations. In general this means working through partnerships and establishing reliable organisational networks. Since there is no EU competence in public administration, this is a delicate task. The Commission is in the business of managing interdependence among national organisations that do not necessarily cooperate easily. It might be said that this is not fundamentally different from the
position of central ministries in national governments. Public management is almost invariable getting things done through other organisations. More or less all public services demand the combined efforts of several, or even many, organisations. However there are both qualitative and quantitative differences that influence the performance of the Commission as policy manager when the same policies have to be implemented across fifteen different countries. It is exceedingly difficult to design and manage systems that take account of institutional diversity and variations in levels of resources and expertise. It is not clear that the Commission is equipped to cope with the present complexities of policy management. A great deal has to be taken on trust and if trust proves to be ill-founded the consequences can be catastrophic. The most obvious recent example is the “Mad Cow Disease”.

The second report of the Committee of Independent Experts, published in September, made much less public impact than the first report in March. Nevertheless, it should receive close attention from anyone concerned about equipping the Commission to play its role as policy manager. The report draws a distinction between direct and shared management. This is not, as one might expect, a distinction between what is done in-house and what is contracted out. It is a distinction between what is the direct responsibility of the Commission and what is a shared responsibility with the Member States. In fact, as the report observes, one of the problematic features of the Commission’s exercise of its direct management responsibilities is that it relies increasingly on contracting out the work that has to be done.

**Capacity-Building: A New Role for the Commission**

The third objective is the most important in the long term for the effectiveness of the EU. It is to develop a new role for the Commission as the organisation responsible for ensuring that the capacities needed to manage the enlargement process and the enlarged system are adequately provided. Importantly, this does not mean the acquisition of new policy responsibilities or executive authority. To play a capacity-building role in designing organisational networks and developing management capacities to make them work, the Commission will have to re-establish its credibility and acquire new skills. This will be difficult politically as well as technically. Just at the moment the Commission’s reputation is at a low point and it is hardly in a position to give lessons in management to others. A capacity-building role does not fit easily with the responsibilities the Commission already has. But it is hard to see any other organisation taking on responsibility for dealing with the management deficit. No-one has done so until now.

If the political difficulties are obvious the technical challenges are enormous. European integration presents problems that are as different from public management problems at the national level and it is so far ahead of other initiatives in regional integration that there is no option but to find ways of learning from its own experience. Reforms of the Commission’s internal organisation and moves to improve its performance in policy management can support developments in this direction. Indeed they should be deliberately designed to do so. However, managing even the present portfolio of responsibilities across a significantly enlarged EU warrants deliberate investment in the new institutional capacities that will be required to ensure success.

**Conclusions**

The conventional agenda of reform dating back to the Spierenburg report has concentrated on restructuring and streamlining the organisation itself. The current situation demands something broader and more ambitious. In order to cope with the next phase of integration the Commission needs to be reinvented so that it can play a strategic role in building the capacities needed to manage European policies effectively. In the main, the capacities are not internal to the Commission. They are distributed across organisational networks linking the Member States and the core European institutions. Ensuring that the networks contain the requisite capacities and function as effective and reliable regimes will require innovation in organisation and management rather than simply imitation. The challenges are quite unprecedented. There are no ready-made models or blueprints to work from.

In the past the main obstacle to reforming the Commission has been political disagreement about the substantive goals and future course of integration. The proposal here, is to adopt a different approach and focus reform efforts on equipping the Commission to play a new role in building capacities for integration. Whatever the substantive policies and specific objectives of integration, the effective performance of the system as a whole depends on ensuring that there are the right capacities to put them into effect. This will require significant innovation in the design of new governance structures and in the development of new methods for managing very complex and large-scale reforms. At present there is no institution responsible for this. The pressure is on the Commission to move rapidly from being a laggard in public management to being a leader.
RÉSUMÉ

La réforme de la Commission européenne est aujourd’hui un point prioritaire sur l’agenda politique de l’UE. Mais quel est l’objectif de cette réforme? Le but poursuivi est-il de réformer la Commission pour lui permettre de mieux faire ce qu’elle fait déjà ou est-il plutôt de l’équiper pour un nouveau rôle adapté aux défis de l’élargissement et de l’approfondissement de l’intégration? Cet article examine un certain nombre de questions stratégiques quant au développement futur de la Commission qui ont été négligées par le passé. A présent, il s’agit pour les nouveaux membres de la Commission européenne de traiter de toute urgence ces questions.

Stratégie, structure, systèmes, telle est la logique conventionnelle suivie par la pensée managériale. Mais, le débat sur la réforme de la Commission n’a pas suivi cette logique. Une grande partie des discussions ont été un exercice d’introspection et se sont efforcées d’esquiver la question de la stratégie, car trop polémique du point de vue politique. Au lieu de mettre au point une stratégie cohérente pour la réforme, le débat s’est concentré sur la restructuration et la rationalisation de l’organisation déjà en place en vue de la rendre plus efficace. Bien que ce soit là un aspect important et nécessaire, il ne contribuera que dans une faible mesure à résoudre le principal problème stratégique: le déficit de gestion de l’UE, autrement dit le fossé existant entre les capacités dont on dispose et celles dont on a réellement besoin pour gérer de manière efficace les politiques communautaires. S’il est vrai que l’UE est responsable de la gestion des politiques à une échelle continentale, en revanche on ne trouve personne qui soit véritablement chargé d’assurer la présence effective des capacités requises.

Cet article propose une stratégie triple pour réformer la Commission. Premièrement, il est nécessaire d’améliorer l’organisation interne de la Commission. Deuxièmement, il s’agit d’améliorer le rôle de la Commission dans la gestion et la mise en œuvre des politiques. Troisièmement, la Commission doit développer un nouveau rôle en renforçant les capacités pour l’intégration. Cependant, à l’heure actuelle, la volonté institutionnelle de mettre au point et développer des réseaux plus fiables et plus efficaces entre la Commission et les Etats membres fait défaut. La proposition qui ressort de cet article est donc de réinventer la Commission afin de lui permettre de jouer un rôle nouveau dans la constitution des capacités requises pour résorber le déficit de gestion et améliorer la performance de l’UE dans son ensemble.

REFERENCES