THE ROLE OF THE COMMISSION IN THE NEW ECONOMIC GOVERNANCE OF THE EUROPEAN UNION

By
Jakov Bojović

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Department of Public Policy

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Supervisor: Professor Uwe Puetter

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I, the undersigned ……………………Jakov Bojović……………..……. hereby declare that I am the sole author of this thesis.

To the best of my knowledge this thesis contains no material previously published by any other person except where due acknowledgement has been made. This thesis contains no material which has been accepted as part of the requirements of any other academic degree or non-degree program, in English or in any other language.

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Date: ………June 9, 2014………………………………………………

Name (printed letters): …………… Jakov Bojović ………………………………

Signature: ……………………………………………………

ABSTRACT

The new framework of the European economic governance, the European Semester, was enacted in 2010 as part of the Europe 2020 Strategy. Undoubtedly, the reform expanded the tasks of the European Commission in monitoring the economic governance of the Member States. This thesis aims to analyse whether this reform has politicized this international bureaucracy. Furthermore, to provide a comprehensive overview of its roles in the sphere of economic policy coordination, this thesis fits the argument about the politicization in the broader picture of the Commission's ability to act as a policy entrepreneur. Hence, the Commission's readiness to advocate for integrationist solutions is analyzed as well, in the reforms of the new economic governance of the European Union. A combination of qualitative and quantitative methods are used to find that the Commission acted as an apolitical and technocratic institution, well controlled by the European Council, in the reforms as well as the workings of the new economic governance of the EU.

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INTRODUCTION

The new economic governance of the European Union started developing in late 2010, with the start of the first European Semester, the new framework for economic policy coordination of Member States. This thesis aims to, firstly, add to the existing research on the role of the European Commission in the reforms which followed after the Euro-crisis. Whether the Commission had a supranational policy bias, acting as an "engine of integration" is analysed. This research is rooted in the general debate on whether the European Council or the European Commission is the main driver of European integration.

Secondly, this thesis aims to provide an early analysis of the role the Commission is given in the workings of the European Semester. The question I intend to answer is whether the introduction of this new framework has politicized the Commission. An assumption is made that if the Commission is a political actor, it would have a centre right policy bias, due to the fact that it was elected by conservative governments. This debate fits the recent argument over the politicization of the European Commission, a topic that was attracting a lot of attention from the public in face of the 2014 elections for the European Parliament. The ability of the Commission to influence economic policies of the Member States is analysed *vis-à-vis* the power of the main political body of the Union, the European Council, in controlling the Commission through establishing its tasks in technocratic manner and driving and monitoring its performance.

Together, these two analyses provide a more complete picture of the role of the Commission in the new economic governance of the European Union. Hence, the research questions are defined as follows: "Is the Commission a political body or a technocratic bureaucracy in the new economic governance of the European Union? How much is the Commission's ability to act as a policy entrepreneur limited by the European Council?"

The first scenario researched is the Commission's alleged supranational policy bias, according to which, the Commission pursues integrationist solutions. It will be analysed through the Commission's (lack of) integrationist policy entrepreneurship in the Euro-crisis. The methodologies of content analysis and process tracing will be used to find the answer. The Commission's *A Blueprint for Deep and Genuine Economic and Monetary Union* is the document analysed. The behaviour of the Commission during the (1) attempt to introduce *Eurobonds* (2) enactment of the *Banking Union* are the policy episodes analysed.

The second, ideological bias will be analysed through the workings of the European Semester. Analysis will focus on the number of *Country specific recommendations* (CSRs) which were given since the enactment of the European Semester to Member states depending on the orientation (social-democratic or conservative) of their governments. This quantitative analysis will be followed by a qualitative approach, so the substance of the recommendations will be analysed as well, using a combination of process tracing and content analysis approaches.

The structure of the thesis is as follows. The first chapter presents a literature review. It is concluded that, while the literature on the Commission's reaction to the crisis is quite wide, it is limited on the topic of its politicization and the European Semester. The second chapter deals with the Commission's positions and reactions during the crisis. Findings suggest that the Commission has an idea of integrated economic governance in the future with prominent supranational roles. However, it has shown limited power to influence policy outcomes, as its role in the policy episodes analysed shows. The third chapter focuses on the European Semester. Little divergence is found regarding the orientation of the governments. The further qualitative research explains that the recommendations are fairly depoliticized, while the European Council is the main actor in the new economic governance of the European Union.

The subsequent chapter concludes and explains the implications of this study on the way the role of the Commission in the EU's economic governance is understood.

CHAPTER ONE: LITERATURE REVIEW

The financial crisis of 2008, followed by the banking and sovereign debt crisis of the euro zone, had a big impact on the economic governance of the European Union. During the period from the beginning of the crisis, several deals were made on the European level, reforming the *Stability and Growth Pact* (SGP) and enhancing cooperation between member states with a goal to prevent similar crisis from happening in future (Kunstein & Wessels, 2013: 3-9). These include the *European Semester* (came into force in 2011), the *six-pack* (2011), the *two-pack* (2013) and the *Fiscal Compact* (2013). The European Semester was adopted as part of the Europe 2020 strategy with a goal of fostering coordination of macroeconomic policies of member states (Walpurga, 2011: 63). The reform was therefore aimed at the preventive arm of the SGP, as the Commission is given more roles in *ex-ante* monitoring of the Member States' economic policies. The most important reform the Six-pack introduced is the "reverse qualified majority voting" (RMV) in the Council for sanctions in case of a breach of 3% deficit rule (see Palmstorfer, 2014 for a legal analysis). It also introduced the *Macroeconomic Imbalance Procedure* (MIP), strengthening the European Semester. The two-pack and the Fiscal Compact[1] are focused on the surveillance of the Member States' budgetary plans, giving the European Commission right to make budget recommendations earlier than before (Bauer and Becker, 2014: 9-13). These reforms, expanding the previously active *open method of coordination* (OMC) in the European Semester and adding more monitory roles for the Commission present the new design of the economic governance of the European Union, which is still relying mostly on soft law mechanisms and preserving its decentralized nature (Vilpiskauskas, 2013).

[1] Fiscal compact (originally named "Treaty on Stability, Coordination and Governance") is, unlike the other reforms, an intergovernmental treaty signed by all the member states, except Czech Republic and the United Kingdom.

The role of the European Commission in these reforms as well as in the substance of the new economic governance is a widely debated and disputed theme. This topic fits in the more general debate of the nature of the European Commission as an actor in the European integration which originates from Haas' (1958) and Hoffmann's (1966) differing views on the historical role of Jean Monnet. The debate was revived in relation with Delors' role in formation of the EMU (Sandholtz and Stone Sweet, 1998; Moravcsik, 1999). However, most of the authors agree that the European Commission has, since the end of the Delors era, been an institution in decline (Peterson 2012; Ingeborg, 2013). Mainly in that direction go the first academic reactions to its role in the euro-crisis management. Vipliskauskas (2013) claims in his analysis that the response to crisis should be understood through the lenses of domestic politics of large member states and points out to a dominant position of Germany in the reaction to the crisis. Bocquillon and Dobbels (2013) used the principle-agent model analysis to find that the Commission was well controlled by the European Council during the crisis, stripping it of its monopoly in initiating legislation. In a similar manner, Puetter (2012) emphasized the dominant role of the Council and the European Council, calling the methods of new economic governance "deliberative intergovernmentalism". Chang (2013) find that the role given to the *Van Rompuy Task Force* in defining the answer to the crisis together with the intergovernmental nature of the Fiscal Compact undermined the *community method* and the Commission's agenda setting powers in the crisis. Fabbrini (2013) also agrees on the dominant role of intergovernmental institutions and notes how the European Commission was necessary for "reducing the transaction costs of the intergovernmental negotiation, but not for making more effective the decision-making process" (p. 1024). Menz and Smith (2013) also point out the intergovernmental path the EU took during the crisis. According to the authors, the permanent council presidency and the *Economic and Financial Council* (ECOFIN) were the main agenda setters while the European Central Bank and the European Parliament (also see:

Fasone, 2014) took a larger role in pushing towards more integration. Hodson (2013) also found little evidence of Commission entrepreneurship during the crisis. He describes the Commission as a strategic actor, which pursues only proposals that have a good chance to be voted by the Council. Hodson (2013: 310) points out to another factor which played a role in Commission's lack of entrepreneurship, which is the centre-right orientation of Barroso's Commission. Bailer (2014) conducted empirical analysis of sixty-six Commission's legislative proposals to find that the Commission indeed proposes more extreme proposals only when the governments themselves decide to change the status-quo. Nevertheless, there are several authors who claim that the Commission has been a decisive actor during the crisis. Bauer and Becker (2014) emphasize that the role of the Commission has rather shifted than diminished in the project of European integration. Authors point out that the Commission's ability to manoeuvre in its supervising roles should be more embraced. Besides, they point out to the new roles the Commission got in financial supervision, policy surveillance, coordination of national policies and financial stability support as a proof of its policy entrepreneurship in hard times. Moreover, Copeland and James (2014) point out the Commission's role in enacting the *Europe 2020 Strategy* as an example of Commission's pushing for integration and using the opened policy window and the shock and ambiguity of the Member States in the European Council during the Greek sovereign crisis. Finally, Doleys (2013) pointed out to a big role of the Commission in managing state aid in the financial sector bailout during the crisis. These works go in line with the recent analyses of Commission's actions in other policy fields, where Commission's entrepreneurship is more researched, embraced and believed in. For example, in energy policy (Matlby, 2014), internal borders (Valentina, 2013) and even defence policy (Blauberger and Weiss, 2013). Overall, analysis of the Commission's role in the crisis so far have been mostly favouring the intergovernmental camp, notwithstanding the few exceptions, picturing the Commission as a managerial bureaucracy rather than a policy entrepreneur.

On the other hand, another active debate in the public sphere presents us a different picture of the European Commission. This is the debate over the politicization of the European Union, increasingly important in face of the European Parliament 2014 elections which are now connected with choosing the new European Commission president.[2] The concept of politicization of international organizations is a novel concept. It tries to explain a shift of what the international organizations (IO) in general deal with and how this affects the interests of citizens in the member states of the IOs. In particular, this shift is from a technocratic well defined mandate given by the member states to policy making that is in its nature more similar to the national one. Accordingly, the decisions that IOs make become more ideological so they become contested by different groups in the society.[3] Unlike the previous debate over integration entrepreneurship of the Commission, the debate about the politicization of the European Commission was more active in the public sphere (*Vox Europe*, November 4, 2013; Saigal, 2013; Marini, 2013) than in the academia (but see: Statham and Trenz, 2014; or Christiansen 1997 for an early account). Marini (2013) points out how the politicization in economic sphere can be a problem for the governance of the Union. The author points out to alleged examples of Commission's bias towards centre-right governments in its "indulgency"

[2] The *Lisbon treaty* introduced changes in the way the President of the European Commission is elected as now the European Council will have to "take into account" the results of EP elections when proposing candidates (Article 17, TFEU). This implies that the President of the Commission will have a mandate to follow its party's goals, and not the interest of the EU as a whole.

[3] Theorists provide different reasons and different potential consequences of politicization on the future of integration. Hooghe and Marks (2009) and Kriesi et al (2008) point out to new "identity" politics in the Union as a consequence of politicization, emphasizing that the populist anti-EU parties are the main driving force of this process. This is due to the fact that populist parties are the ones that challenge the EU, and therefore bring it to the mainstream policy agenda, as the center oriented parties try to defend it. On the other side is the deliberative democracy paradigm, starting with Habermas (1989) who pointed out the ameliorating effects of public debate on the future of democratic legitimacy. While the first theory is empirical, the other is mainly normative, describing how things are supposed to be if we want Europe to be more democratic. As Statham and Trenz (2014: 7) explain: "the main point is that exposure to public debate is seen as potential source for enhancing democracy, not as automatically leading to negative outcomes such a populism or dogmatic forms of Euroscepticism".

to punish Hungarian and Bulgarian governments for different issues, “especially taking into account the heavy criticism the socialist government of Victor Ponta in Romania got”. The author suggests that this is due to the fact that Commission’s President Barroso is a member of the *European People’s Party*, a centre-right pan-European coalition. Furthermore, in terms of values and beliefs, the Commission’s officials under Barroso’s presidency were found to be more favour of market integration, which is perceived as a centre-right policy orientation, by several studies (van Apeldoorn et al. 2009; Scharpf 2010 according to Kassim et al. 2013). On the other hand, Bauer and Ege (2012) find little proof of politicization of Commission bureaucrats. Authors refer to bureaucratic politicization as the “substitution of neutrality by introducing political (…) considerations into the decision-making process” (p. 9). According to the authors’ findings, most of the Commission’s officials (74%) stated that party affiliation is not important for them (p.11). However, the presidentialisation of the Commission (Kassim, 2012), giving more powers to the College of Commissioners and the President in controlling the bureaucrats, still leaves potential space for policy bias. Furthermore, as Hix (2008; according to Hodson, 2013) suggests, the changes from the Nice treaty allowed the centre-right governments in the Council to vote the Commission by a qualified majority end ended the practice of electing the members of the College from both the right and the left. However, Hix falls short to analyse what these changes mean for the potential partisanship of the Commission. To summarize, the debate over the politicization and its effects on policy bias of the Commission has not been researched to an extent in which it has been in the focus of the public. While the positions of the bureaucrats were analysed to a certain degree, the actual Commission’s stances and decisions have not been put into perspective of potential policy affiliation. Answering this question would provide more depth in the debate over the supranational entrepreneurship as well, as the aforementioned authors of the intergovernmental camp claim how the Commission is becoming somewhat of a secretariat for the Member States.

This study tries to bridge the gap between the two debates and offers a comprehensive account of Commission's policy entrepreneurship in the creation of, as well as the substance of, the new economic governance of the Union.

CHAPTER TWO: THE EUROPEAN COMMISSION AS A MOTOR FOR INTEGRATION IN THE NEW ECONOMIC GOVERNANCE?

2.1. Methodology and Case Selection

This chapter focuses on the first Commission's potential bias, which refers to its advocacy for supranational solutions in crisis. Firstly, the methodology of content analysis is employed to analyse the European Commission's (2012a) "A Blueprint for Deep and Genuine EMU" (hereinafter referred to as "Blueprint"). Holsti (1968: 608) defined content analysis as "any technique for making inferences by systematically and *objectively* identifying special characteristics of messages". The Commission's publication is analysed with a goal of establishing the Commission's position in the midst of the Euro-zone debt crisis. In order to (1) avoid mono method bias and (2) check how consistent or successful the Commission was in pursuing its goals established in the document – methodology of process tracing is employed to analyse two cases. The first is the case of establishing the Banking Union. The second case is the attempt to introduce Eurobonds. According to Collier (2011: 824) process tracing "is an analytic tool for drawing descriptive and causal inferences from diagnostic pieces of evidence, often understood as part of a temporal sequence of events or phenomena". It is important to emphasize that process tracing is not about narration or simply describing events. The reasons for which these processes are traced are finding (1) whether the findings from the content analysis reflect on the actual behaviour of the Commission; (2) how the Commission's actions affected the final outcomes.

Case selection of the Blueprint is justified as (1) it is the only comprehensive document describing the Commission's goals in crisis; (2) it has not been researched yet. On the other hand, the choice of policy episodes is justified because: (1) the goals of the Commission in these processes are described in the Blueprint; (2) these policy episodes and especially the roles of the Commission in them have not been researched so far; (3) only one of the two policies was successfully enacted; finding the reasons why will give us insight in who were the major players in the reforms.

2.2.A Blueprint for Deep and Genuine Economic and Monetary Union

The Blueprint was published on November 30th 2012, practically in the aftermath of the reform that established the foundations of the aforementioned new economic governance of the Union. Hence, it is no surprise that the first two chapters (p. 1-10) are dedicated to describing the achievements of the European Union up to that moment: the fiscal compact, the six-pack as well as the crisis resolution mechanisms. The new roles in budgetary surveillance are welcomed as well as the semi-automatic nature of sanctions in the EDP which "significantly strengthens the Commission's hand in decisions relating to sanctions on euro area Member states" (p. 5). The Commission names the new economic governance "overhauled", but "not yet complete" (p. 9). The subsequent chapter of the Blueprint (p. 11-34) is focused on steps that need to be taken in completing the Economic and Monetary Union.

2.2.1. Suggested Reforms in the Short Term

In the short term (within the next six to eighteen months) the Commission pointed out five goals regarding the future reform. Firstly, the European Semester and the six-pack should be fully implemented and the member states should quickly come to an agreement on the two-pack.

Secondly, the Commission points out the importance of agreeing on the Banking Union between Member states: "This is the only way to effectively break the vicious circle linking Member States' public finances and the health of their banks and to limit cross-border negative effects". Accordingly, the first step on this path is the enactment of the *Single Supervisory Mechanism* (SSM). The SSM which the Commission proposes "is based on the transfer to the European level of specific, key supervisory tasks for banks established in the Euro area

Member States and for banks established in non-Euro area Member States which decide to join the banking union" (pp. 17). The ECB will be responsible for supervising the banks, using the "single rulebook". Hence, this is a clear case of Commission opting for a solution pushing towards further integration and more roles for the supranational bodies. Furthermore, the Commission proposes a *Single Resolution Mechanism* (SRM) for dealing with banks that are facing difficulties and a separate *European Resolution Authority* which would manage it (pp. 18).

Thirdly, the decision on the next EU budget should come quickly. Furthermore, the different EU funds should become part of the envisaged *Common Strategic Framework* under which usage of these funds should be connected with the National Reform Programs, the Country Specific Recommendations of the European Semester; an attempt to address an excessive deficit or a macroeconomic imbalance (p. 19). Fourth goal is strengthening the SGP with a *Convergence and Competitiveness Instrument* (CCI) which would "provide support for the timely implementation of structural reforms" (p. 20). According to the Commission, it would combine economic integration with financial support. It would be compulsory for Member states under the EDP and voluntary for Member States under the MIP. The Member states subject to these procedures would present the Commission a plan of action that has to be connected with the CSR from the European Semester. If the Commission would accept the plan, the Member states receive financial support that is conditioned upon meeting the objectives. The Commission would monitor the process. Fourthly, the Commission points out the goal of furthering the European Semester to "accommodate investment programmes" (p. 24). From these excerpts it can be inferred that the Commission sees the European Semester as the center of the new economic governance and also a potential for its "task expansion" (Majone 1996) in the future.

2.2.2. The Envisaged Medium and Long Term Reforms

For the medium term (not specified how long exactly), the Commission pointed out four goals. First, the Commission is hoping for Treaty changes which would reinforce budgetary and economic integration. These include collective control of budget in case they are in breach of common commitments and a right for the EU to harmonize budgetary laws (p. 26-7). Secondly, the Commission calls for a "proper fiscal capacity for the Euro area" connected to the aforementioned CCI (p. 28). Thirdly, creating a European Redemption Fund as an immediate crisis tool is another idea proposed. The Commission proposes creating a legal base which would allow a unanimous decision in the Council supported by the majority in the European Parliament to create such a body a "European debt management entity within the Commission (…) which would then manage the fund in accordance with the rules set up by the Council decision" (p. 29). This is another instance of Commission's supranational bias with a focus on its expansiveness in monitoring and managing.

Finally, the Commission proposed the idea of Eurobills (not Eurobonds): "common issuance by Euro area Member States of short-term government debt with a maturity of up to 1 or 2 years (…)" (p. 29). The implementation of such an instrument would require coordination and supervision on the European level which "could be provided by an EMU treasury within the Commission" (p. 30) *Prima facie*, this is another example of Commission proposing a solution which is pushing towards more integration and task expansion. However, one of the open questions which will be addressed in the next sub-chapter is why did the Commission propose Eurobills, a watered down version of Eurobonds (see: Philippon and Hellwig, 2011). Since *Eurobonds* were actually discussed as one of the possible answers to the crisis and proposed by the Commission before, one would expect the Commission to push more decisively for their enactment? Instead, Eurobills are proposed, defined as medium term goals and placed lastly among them (p. 30). The process tracing approach will explain how the happenings in the European Council just a couple of months before the publication of the Blueprint pushed the Commission to such a decision.

In long term the Commission sees the Union's economic governance as a centralized system comprising of a full banking, fiscal and economic union with a ”central budget providing for a fiscal capacity with a stabilization function” (p. 31). Furthermore, to avoid the problem of democratic deficit, these transfers of competences should be followed by steps towards political integration, strengthening accountability, scrutiny and legitimacy (p. 34-41). Therefore, the Commission's goal in the long term reveals a strong supranational bias.

2.2.3. Summary

Content analysis of the Blueprint results in an unambiguous finding that the Commission indeed has a strong bias towards advocating reforms which imply supranational solutions and task expansiveness. In the short term, the focus is on strengthening the European Semester and forming the Banking Union. In the medium term the focus is on giving a binding character to budgetary surveillance mechanisms, creation of a European Redemption Fund and Eurobonds. In the long run, the Commission pictures a centralized system of economic governance. However, focus on content analysis without the actual analysis of Commission's role in the reforms would fall short in analysing the actual role the Commission has and its readiness to advocate for supranational solutions in different situations.

Hence, in the next subsection the timelines of two policy episodes which include some of the reforms the Commission advocates for in its Blueprint, will be traced. This analysis will provide answers on two questions: (1) when is the Commission persistent (2) or successful in pushing for more integration?; and (3) what was the influence of the happenings in the European Council on the internal agenda of the Commission in the reform of the economic governance;

2.3. Policy Process Analysis

While the previous chapter established the Commission's supranational bias on paper, this chapter will test it in reality of EU economic reforms. As mentioned, two policy episodes will be analysed: attempt to introduce Eurobonds in late 2011 and early 2012 and the process of establishing the Banking Union from 2012 to 2014. Findings of this subchapter suggest that: (1) During the crisis, the Commission was actively advocating further integration only when given a clear signal by the European Council which acted as the main agenda setter; (2) If faced a red light from a European Council meeting, the Commission watered down its proposals; (3) The Commission was often used as a technical body comprised of expert bureaucrats which was to put in place the proposals which came from political leaders.

These findings suggest that Commission's supranational bias, established by analysing the Blueprint, was well controlled by the Member States. They are in line with Hodson's (2013) and Bailer's (2014) picture of the Commission as a strategic entrepreneur which is in most of the cases serving as a managerial bureaucracy. Furthermore, they also go in line with Puetter's (2012), Bocquillon and Dobbels's (2013), Chang's (2013) and Menz and Smith's (2013) works which emphasize Commission's loss of agenda setting powers during the crisis.

2.3.1. Eurobonds

Idea of common issuance of debt of the Euro zone member with a goal of bridging the gap between the more and less favourable interest rates of different countries, originates from the discussion among the Member States in the early years of the EMU after the Gionannini Group which was advising the Commission published a report regarding co-ordination of debt issuance (*Gionannini Group*, November 8, 2000). In 2009 the European Primary Dealers Association published a paper discussing common issuance of bonds (EPDA, 2009). In the same year, the Commission published the *EMU@10: Successes and challenges after ten years of Economic and Monetary Union* report in which Eurobonds were also discussed (see

Andrews, 2013). In 2010, the European Parliament joined the discussion as its DG for Internal Policies published a report named *EU public debt management and Eurobonds* (European Parliament, 2009). This document points out both the *pro*s and *cons* of the Eurobonds and suggests that "the Eurobonds should be issued by all euro-area Member States or by an EU Institution" (p. 1). In 2009 and 2010, many policy briefs were published advocating for such a solution (e.g. De Grauwe and Moesen, 2009; Delpla and Weizsäcker, 2010; Jones 2010). Jean Claude Juncker who was then the Prime Minister of Luxemburg, now the Commission President candidate together with Giulio Tremonti who was then the Minister of Economy and Finance of Italy advocated for Eurobonds in an article for the December 5 edition of Financial Times (Juncker and Tremonti, 2010). Only a week later in the same magazine Mario Monti called for Germany to leave aside their short-term interests and be more favourable regarding the *E-bonds* for several reasons: "Germany itself would not have to give up the advantage it enjoys in terms of lower cost of financing relative to less disciplined countries. The scheme would increase the disciplinary effect of the markets on the latter countries" (Monti, 2010).

Therefore, in the period of 2009-2010 the Commission, various think-tanks as well as individual intellectuals and leaders tried to put the Eurobonds on the agenda of the Union. However, the Commission did not act decisively enough to put up concrete legislative proposals. These discussions run parallel with the preparing of six legislative proposals known as the six-pack. In the conclusions of the European Council meeting of 16-17 December 2010, focusing on the Euro-crisis and speaking of the six-pack and the Europe 2020 strategy, there is no mention of Eurobonds (European Council, 2010). Both Angela Merkel and Nicolas Sarkozy swiftly rejected the plan to introduce Eurobonds already in late 2010 (*The New York Times*, December 11, 2010). Even though the Commission officially proposed the six-pack to the Council and the Parliament in October 2010, the Commission was relying on the Herman Van Rompuy's Task Force (HRTF) report to the European Council which was published just a couple of weeks before the Commission's proposal. The HRTF's (2010) report has no mention of Eurobonds. This shows how the European Council dominated the agenda setting during the crisis, not allowing the Commission to propose such extreme proposals, hence delegating tasks to the HRTF and afterwards (European Council, 2010) asking the Commission to put forward to the Council and the Parliament what was earlier proposed in the HRTF's report. The Six Pack was approved in October 2011.

A month later, on November 23 2011, the European Commission (2011a) published the "Green paper on the feasibility of introducing Stability Bonds", the most comprehensive plan for introducing Eurobonds. The Council of Economic and Financial Affairs met on November 30 2011. Although the Council took note of the Commission's document and described the three possible ways of enacting Eurobonds, together with Commission's proposals for enhanced surveillance (later to become the *two-pack*), there is no mention of Eurobonds among the six adopted conclusions of the Council (Council of the European Union, 2011a).

Not much has happened regarding Eurobonds until Francois Hollande became the President of France on May 15 2012. His debut informal European Council meeting on May 22 was marked by his strong favourable take on the Eurobonds. Mario Monti, Prime Minister of Italy at the moment and the author of the aforementioned article from 2011, backed Hollande's proposal. However, Merkel strongly opposed the idea, emphasizing how it is not in interest of countries with prudent finances and is allowing moral hazard (*The Guardian*, May 23, 2012). Since then, Eurobonds have not been on the agenda of the European Union.

The Commission's Blueprint, published in November 2012 and analysed above, shows how the Commission decided to water down its proposal, speaking of Eurobills and not Eurobonds. This shows the Commission's lack of agenda setting powers during the crisis. The crucial role of Merkel's positions as well as Hollande's support for Eurobonds regarding agenda setting, go in line with domestic politics approach to European integration (Moravcsik 1991, 1998; in crisis: Vilpisauskas, 2013).

To summarize, the first part of the subchapter suggested that the Commission had a supranational bias but in a powerless technocratic manner, publishing documents in which the pros and cons of Eurobonds were described. The second part showed how it did not have the power to act entrepreneurially, but had to keep track of the European Council meetings and the report of the VRTF in its proposals.

A possible criticism of this case selection would be that I chose to analyze a case where supranational solution was eventually not adopted. To meet this envisaged critique and to avoid case selection bias, next subchapter will analyze one successful process of establishing a Banking Union from 2012 to early 2014, in order to access the Commission's as role as a supranational entrepreneur in that process. A banking union is another goal described in the Commission's Blueprint.

2.3.2. Banking Union

Since the start of the financial crisis in 2008, it was clear that the bad incentives in the banking sector were one of the main causes of its outbreak (see G-20, 2008). The first document in the EU on creating a banking union which would diminish some of these bad incentives was issued in June 2012. This document did not come from the European Commission, but from Herman Van Rompuy who was given a task by the European Council to prepare a report named *Towards a genuine EMU* "in close cooperation with the Presidents of the Commission, the Eurogroup and the European Central Bank" (Van Rompuy, 2012). This report was discussed and endorsed on the meeting of the European Council which followed its publication. The Commission was given a task to publish a communication providing more technocratic details to this *political* document (European Commission, 2012b). Following further decisions from

G-20 and the conclusions of the spring European Council (2012a) meeting, a Single Supervisory Mechanism (SSM) was proposed by the Commission in a working document from June 2012 (European Commission, 2012c).

However, a single resolution authority on the European level which was mentioned in the Commission's Blueprint was officially proposed later, in December 2012, in the second Van Rompuy's (2012b) report As previously, this report was also discussed and endorsed on the meeting of the European Council which followed its publication. The severe banking crisis in Cyprus in March 2013 triggered a fear of spillover across Europe and pushed the Member States towards further steps in creating a banking union. Accordingly, the European Council, in its meeting of June 28, 2013 endorsed further progress on its establishment (European Council, 2013b). Following this meeting, in July 2013, the Commission proposed the Single Resolution Mechanism (SRM) led by the European Central Bank with a goal of decreasing spillover effects of banking crises in Member States (European Commission, 2013a). The Council and the European Parliament agreed on the SSM on October 10th 2013 and on SRM on March 20th 2014. The SRM is partly established in the aforementioned Commission's proposal as well as in a separate intergovernmental contract, which is open for all 28 Member States to join (European Commission, 2014a). Turning to intergovernmental solutions, such as in the case of Fiscal compact (see: Chang, 2013) is another sign of a downfall of the community method. Two institutions are formed to take care of the "resolution" part of the Banking Union: the Single Resolution Board and the Single Resolution Fund financed by the Banking sector, not the taxpayers. Resolution enters into force only if there is no objection by the Council or the Commission within 24 hours from decision of the board. Finally, the European Central Bank is to supervise all the European banks according to the established common rules (European Commission, 2014b).

This policy episode is an instance of the Commission providing technical knowledge backing up political decisions previously taken at the European Council. The policy window was opened first by the G-20 meetings where the leaders of the Member States obliged themselves to make steps towards enacting prudent banking supervision to fix the bad incentives which caused the financial crisis. Secondly, the banking crisis in Cyprus pushed Member states towards quicker establishment of a single resolution mechanism which was previously proposed by the Van Rompuy's report and the Commission communication which followed. This policy episode gives us a picture of the Commission in Eurozone crisis as a body pushing for more integration when given a clear task to do so is already given by the Member States. Real agenda setting once again happened in the European Council. This goes in line with arguments of the authors (e.g. Ellinas and Suleiman, 2012) emphasizing the Commission's role of a technically superior bureaucracy to which the political leaders delegate technocratic tasks.

2.4. Main Findings

The first part of this chapter focused on the Commission's Blueprint, in which the Commission advocated for further supranationalisation of the EMU. In the subsequent chapter, two policy episodes were presented. From the first one, the attempt to introduce the Eurobonds, it can be inferred that the Commission was reluctant to propose the Eurobonds. Instead, it confirmed the proposals of the VRTF. Similarly, in the second policy episodes, it was used as an expert organization putting on paper the proposals coming from the European Council. Therefore, during the crisis, the Commission was active in advocating for integration only when given a clear signal by the main agenda setter – the European Council with its permanent presidency. Furthermore, as findings from the first policy episode show, the Commission watered down its own proposals by moving from the Eurobonds to the Eurobills, acting as a strategic entrepreneur after facing a red light from a European Council meeting. As both policy episodes show, the Commission was often used as a technical body, comprised of expert bureaucrats, which was to put in place the proposals which came from political leaders. These findings provide additional evidence for the picture of a Commission as a managerial bureaucracy during the crisis.

Next chapter will move from focusing on the Commission as an actor during the crisis, to the Commission acting within the roles given to it by the Member States. Question on which the next chapter will focus is whether the Barroso's centre right Commission uses its powers in the economic governance to promote ideologically biased policies? Finally, is the Commission a political or a technocratic body in the workings of the new economic governance of the EU?

CHAPTER THREE: THE EUROPEAN COMMISSION'S ROLE IN THE EUROPEAN SEMESTER: A POLITICAL OR A TECHNOCRATIC ACTOR?

3.1. Methodology and case selection

In this chapter focus is on the debate about the politicization of the European Commission. In other words, does the Commission input an ideological bias in its decisions in the economic governance of the European Union? As mentioned, this debate was much more active in the media, and less in the academia, unlike the debate on the supranational bias. This chapter tries to bridge that gap and provides a more comprehensive vision of the Commission's role in the economic governance of the Union.

The European Semester as the main framework of the new economic governance of the European Union is analysed. Introduced as a part of the Europe 2020 strategy (adopted in March 2010), the European Semester is the new form of the preventive arm of the Stability and Growth Pact. It expands the focus of the SGP from public deficit and debt to trends in public spending, employment and social issues (Walpurga, 2011). The European Semester focuses on the first six months of each year. It starts in December/January when the European Commission communicates goals and overall guidelines to the Member States in the Annual Growth Survey (AGS), to which the Member States respond by publishing a National Reform Programme (NRP). The NRP's are then evaluated by the European Commission which suggests the CSRs in July that are adopted by the Council with a qualified majority (Bekker, 2014: 2). Few months before the Commission publishes the CSRs, the European Council spring meetings focusing on the goals of the European Semester are held.

Dawson and de Witte (2013: 834) point out how due to the European Semester, "(…) the institutional actor that is deliberately insulated from any direct democratic link – the Commission – has been offered the main role in deciding on national budgets, expenditure, and specific cuts, at the expense of the most directly legitimate one [the national parliaments; Jakov

Bojović]”. Not going into detail on whether the Commission does have enough power to actually influence the Member State’s national budget in a way Dawson and de Witte suggest (see Gilles, 2014), this paper will focus on the substance of the CSRs to analyse whether the Commission has used the delegated powers to at least promote centre-right policy bias. Accordingly, are the centre-left governments facing more pressure due to the fact that the Commission was elected by the centre-right EPP?

Analysis will focus on the number of the Country Specific Recommendations (CSRs) which were given since the enactment of the European Semester to Member states depending on the orientation (social-democratic or conservative) of their governments. To provide explanations of the results, this quantitative analysis will be followed by a qualitative approach, so the substance of the Annual Growth Surveys from 2011 to 2013 as well as recommendations given to Spanish conservative government in the same period will be analysed as well, using a mix of content analysis and process tracing approaches which were explained in the previous chapter.

Findings from both the quantitative and qualitative approach suggest that the Commission did not have a bias towards centre-right policies. The Commission acted as a technocratic body, issuing Country Specific Recommendations emphasizing goals which are not found to be political by their nature. Instead, the qualitative study will show how the actual political decisions of the European Semester were issued by the European Council and explain how this was reflected in the findings of the quantitative research.

Case selection of the European Semester is justified as (1) the role of the Commission within it has not yet been fully analysed, unlike the Commission’s role in the corrective arm of the SGP (for more recent see Hinerejos, 2013); (2) The three European Semesters completed so far give us enough data for analysis; (3) the analysis fits the debate on the politicization of the Commission, giving us insight on whether the party affiliation of the President of Commission would make a difference on the CSRs.

3.2. Quantitative analysis

This analysis focuses on the three complete processes of European Semester, from the first one in 2011 to the one from 2013. The CSRs are published for all Member States each year, except for the countries which have commitments under the EU/IMF financial assistance programmes also known as Troika missions. These include Greece, Ireland and Portugal in the entire period analysed, Latvia in 2011, Romania in 2011 and 2012 and Czech Republic in 2013. This explains the exclusion of these countries from the data. So far, the Commission has issued and the Council adopted 394 recommendations – 119 for 22 Member States in 2011; 134 for 23 Member States in 2012; 141 for 23 Member States in 2013.

The Member State's governments are divided into Conservative and Social-democratic. The indicator used is the membership of the ruling party in the pan-European party coalitions. The parties which are members of the European People's Party (EPP) and the Alliance of Democrats and Liberals for Europe (ALDE)[4] are therefore labelled "conservative" (in an economic sense) and parties which are members of the Party of European Socialists (PES) are labelled "social-democratic". If the government is formed by two major parties, it is labelled as "grand-coalition".

Furthermore, since there were several changes of governments within the period of three years analysed, this had to be taken into consideration. Hence, analysed are CSRs to National Reform Programmes of the governments which were in rule in January each year,

[4] Only the Estonian government is led by a party which is a member of the ALDE coalition. The fact that this party is far closer to the economic ideas of EPP than the ones from PES allows us to group the Estonian government together with the other economically "conservative" European governments.

when the Annual Growth Strategy is published and the governments prepare the NRPs. The following table presents the data on orientation of governments of Member States in the period 2011-2013 and the Country Specific Recommendations they received on the respective National Reform Programmes.

Country	Government in 1/2011	CSR 2011	Government in 1/2012	CSR 2012	Government in 1/2013	CSR 2013
AT	Grand coalition	5	Grand coalition	3	Grand coalition	7
BE	Grand coalition	6	Grand coalition	7	Grand coalition	7
BG	Conservative	7	Conservative	7	Conservative	7
CY	Conservative	7	Conservative	7	Conservative	/
CZ	Conservative	6	Conservative	6	Conservative	7
DK	Social-democratic	5	Social-democratic	5	Social-democratic	3
EE	Social-democratic	4	Social-democratic	5	Social-democratic	5
FI	Conservative	5	Conservative	5	Conservative	5
FR	Conservative	5	Conservative	5	Social-democratic	6
DE	Conservative	4	Conservative	4	Conservative	4
HU	Conservative	5	Conservative	7	Conservative	7
IT	Conservative	6	Conservative	6	Conservative	6
LV	Conservative	/	Social-democratic	7	Conservative	7
LT	Conservative	6	Conservative	6	Social-democratic	6
LU	Social-democratic	4	Social-democratic	5	Social-democratic	6
MT	Conservative	5	Conservative	6	Conservative	5
NL	Grand coalition	5	Grand coalition	5	Grand coalition	4
PL	Conservative	7	Conservative	6	Conservative	7
RO	Social-democratic	/	Social-democratic	/	Social-democratic	8
SK	Conservative	6	Social-democratic	7	Social-democratic	6
SL	Conservative	6	Social-democratic	7	Social-democratic	9
ES	Conservative	7	Conservative	8	Conservative	9
SE	Conservative	3	Conservative	4	Conservative	4
UK	Conservative	5	Conservative	6	Conservative	6

Figure 1: Orientations of Governments and Number of CSRs (2011-2013)[5]

[5] Sources: European Commission, 2011b; European Commission, 2012d; European Commission 2013b.

Firstly, from the Figure 1 it can be inferred that the minimum recommendations the Commission proposes is three, which were given to the Swedish government (conservative) in 2011, the Austrian government (grand coalition) in 2012 and the Danish (social-democratic) government in 2013. The maximum are nine recommendations, given to the Slovakian (social-democratic) government and the Estonian (conservative) government in 2013. In total, the Spanish (conservative) government received the most recommendations over the course of time - twenty-four. On the other hand, it was the Swedish (conservative) government which received the least[6] – eleven recommendations.

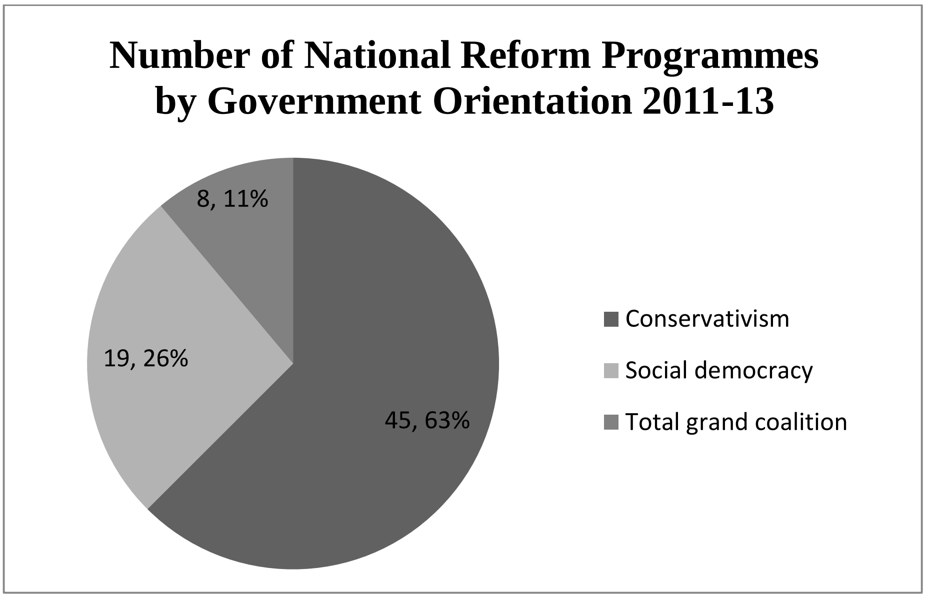

Figure 2: Number of National Reform Programmes by Government Orientation (2011-2013)

As Figure 2 suggests, most of the NRPs were published by conservative governments (45; 63%); followed by social-democratic (19; 26%) and grand coalition (8; 11%) governments. This gives an insight of the dominance of centre-right parties in the European Union. In order to account for such dominance, compared are not absolute numbers of recommendations but the mean numbers of recommendations per government orientation. Figure 3 presents the scores.

[6] Counting only the governments which received CSRs in all "semesters" analyzed.

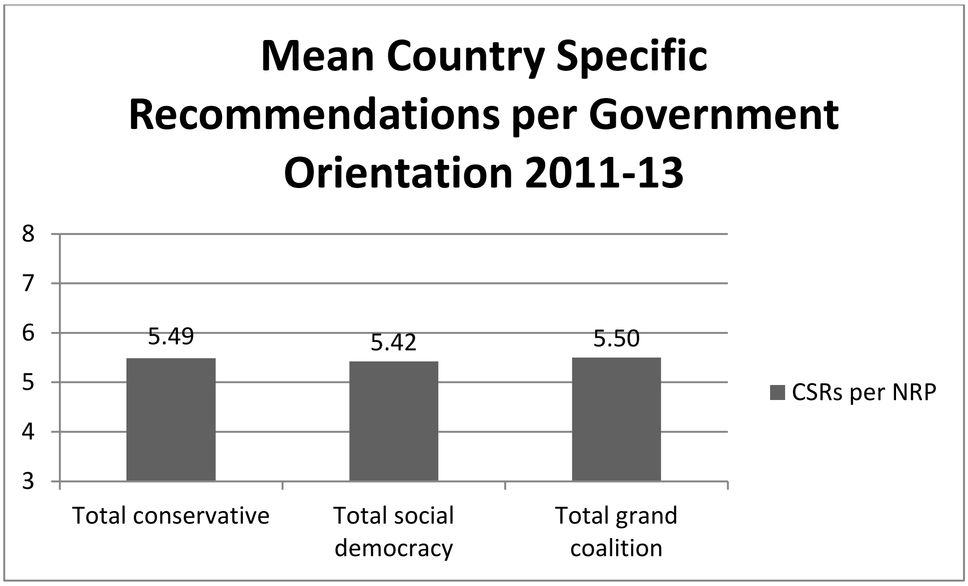

Figure 3: Country Specific Recommendations per Government Orientation (2011-2013)

According to Figure 3, there is absolutely no evidence of bias towards centre-right governments of the European Union. While conservative governments received on average 5.49 CSRs per European Semester, social democratic governments received even slightly less, 5.42. The grand coalition governments received about the same as conservative ones. The assumption made in the beginning of this analysis is that if the Commission had a bias towards centre-right policies, it would have to punish the governments formed by social-democratic parties. These results show that there is no such bias represented in the numbers of the Commission's recommendations.

Instead of being an indication of the Commission's actual bias *against* the conservative governments, this thesis suggests that the lower number of CSRs issued to social democratic governments is an indication of the technocratic nature of the European Commission's Country Specific Recommendations and the main role of the European Council in establishing the main guidelines of the European Semester, as it will be explained in the next subchapter. This argument is in contrast to the suggestions of the politicization of the European Commission as a side effect of the crisis which were present in the public sphere. Furthermore, the findings of the qualitative research suggest that the Commission remains a technocratic actor and not a leader in the economic governance of the European Union.

3.3. Qualitative analysis

This subchapter firstly focuses on the process of establishment of the broad goals of the European Semester. Hereby, the Europe 2020 Strategy along with the Annual Growth Surveys will be analysed using the content analysis approach. Then, using a combination of content analysis and process tracing, the CSRs given to Spain in period of 2011 to 2013 will be analysed to see how freely from the influence of the European Council the Commission translated the broad goals into practice. The main finding of the subchapter is that it was the European Council which was giving the political guidance on the path of economic coordination, while the Commission's was acting as a monitoring bureaucracy issuing technocratic recommendations.

The Europe 2020 Strategy was proposed by the Commission in March 2010 and adopted by the European Council in June 2010 with a goal of generating "smart, sustainable and inclusive growth" in the EU. It is a follow up to the previously active framework of the Lisbon strategy which established the *broad economic policy* and *employment guidelines*, adopted by the Council in 2005 and again in 2008. However, since these guidelines proved to be a failed attempt to coordinate economic policies (see Hodson, 2011), the European Semester was formed as part of the Europe 2020 strategy as a firmer mechanism of coordination, providing more roles for the European Commission. Europe 2020 established targets for the EU in five areas: employment, R&D, climate change and energy sustainability, education and fighting poverty and social exclusion. To provide more details on how the general goals set by the Europe 2020 Strategy will be met, six broad economic guidelines were published by the Economic and Financial Council in July 2010 (Council of the European Union, 2010). In October 2010, Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) published the employment guidelines (Council of the European Union, 2011a). These two sets of guidelines form the *Integrated Guidelines* for implementing the Europe 2020 strategy.

The Commission's first Annual Growth Survey was published in December 2010, therefore, after the two Council meetings which established the guidelines. It focuses on three main areas: (1) rigorous fiscal consolidation; (2) labour market reforms for higher employment; (3) measures enhancing growth (European Commission, 2010). Further in text, ten general recommendations are presented connected with the three main areas. The Commission points out that the "first priority of this Annual Growth Survey is to set budgetary policies on a sound footing through rigorous fiscal consolidation, and to restore the normal functioning of the financial sector. The second priority is a rapid reduction in unemployment through labour market reforms" (p. 11). Labour market reforms emphasized include shifting tax away from labour, linking retirement age with life expectancy and providing trainings for the unemployed.

Few months before the 2012 Annual Growth Survey was published (European Commission, 2011c), the European Council, on its March 2011 meeting, decided to prioritize restoring sound budgets and fiscal sustainability, labour market reforms and making efforts to enhance growth (European Council, 2011). Together with the Council's conclusions of February and March 2011 meetings, these documents provided the background for the Commission's second AGS (Council of the European Union, 2011b, and 2011c). Accordingly, the AGS of 2012 is following these political decisions, as the Commission started using a framework of five broad recommendations based on the established priorities, which remained active in all of the remaining four AGS published until the date of writing this analysis: (1) pursuing differentiated growth-friendly fiscal consolidation; (2) restoring lending to the economy; (3) promoting growth and competitiveness for today and tomorrow; (4) tackling unemployment and the social consequences of the crisis; (5) modernizing public administration (European Commission 2011c; 2012e). The European Council endorsed these goals once again in March 2012 (European Council, 2012c). In June 2012 European Council (2012d) adopted the “Compact for Growth and Jobs”, which is a framework for further reforms in economic and social policy. The subsequent AGSs (European Commission 2012e; 2013) all refer to these European Council meetings as a foundation of Commission’s recommendations.

What can be concluded at this point is that the European Commission was a minor actor in establishing the main goals of the European Semester. Although it proposed the Europe 2020 strategy, the European Council and the Council were the institutions in which the decisions on the goals and the main priorities of the European Semester were established. The Commission was used as a technocratic body to define details of year-to-year steps to be made in approaching these goals. Secondly, since the main goals were defined by the European Council, an institution deciding by unanimity, the main guidelines were carefully designed to meet both the demands of the parties from the centre-right and the centre-left. This makes the Commission’s recommendations equally redistributed between conservative and social-democratic governments. For instance: while there are recommendations to limit unjustified public spending on one hand, there are also recommendations to improve active labour policies; health reform recommendations are followed with a recommendation to develop special regimes for vulnerable groups; *et cetera*. As further study of the CSRs will show, encompassing these are a lot of apolitical, technocratic recommendations.

To provide additional proof for the point on the subordinate role of the European Commission and another insight in the workings of the European Semester, analysed are CSRs given to Spain from 2011 to 2013. These are chosen because the maximum number of recommendations given, together with the Macroeconomic imbalance procedure which gave more rights to the Commission in tracking and recommending policy change, can give us a complete picture of the nature of recommendations.

What should be emphasized at the beginning of this analysis is that the CSRs the Council adopted over the analysed period completely match the ones proposed by the Commission. In 2011, seven conclusions were adopted on Spanish government's National Reform Programme. The first recommendation is regarding the Excessive deficit procedure, with a reference to the Council's recommendation of implementing structural reforms to ensure the correction of deficit by 2013. This recommendation repeats in 2012 as well. The 2013 CSRs include the same recommendation with a reference to the Council's recommendation to correct the deficit by 2016.

The second recommendation of 2011 is regarding pension reform. The Commission recommends Spanish government to raise the retirement age in line with life expectancy and to develop life learning programs. This recommendation repeats in 2012 CSRs as well.

Thirdly, process of implementation of the reform of the financial sector should be monitored closely. This is an example of a technocratic and apolitical recommendation, which repeats in 2012 and 2013 as well.

Fourthly, Spanish government should improve the efficiency of the tax system, "for example through a move away from labour towards consumption and environmental taxes (…)" (Council of the European Union, 2011: 4). This is repeated with more decisiveness in 2012 CSRs as well: "Introduce a taxation system (…) including a shift away from labour towards consumption and environmental taxation. In particular, address the low VAT revenue ratio by broadening the tax base for VAT" (Council of the European Union, 2012: 12). This change is due to the start of the Macroeconomic imbalance procedure against Spain in 2012. However, the Commission's recommendations have to remain in scope of the overall guidance defined in the European Council's spring meetings. The Commission is, as a body comprised of expert technocrats, seen as the only institution neutral enough to propose recommendations based on neutral economic research. A similar recommendation regarding tax reform is repeated in 2013.

Fifthly, wage bargaining process as well as wage indexation system should be reformed, so that the wage growth follows the growth in productivity.

Sixthly, the impacts of labour market reforms of 2010 should be evaluated. The 2012 CSRs repeat this and further recommend Spanish government to "(…) increase the effectiveness of active labour market policies (…)" (Council of the European Union, 2012: 13). The 2013 CSRs provide additional details such as "swiftly" enacting the result oriented active labour market polices and the operationalization of the Single Job Portal to improve the employability of young people (Council of the European Union 2013: 4-5).

Final, seventh CSR of 2011 is to improve the business environment, which repeats in 2012 and 2013.

In addition to the repeated ones, the 2012 CSRs include a recommendation to review spending priorities in order to finance "small and medium enterprises, research, innovation and young people" (Council of the European Union 2012: 13). This practically restates the European Council's (2012c) conclusion from its 2012 spring meeting: "While pursuing consolidation efforts, particular care must be given to prioritizing expenditure that constitutes an investment in future growth, with a particular emphasis on education, research and innovation" (p. 4).

The 2013 CSRs include three new recommendations, plus the repeated ones. Firstly, Spanish government should monitor the youth unemployment measures it adopted; reform the electricity sector; and local administration in line with the timetable the Commission presented (Council of the European Union 2013: 4-5). Also, the European Council in the spring meeting of 2013, in order to foster competitiveness, “encourages the Commission to use the ‘REFIT’ programme to identify and propose in the autumn the withdrawal of regulations that are no longer of use (…)” (European Council 2013a: 8). The Commission’s extended recommendation on improving the business environment includes this proposition, showing once again its subordinate position in the problem definition and agenda setting phase of the European Semester.

3.4. Main Findings

The main finding of the first subchapter is that the Commission did not have a policy bias in its CSRs as they were equally distributed between the conservative and social-democratic governments. The assumption made is that if the Commission had a center-right bias, due to the fact that Commission president comes from the EPP, it would have to be reflected in the workings of the European Semester. The findings of the second subchapter lead to five conclusions clarifying the Commission’s lack of ideological policy bias and providing insight on the institutional structure of the new economic governance and the Commission’s role in it.

Firstly, all the political decisions regarding the overall guidance of the policy coordination were made in the European Council spring meetings and the ECOFIN February and March 2011 meetings. Since conclusions of these meetings were adopted unanimously, the assumption made is that they represent a least common denominator between the centre-right and social democratic governments represented in the European Council. This explains the lack of ideological policy bias found in the quantitative analysis in the previous subchapter. Secondly, the Commission was given a role of managerial and monitoring bureaucracy in the process. This can be inferred from the apolitical note of the many recommendations given to the Spanish government in the analysed documents. Thirdly and connected to the previous, the Commission was often only detailing the European Council’s recommendations from its spring meetings. Fourthly, the recommendations very often repeat between the CSRs, implying that there is a vast implementation gap. This fact suggests that the Commission's role can be even observed as an advising bureaucracy, leaving the governments the option of ignoring the implementation of the CSRs, even though the Commission's position of a neutral agent suggests that the CSRs should be implemented. Finally, the Council did not take a big role in the adoption of the CSRs. Henceforth, it was the European Council that set the pace and tone of the reform in its spring meetings.

CONCLUSION

The thesis aimed to analyse whether the Commission is a political or a technocratic body in the new economic governance of the European Union and how much was its policy entrepreneurship limited by the European Council in its formation during the crisis. Findings suggest that the Commission did not act as a policy entrepreneur during the crisis, or in the workings of the European Semester. Instead, the Commission was used as a technocratic bureaucracy and the European Council was the main driver of policy change. These findings have implications on the conceptions about (1) the role of the Commission in the reform of the economic governance; (2) the role of the Commission in the economic policy coordination in the European Union; (3) the politicization of the European Union.

Firstly, the findings provide additional evidence of the Commission’s secondary role in policy making during the crisis. The Commission’s role during the negotiations over the six-pack, two-pack and Fiscal compact reforms was already researched by several authors, as established in the first chapter. This analysis adds two more cases furthering the case of the Commission’s inability to act as a policy entrepreneur, and the dominant role of the European Council.

Secondly, the role of the Commission in the European Semester has not yet been seriously researched. This analysis provides a first comprehensive account of the Commission’s CSRs, and establishes their technocratic character. In one of the rare early accounts of the European Semester, Dawson and de Witte (2013) point out how the Commission has been given a big role in deciding on Member state’s economic policies. However, this thesis finds that the Commission’s roles are restrained, and the European Council is the leading institution of the new economic governance of the European Union.

Finally, this analysis provides a picture of the Commission as an apolitical organization, contrasting the argument of the politicization of this institution after the crisis. Such findings suggest that whoever is the Commission’s president he or she does not have the power to steer the economic policy of the Union, even though the campaigns of president candidates were full of such promises. Instead, the European Council, which before the crisis had a role of providing long-term goals for the Union, is found to be the centrepiece of the new economic governance of the European Union.

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