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## **Dodgy taxes, shady ethics**

### **Reforming two broken systems**

#### **A blog from our Transparency & Democracy and Tax Justice Priorities**

**Conflict of interest:** situation in which a person or organisation is involved in multiple interests, financial or otherwise, which could possibly negatively affect his or her motivation or decision-making.

Trust is essential in a relationship, even more if it is between citizens and their elected officials. So, when the list of European politicians involved in scandalous conflicts of interest just gets longer and longer, it means one thing: time for a change!

- **Miguel Arias Cañete**, Climate Commissioner, had his wife named in the Panama Papers and was accused of involvement in a corruption scandal in Spain. Just before joining the European Commission he was forced to sell his shares in oil sector companies.
- **José Manuel Barroso**, former President of the European Commission, moved through the revolving door to work for Goldman Sachs 20 months after leaving the Commission.
- **Neelie Kroes**, former Competition Commissioner, was named as a Company Director in the Bahama leaks but did not declare this when she was in the job. She also raised eyebrows when she went through the revolving door to work for Uber.

The Greens are getting increasingly tired of the endless scandals that have recently been rocking the European Commission. As a group that believes in the potential of a shared EU project for combatting climate change and fighting for a fairer economic system, we are deeply concerned about the crisis of legitimacy that the European Union is suffering from. Time for a change then.

### **We need tax changes**

Tax transparency is not an overrated virtue. We need to understand why wealthy individuals prefer to operate in tax havens, have information about who owns companies or trusts, and make sure that this is publicly available in business registries. It shouldn't be for journalists to leak this information. Secret ownership should be forbidden!

## We need transparency and democracy changes

All examples mentioned above show that we need better procedures for eradicating potential conflicts of interest of Commissioners, tougher rules on the revolving door and tougher checks on the Declarations of Interest of EU officials.

### Here is our 5 “Sorting Out Ethics of the Commission” proposal:

- 1. Fix the revolving doors policy:** Incoming Commissioners’ previous role in business should be thoroughly checked; and so additional resources are required to ensure they told the truth. The cooling off period for outgoing Commissioners should be extended from 18 months currently to at least 3 years.
- 2. Improve Commissioners’ Declarations of Interest:** It should not be up to Commissioners to decide themselves which of their financial interests or assets might create a conflict of interests. They should declare all their assets and financial interests, as well as more information about their family interests. Declarations of Interest should be thoroughly screened and regularly updated, and Commissioners should be obliged to provide extra proof or evidence if required.
- 3. Revamp the Commission’s Ethics Committee:** This ethical committee should be given the powers to initiate inquiries on its own and on any matter relating to Commissioners’ ethics. It should also be composed of independent experts selected in a transparent procedure.
- 4. Strengthen the sanctions system for non-ethical behaviour:** A procedure should be put in place for sanctioning Commissioners who fail to report potential conflicts of interest. New sanctions should be introduced, including fines (like in the Canadian system) and clear divestment requirements. Sanctions should also be made public.
- 5. Give the European Parliament greater scrutiny over Commissioners’ ethics:** As the case of Commissioner Cañete made clear, there need to be procedures in place for potential conflicts of interest so a Commissioner can be screened during their term in office, and not only when they apply as a candidate.

The Greens have made [Transparency & Democracy](#) as well as [Tax Justice](#) two of their political priorities. Thanks to us, this topic is being debated in the European Parliament plenary and we won’t give up until we see change from the European Commission.

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