



Corruption in the European Union: Scandals in Banking, Fraud and Secretive TTIP Negotiations

Par [Graham Vanbergen](#)

Mondialisation.ca, 04 septembre 2016

[European Financial Review and TruePublica](#)

4 septembre 2016

Région : [Europe](#)

Thème: [Global Economy](#)

EU corruption has historically taken a wide range of forms demonstrated so vividly with successive scandals in banking, tax avoidance, a host of malpractice and fraud cases to secretive TTIP negotiations that circumvents public interest needs. The result is that public support for the EU has been seriously undermined with 70 per cent of Europe's population believing corruption is now centred on politics and corporations.

The EU has developed an internal single market through a standardised system of laws that apply in all member states. EU policies aim to ensure the free movement of people, goods, services and capital within the internal market, enact legislation in justice and home affairs, and maintain common policies on trade and regional development.



For the corrupt this type of geo-political arrangement, still in its infancy, operating across the borders of so many nation states on a single continent is a godsend. It provides an opportunity to harmonize and standardize practices in order to reduce risk and ensure even greater success of criminality paying off.

Get Briefed, Get Weekly Intelligence Reports - Essential Weekend Reading - Safe Subscribe

It wasn't until February 2014 that the EU published its very first report on corruption and calculated that corruption was affecting all 28 nations within the bloc amounting to €120bn euros.(1)

Cecelia Malmstrom, the EU Commissioner for Home Affairs stated at the time "Member states have done a lot in recent years to fight corruption, but today's report shows that it is far from enough."

"Europe's problem is not so much with small bribes on the whole," Carl Dolan of Transparency International in Brussels, told Reuters at the same time. "It's with the ties between the political class and industry. There has been a failure to regulate politicians' conflicts of interest in dealing with business," he said.

The rewards for favouring companies, in allocating contracts or making changes to legislation, are positions in the private sector when they have left

office rather than a bribe.

How true Dolan's words were, but still, they were only scratching the surface of the fetid reality.

Two years later in March 2016 the European Parliament published a larger independent study that revealed corruption was a hairs width away from €1trillion euros. In an economy of €14.3trillion it confirmed that 14 per cent of the entire GDP of the EU was bathing in corruption. (2)

But this study, unlike the previous one practically absolved the government of involvement in corruption as it estimated just €5billion euros was attached to it.

The very same Dolan of Transparency International said of this report. "The fact that the EU has not been able to deliver on very modest things is probably an indication of how low a priority this has been for the EU over the last number of years."



Cecelia Malmstrom, the European Commissioner for Trade and lead negotiator in the biggest trade deal in the history of humanity TTIP.

The same Cecelia Malmstrom, now the European Commissioner for Trade and lead negotiator in the biggest trade deal in the history of humanity is at the centre of an accord between the EU and USA where corruption is perceived by virtually all critical independent experts and commentators to be pandemic.

The Transatlantic Trade and Investment Partnership or TTIP has raised a number of valid concerns regarding the total lack of transparency and any democratic control in the negotiation process, and over the arbitration bodies and regulatory panels that the agreement would establish. And whilst this particular trade deal, thought to be worth around half of global trade is an ideal opportunity to implement strong anti-corruption measures - it is really a boiling pot of fraud and malfeasance. This is surely what Dolan meant when he said, "ties between the political class and industry."

TTIP has been found to not only pose a threat to public interest legislation, it aims to do much more by actually changing lawmaking in the EU. As Corporate Europe Observatory put's it:

Our analysis has led us to two worrisome conclusions: First, transatlantic standards will to a large extent be set behind closed doors by a limited group of actors: big business, the US regulatory authorities, and the European Commission. And second, unelected officials are ready to further sacrifice our democratic rules and reduce our social and environmental protections, such as healthy working conditions and product safety, on the altar of trade. (3)



There are now over 30,000 corporate lobbyists, shadowy agitators, which influence

three quarters of legislation in the EU

In Brussels alone there are now over 30,000 corporate lobbyists, shadowy agitators as The Guardian puts it, which are responsible for influencing three quarters of legislation in the EU. But even they are left in the shade when it comes to the power being afforded to corporations in the TTIP negotiations.

The US Chamber of Commerce the wealthiest of all US corporate lobbies and DigitalEurope, whose members include all the big IT names like Apple, Blackberry, IBM, and Microsoft are there. So are the Transatlantic Business Council, a corporate lobby group representing over 70 EU and US-based multinationals. ACEA, the car lobby working for BMW, Ford, Renault and others, the Chemical Industry Council lobbying for BASF, Bayer, Dow, and the like, are all there.

The European Services Forum, a lobby outfit banding together large services companies are present as are powerful big Pharma companies and FoodDrinkEurope, the biggest food industry lobby group representing multinationals like Nestlé, Coca Cola, and Unilever are sitting at the negotiating table.

One in every 5 corporate lobby groups, which have lobbied for trade on TTIP (80 out of 372 corporate actors), is not registered in the EU's Transparency Register. Of 597 closed meetings the EU Commissioners conducted over TTIP, 88% were with big corporations. Just 9% were with public interest groups.

Many, if not most of these corporations are not strangers to scandals of corruption in one sort or another. TTIP if successful, would perhaps be the apex of their achievement.

Transparency International explains the connection between lobbying and corruption thus:

Any activity carried out to influence a government or institution's policies and decisions in favour of a specific cause or outcome. Even when allowed by law, these acts can become distortive if disproportionate levels of influence exist — by companies, associations, organisations and individuals. (4)

It should be clear to anyone that when transparency of policy making, basic safeguards and accountability are limited, this can lead to illegal, undue and unfair influence in a country's policies and politics. TTIP is the embodiment of a corrupt system where corporations decide what are best, not democratic principles.

In the meantime, Cecilia Malmstrom has faced huge public opposition over TTIP. Millions have signed petitions. Mass protests groups have rallied in many cities across Europe and America, some have turned ugly with protestors facing riot police in Brussels and elsewhere. In response the EU Commission conducted the largest ever survey since its 1951 birth and reluctantly published the results in January 2015 where 97% of 150,000 respondents from 28 nations voiced their unequivocal opposition to the deal. At the same time, the Commission also received individual replies from more than 450 organisations who represented a wider spectrum of EU civil society, including trade unions, NGOs, business organisations, consumer groups, charities, legal firms and academics, all of whom expressed either deep concern or outright opposition - to no avail. (5)

Questioned by a reporter from The Independent on why she continued her persistent promotion of the deal against such massive public opposition, Malmström's chilling response was: "I do not take my mandate from the European people." EU commissioners are supposed to follow the elected governments of Europe and so this deal proves it is nothing more than a corporate coups d'état that clearly breaches any definition, no matter how low the bar, of corruption. (6)

This stark reality is highlighted by a report from War on Want who revealed that The European Commissioner for Trade receives orders [directly from the corporate lobbyists](#) that swarm around Brussels.

Given that the European Commission takes its steer from industry lobbies it's hardly surprising that 70 per cent of Europe's population think corruption is now centered on politics and corporations.

In Malmström's 2014 report a clear statement was made to combat corruption linked to the lobbying of EU officials;

In the complex world of public policy-making, it is desirable for public administrations to engage in a continuous dialogue with outside stakeholders. All interested parties should be able to have their say, but this should be done in a transparent way. As lobbying activities can raise risks of corruption and regulatory capture, it is desirable to have mechanisms in place to frame such activities, be it through legislation or a voluntary registration of lobbyists.

It's a pity then that the EU Commissioners, decided to reject its own guidance in practice.

And none of the above includes corruption that is the banking system. Take for instance the Libor scandal that engulfed the industry a couple of years ago. The UK's Serious Fraud Office, The Canadian Competition Bureau, the US Department of Justice, The Australian Securities and Investment Commission and others, carried out regulatory investigations. Tens of billions of dollars of fines were metered out to the perpetrators of these colossal and damaging financial crimes.

In December 2013 the [European Commission](#) announced fines for six financial institutions participating in one or more bilateral [cartels](#) relating to Libor submissions. It decided to give UBS and Citigroup full immunity for revealing the awful truth, they even got away with not paying fines totaling nearly €3billion.

Naomi Wolf quite rightly suggested in an editorial for The Guardian *"that the notion that the entire global financial system is riddled with systemic fraud – and that key players in the gatekeeper roles, both in finance and in government, including regulatory bodies, know it and choose to quietly sustain this reality."*



LuxLeaks whistleblowers – Former PwC employees Raphaël Halet, left, and Antoine Deltour at a court in Luxembourg

The Luxembourg tax file leaks, known as LuxLeaks, exposed how a tiny state at the heart of the EU rubber-stamped tax avoidance on an industrial scale for corporations such as Pepsi, Ikea, Accenture, Burberry, Procter & Gamble, Heinz, JP Morgan, FedEx, Amazon and Deutsche Bank, to name just a handful.

One would have thought these revelations would at least be embarrassing for the President of the European Commission, Jean-Claude Juncker, who was Prime Minister of Luxembourg between 1995 and 2013. In a speech in Brussels in July 2014, Juncker cynically promised to “try to put some morality, some ethics, into the European tax landscape.” He has since insisted that Luxembourg is not a tax haven, which of course it undeniably is.

Asked recently if such a crackdown risked damaging the economy of Luxembourg, one senior figure closely involved in the G20 reform programme said: “I don’t care. It is like saying- if you fight drugs there will be no jobs in certain parts of Mexico.” (7)

The EU then released its world tax havens blacklist as a result of its own corruption investigations, and named the tiny Polynesian island of Niue, where 1,400 people live in semi-subsistence but somehow failed to mention the EU’s wealthy tax avoidance hubs of Luxembourg, The City of London, Ireland, Jersey or Switzerland.

It is not unreasonable to conclude from recent evidence that EU tax havens could be shielding as much as a third of an estimated \$32 trillion illegally stashed away from tax authorities whilst austerity programs are suffocating entire populations across the continent.

As it stands, the DNA of EU corruption remains at the very heart of its own activities.

In 1999, Jacques Santer, the head of the European Commission, and his fellow commissioners, were forced to resign en masse over a corruption scandal. In another, Austrian MEP Ernst Strasser was jailed for trying to change EU laws for huge payoffs and of course, the truly shocking Galvin Report was kept secret from the public for uncovering the outrageous expenses of MEP’s. (8) All of this is evidence of systemic corruption.

The Brussels Times pulls no punches with its findings as it concludes;

EU budget fraud has historically taken a wide range of forms, from farmers seeking payments for climatically impossible sugar cane cultivation to the channeling of funds for immigration projects to what some have labeled terrorist groups. Successive scandals have surfaced that have led to an impression among the public that there is an unwillingness or inability to take action against malpractice, fraud and corruption, which undermines public support for the EU. (9)

Fundamental doubts about accountability and an unresponsive political elite have resulted in a loss of legitimacy that could ultimately be the architect of its own downfall.

Notes

1. Report: Corruption widespread in EU - <http://www.bbc.com/news/world-europe-26014387>
2. Corruption costs EU ‘up to €990 billion a year’ - <http://www.politico.eu/article/corruption-costs-eu-990-billion-year-rand-study-fraud-funding/>

3. <http://corporateeurope.org/international-trade/2016/05/ttip-leaks-highlight-dangers-regulatory-cooperation>
4. http://transparency.ee/cm/files/lisad/corporate_lobbying.pdf
5. <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1234>
6. <http://www.independent.co.uk/voices/i-didn-t-think-ttip-could-get-any-scarier-but-then-i-spoke-to-the-eu-official-in-charge-of-it-a6690591.html>
7. <http://www.taxjustice.net/2014/11/06/quote-day-luxembourg-drugs-trade/>
8. <http://www.eu-facts.org/en/scandals/galvinreport.html>
9. <http://www.brusselstimes.com/magazine2/2907/5-of-the-largest-eu-scandals-in-our-history>

La source originale de cet article est [European Financial Review and TruePublica](#)
Copyright © [Graham Vanbergen](#), [European Financial Review and TruePublica](#), 2016

Articles Par : **[Graham Vanbergen](#)**

Avis de non-responsabilité : Les opinions exprimées dans cet article n'engagent que le ou les auteurs. Le Centre de recherche sur la mondialisation se dégage de toute responsabilité concernant le contenu de cet article et ne sera pas tenu responsable pour des erreurs ou informations incorrectes ou inexactes.

Le Centre de recherche sur la mondialisation (CRM) accorde la permission de reproduire la version intégrale ou des extraits d'articles du site [Mondialisation.ca](#) sur des sites de médias alternatifs. La source de l'article, l'adresse url ainsi qu'un hyperlien vers l'article original du CRM doivent être indiqués. Une note de droit d'auteur (copyright) doit également être indiquée.

Pour publier des articles de [Mondialisation.ca](#) en format papier ou autre, y compris les sites Internet commerciaux, contactez: media@globalresearch.ca

[Mondialisation.ca](#) contient du matériel protégé par le droit d'auteur, dont le détenteur n'a pas toujours autorisé l'utilisation. Nous mettons ce matériel à la disposition de nos lecteurs en vertu du principe "d'utilisation équitable", dans le but d'améliorer la compréhension des enjeux politiques, économiques et sociaux. Tout le matériel mis en ligne sur ce site est à but non lucratif. Il est mis à la disposition de tous ceux qui s'y intéressent dans le but de faire de la recherche ainsi qu'à des fins éducatives. Si vous désirez utiliser du matériel protégé par le droit d'auteur pour des raisons autres que "l'utilisation équitable", vous devez demander la permission au détenteur du droit d'auteur.

Contact média: media@globalresearch.ca