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Irrelevant player?

The Commission's role during the Eurozone crisis

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Abstract

Under the EU treaties, provisions for collective (or institutional) forms of political leadership prevail over those made for leadership performed by individuals. Thus, an important leadership input from the EU's institutions, namely the European Commission, would be expectable, particularly in times of crisis. Although not having the formal power of decision, the monopoly of initiative gives the Commission a considerable ability to influence the course of EU policymaking and overall the integration process. Moreover, the Commission has learned to maximize (and to create) windows of opportunity to act by cleverly using its resources (for example, its privileged access to information and expertise). However, during the current Eurozone crisis, the role of the Commission was overshadowed by the visibility and prominence of some national leaders and other institutions. What was the role of the Commission in the economic and financial crisis? Did the Commission influence the crisis responses agreed by the Member States? This article will answer these questions by analysing the European Commission's main crisis response activities between 2008-2013. The central hypothesis of this paper is that the Commission actually played an important role in crisis response.

Keywords

European Commission; Eurozone crisis; institutional leadership; economic governance

In the literature on European integration one of the major discussions focus on the role of the different actors in the policy-making process. In simple terms, the debate could be summarized between intergovernmentalist perspectives that stress the predominance of the member states in the decision-making process (Moravcsik 1994; 1998; 1999) and institutionalist approaches that emphasize the importance of the supranational institutions, namely the Commission. For the later, the Commission has frequently been the central political driver of the EU (Nugent 2000: 6; Drake 2000b: 235; Nugent 2001: 203; Cisotta 2013: 1).

Even though the Commission is well positioned to exercise a range of formal and informal roles with impact in the EU integration, in the literature on the financial and economic crisis the institution and its President came across as secondary players. The numerous meetings of the Heads of State and Government attracted media attention and there was an almost generalized perception that some national leaders (namely Chancellor Angela Merkel) captured political decisions. Accordingly, the main focus of the crisis literature has been on member states. The intergovernmental approach experienced a major comeback, namely in the form of the so-called "new intergovernmentalism" (Puetter 2011; Bickerton, Hodson and Puetter 2015). Several analyses confirmed that during the Eurozone crisis the European Council became the principal decision-maker and has assumed several roles that traditionally belonged to the Commission, namely agenda-setting, coordination and brokering deals (Ondarza 2011; Puetter 2012; Beach 2013; Fabbrini 2013, 2014; De Schoutheete and Micossi 2013). As a consequence, the Commission was relegated to an ancillary part.

However, such an intergovernmental focus risks ignoring a potentially very important actor. In fact the Commission has the opportunity and arguably the responsibility to provide leadership and, expectably, it represents the Union as a whole. Indeed, the EU treaties assign the Commission different tasks and powers that include initiating, supervising and implementing EU policy. Being entrusted with the crucial duty of promoting the "general interest" of the EU, the Commission has a normative function that is particularly relevant to further integration, especially in times of crisis. There are, however, very few analyses focusing specifically on the Commission's role and its impact on the responses agreed to manage the crisis¹. This paper aims to fill this gap by asking what was

the role of the Commission in the economic and financial crisis. Did the Commission influence the solutions agreed by the member states? The central hypothesis of this paper is that the Commission actually played an important role in the crisis response.

METHODOLOGY

This article examines the European Commission's main activities to cope with the crisis (mainly between 2008 and 2013) and their input on the solutions actually agreed by member states. I am particularly interested in seeing whether the Commission was able to use its resources to help shaping crisis response, in a domain that is still chiefly intergovernmental. The focus of the study thus is the Commission's actions. However, the interplay with other actors is also considered.

In order to assess the Commission's role in the crisis response process I have focused on European institutions crisis-related official documents, namely proposals, conclusions of meetings, resolutions, and speeches from the Commission, the European Council, the Council, and the European Parliament (EP). Since the official documents of the different institutions normally are not *per se* indicative of their different positions, I also relied on press releases from the Commission and the Council. As regards specifically the Commission's documents I have tried to determine, among other aspects, when the Commission started to refer to the management of the crisis as a priority, what role the Commission attributed to itself in the crisis response, and what the proposed solutions were. In doing so I have taken into consideration not only the crisis-related content of the diverse documents, but also the regularity of the Commission's proposals, and how often these proposals were in fact requested by the other institutions.

I acknowledge the difficulties of analysing the Commission's influence. In fact, if providing an indicative list of the activities that the Commission is expected to perform in order to check which actions the institution actually performed is a relatively straightforward exercise, measuring the Commission's influence raises a number of methodological difficulties. The fact that the Commission could be (and has been at different times) an influential actor in the decision-making process is not in dispute. But, in a complex, multi-layered, multi-actor negotiation forum such as the EU who influences and who is influenced along the process is an idea always sharply challenged. My purpose though is not to establish which actor was more influent, but if and how the Commission was able to influence the crisis response.

In the next section I put forward a framework for the analysis of the Commission's role in the crisis response, by summarizing the expected Commission functions (emphasising the ones related to leadership) and the resources that the institution could use to influence decision-making. In the following section, I trace the Commission's activities in order to see if and how the Commission has used its resources in the crisis response. Although this analysis only focuses on the economic governance dimension, it is here important to note that the Commission's strategy to deal with the crisis, as presented in the institution's official documents, lied in fact in a two-tiered response: reinforced financial markets supervision and stronger economic policy coordination on the one hand, and the strengthening of the Single Market² to increase competitiveness and boost economic growth on the other.

THEORETICAL FRAMEWORK

The EU has become a polity in its own right (Peterson and Bomberg 1999; Hix 2005; 2008) with a complex multi-level system of governance, which means that it involves a cluster of actors all with an interest or stake in a given EU policy sector and with the capacity to influence the final

agreement. Thus, EU decision-making arises from *interinstitutional* bargaining (Peterson and Bomberg 1999: 8).

The literature on European Integration generally offers two alternative views of the Commission's role in the decision-making process: an intergovernmentalist one that portrays the Commission as an institution that serves the functional needs of member states (Moravcsik 1993; 1995; 1998; Hoffmann 1966; Grieco 1995); and a supranationalist one that acknowledges the Commission's ability to provide leadership and, therefore, to influence the course of European integration, namely by using its formal monopoly on the right of initiative (Coombes 1970; Lindberg and Scheingold 1970; Sandholtz and Stone Sweet 1998).

Arguably these two opposing positions encapsulate the ambiguity of the Commission's hybrid essence, being simultaneously a bureaucracy and a political body capable of wielding influence beyond the strict control of member states. Indeed, even though the Commission reveals many of the features of a "traditional bureaucracy", it is also intended to be a source of political leadership (Coombes 1970: 102). The Commission therefore performs several functions that are substantially different in type (ranging from the bureaucratic to the political), each granting the institution a considerable potential for influencing policy developments. In terms of the more political end of the continuum, one of the central roles of the Commission is formal agenda setting (fulfilled mainly through the proposal of legislative acts). Besides its formally assigned roles, several informal leadership roles enable the Commission to shape political and policy agendas, being also potentially relevant to crisis management. These include, among others, a mediation function, that entails brokering agreements, building consensus, identifying areas for possible collective action and defining the frameworks for that action (Nugent 2001: 203-204).

The Commission hence carries out primarily what Leon Lindberg and Stuart Scheingold (1970: 129) labelled "task-oriented leadership", it makes proposals for action, supplies organizational skills and facilitates intergovernmental bargaining. That is not to say that the Commission is a mere "facilitator" of decisions reflecting the preference of the others actors. Actually, it is precisely because the Commission dominates a number of activities that are related to leadership that the institution is frequently able to steer the decision-making process (Vahl 1997: 43) towards its own preferred outcomes. In order to perform these tasks effectively the Commission has several resources for influencing the behaviour of the governments, which result from its position at the centre of the EU governance system. But so as to play a decisive role the Commission must make "a creative use" of these resources (Lindberg and Scheingold 1970: 93).

A crucial resource of the Commission is the opportunity it holds to structure (or frame) decisions (Rhinar 2010). This involves setting the "tone" of the debate by defining the problems, goals and the preferred solutions, namely via the submission of working documents, memoranda, studies, reports and other documents. Through problem definition the Commission is able to purposefully "politicize" or "depoliticize" the issue on the table (Vahl 1997: 50-51). Often the Commission has managed to mask difficult political questions by using "apolitical terms" and focusing on "technical steps"³, which improves the acceptability of the institution's initiatives by the other stakeholders. In fact, in such cases the Commission's entrepreneurship is frequently demanded by the other institutions. But the Commission can also take the issue to the political level, for instance, by highlighting its consequences for the future of the European project (Vahl 1997: 50-51).

Thus, the initial framing of the debate has the potential to influence not only policy outcomes, but also the policy process itself. Frames affect the ways actors think about an issue, and the connections they make between the available information, new and past situations, preferred values and interests in the policy process. To link generic interests and values with specific policy alternatives (Rhinar 2010: 40) can be particularly relevant in times of crisis. Based on the

Commission resources and experience in structuring decision-making it is expectable that the Commission has an important contribution in the framing of the crisis response agenda.

Hypothesis 1: The Commission's initiatives structured the crisis response agenda, influencing other actors' preferences.

If hypothesis 1 is substantiated, one would expect evidence of:

- a) The Commission's efforts to set the tone of the debate in the early stages of the crisis;
 - b) The Commission's use of technical expertise to shape crisis responses;
 - c) A distinct contribution of the Commission in the overall crisis response.
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The Commission has also a "special perspective and legitimacy", since it is the only EU institution that can claim to speak from a truly European point of view (Lindberg and Scheingold 1970: 129). Indeed, under article 17 of the TEU, 'The Commission shall promote the general interest of the Union and take appropriate initiatives to that end [...]'. One way the Commission is able to give direction to the EU's progress is through its (near) monopoly on legislative initiative. Based on this, it is possible to expect that the Commission is a dynamic force that pushes the integration process forward, namely by tabling legislative proposals aimed at broadening the supranational dimension of the EU. In doing so, the Commission must interpret and execute its responsibilities independently from individual member states. According to article 17, nº 3 of the TEU '[i]n carrying out its responsibilities, the Commission shall be completely independent... [and its members] shall neither seek nor take instructions from any Government or other institution, body, office, or entity'.

Indeed, as Coombes (1970: 239) observed, a reputation for fair-mindedness, and an image of impartiality and detachment combined with its negotiations skills and a full technical knowledge of the issues are essential power resources of the Commission. In fact, due to its position in the policy process the Commission has comparative informational advantages, substantive expertise (both in terms of process and content) and bargaining skills (Christiansen and Reh 2009: 105; Beach and Mazzucelli 2007: 11). The Commission is also familiar with the position that national governments hold in several issues and knows the state of play of the negotiations. All add up to the institution's leverage in the negotiations vis-à-vis other parties.

Based on the Commission's expertise and bargaining skills as well as on its historical memory I expect the Commission to use its power of legislative initiative to make legislative proposals that broaden the integration process. In doing that, the Commission is also expected to go beyond the lowest common denominator of Member States positions.

Hypothesis 2: The Commission used its power of legislative initiative to help shaping crisis solutions while strengthening the supranational dimension of the EU economic governance.

If hypothesis 2 is substantiated, one would expect evidence of:

- a) Commission's initiatives based primarily on its own preferences or goals;
 - b) An active and independent role played by the Commission in the negotiations;
 - c) New Commission's powers in the economic governance domain.
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THE ROLE OF THE COMMISSION IN CRISIS RESPONSE

This section applies the analytical framework to the case of the Eurozone crisis to tease out if and how the Commission has influenced the crisis response. The results show that, although the hypotheses are not fully confirmed, in general the Commission played a more active and influential role than previously understood.

HYPOTHESIS 1: THE COMMISSION'S INITIATIVES STRUCTURED THE CRISIS RESPONSE AGENDA, INFLUENCING OTHER ACTORS' PREFERENCES.

1a When did the Commission start to address the crisis issue?

The Commission was committed to play an important role in crisis management since the beginning of the crisis. It started setting the tone of the debate at the end of the year 2008, through the speeches of the President of the Commission, José Manuel Durão Barroso, and the Commission's communications. Barroso recurrently stressed the seriousness of the crisis, "the greatest financial crisis since the Great Depression" (Barroso 2008b). Consistently, the crisis response was presented as one of the Commission's priorities (Barroso 2008a; 2011). Moreover, considering the exceptionality of the circumstances, Barroso repeatedly called for exceptional measures, emphasising the need for a *coordinated response* designed to reinforce the supervision in the single financial market at the EU level. In a press conference ahead the European Council (8 October 2008), he urged member states 'to make a real effort at coordination - to improve co-operation amongst themselves and with the European Institutions' (Barroso 2008a).

Four days later, at the emergency summit of October 12th, the Heads of State and Government of the Euro area countries issued a *Declaration on a concerted European Action Plan*, confirming their commitment 'to act together to restore confidence and proper functioning of the financial system'. They also agreed to coordinate measures to address the consequences of the financial crisis. The idea of a coordinated action was equally inscribed in the European Council Conclusions of 15-16 October 2008, 'the European Council affirms that it is determined to take coordinated and thorough action to restore the smooth running of the financial system'. Despite the explicit guarantee of the member states, Barroso took every opportunity to repeat the call for a joint action in managing the crisis. On the 14th October 2008, in a speech before the European Parliament of Enterprises, Barroso recalled the importance of coordination, 'The unprecedented nature of the crisis required an unprecedented level of coordination', and taking his argument further, he committed the Commission to act as the *coordinator* between national and European action, to present legislative proposals, and to defend the single market (Barroso 2008b).

Accordingly, the Commission's communication "From Financial Crisis to Recovery: a European Framework for Action" (29 October 2008) stated explicitly that it was sought to *coordinate* the actions of the member states of the EU designed to address the financial crisis. The document established three goals: a new financial market architecture at the EU level, focused on ensuring reinforced economic and financial regulation and supervision, and to establish new guidelines and rules for the banking sector; to encourage GDP growth, namely through a readjustment of the Lisbon strategy; and a reform of the Stability and Growth Pact in order to ensure both structural reforms and monetary stimulus. The plan, which included both short and long-term improvements of the financial system, was just the first contribution of the Commission for identifying areas for common action, while proposing solutions for tackling the fragilities of the European and Monetary Union (EMU).

On 7 November, during an informal European Council meeting, the Heads of State and Government reconfirmed the agreement on a coordinated response and therefore asked the Commission to make proposals for discussion at their December meeting. This request opened a window of opportunity of which the institution took advantage. Thus, on 26 November 2008 the Commission presented a comprehensive European Economic Recovery Plan (COM (2008)800 final) to strengthen the “platform for joint action” to respond to the economic crisis (European Commission 2008b, 2). The plan, with 10 concrete actions to address the crisis, was fully endorsed by the European Council at its 11-12 December meeting.

In the following years, the Commission continued its efforts to respond to the crisis by defining areas for intervention and proposals to address the major problems of the EU economic governance. The institution kept up a regular stream of documents setting objectives for the future, while assessing past achievements. Accordingly, the Commission urged the European leaders to take action⁴ and pushed forward new plans and recommendations. For example, on 25 September 2009 the Commission published a report, “Economic Crisis in Europe: Causes, Consequences and Responses”, that was a comprehensive technical document devising all the measures taken to date and envisaged solutions. Other examples include the publication of the Green Paper on the feasibility of introducing Stability Bonds (23 November 2011). In fact the aim of structuring the debate was clearly stated by the institution (MEMO/11/820, 23/11/2011), “Through this Green Paper, the Commission aims to *structure and better inform this important debate* [on the possible pooling of sovereign issuance in the euro area]” (European Commission 2011) [my emphasis].

It must be noted that some authors refer to the Green Paper as evidence of the Commission’s unsuccessful role (Hodson 2013) in shaping crisis solutions. Actually, it was the EP that first requested a report on the possibility of introducing Euro-securities (as a part of the agreement between Parliament and the Council on the Six-Pack). Further, the Commission’s proposals on the subject were not fully endorsed neither by the EP nor by the Council. However, the fact that the Commission issued a green paper on a subject that clearly did not secured consensus among national governments (and had the clear opposition of Germany) constitutes reasonable evidence that the alleged Commission’s eagerness to please large member states is at least debatable. Moreover, the EP has considered the document ‘a useful starting point for further reflection’ (European Parliament 2011).

Additional example of a document aimed at devising solutions for the crisis was the “Road Map Towards a Banking Union” (COM (2012) 0510 final). The document issued on September 2012 proposed concrete steps for a deeper integration of the banking system. On the basis of the Commission’s roadmap it was agreed the creation of a Single Supervisory Mechanism (under which the ECB is responsible for supervising all banks within the banking union), and a Single Resolution Mechanism (which governs the resolution of banks and guarantees the protection of citizen’s deposits across the Eurozone). In November 2012 the Commission adopted a “Blueprint for a deep and genuine EMU” (COM(2012)777 final/2) that set up ‘the necessary elements and the steps towards a full banking, economic, fiscal and political union’. Again, the goal was leading towards new objectives and the structure of the debate. The latter was clearly stated this time in the communication subtitle, “Launching a European debate”.

In sum, during the first years of the crisis the Commission produced a continuous flow of documents with the clear goal of helping to define the problem, the goals, the solutions and their consequences. In several documents and especially in the interventions of the President the costs of inaction (or uncoordinated action) for the European project were highlighted: ‘The real test for European governments and institutions comes when faced with the most difficult of circumstances. [...] Europe will above all be judged on results [...] We sink or swim together [...] The particular contribution of the European Union is its ability to help partners work together’ (European

Commission 2008: 2). Therefore, the Commission was not afraid of taking the crisis issue to the political level. Through what Lindberg and Scheingold (1970: 93) called “goal articulation”, the Commission articulated long-term goals that in turn can be legitimated by the belief in a European common interest. However, the proposed solutions were presented in apolitical terms, consisting in a series of technical steps that maximized the need for technical expertise to put them in practice.

1b Have the Commission used its technical expertise to shape crisis responses?

Among the Commission’s most important power resources, there is both technical expertise and its “historical memory”. The use of external experts to present ground-breaking solutions is an expedient often used by the Commission. Technical reports or other similar documents (produced by its own staff or by groups of experts reporting to the Commission President) are an usual Commission’s instrument to define the problem and present concrete solutions that may go beyond the lowest common denominator of member states’ positions (Vahl 1997; Radaelli 1999; Rhinard 2010). These reports became frequently the basis of negotiation in the Council and in the European Council, so they also aim to narrow the room for discussion at these higher policy-making levels. Even if the “depoliticization” of the issue does not always succeed, there are clear examples when this strategy worked in favour of the Commission, as was the case of the 1992 Program, and the three stage plan for the EMU known as the “Delors Report” (Vahl 1997: 50).

However, the financial and economic crisis posed new challenges that demanded innovative responses and solutions, which were seldom reconcilable with standard operating procedures and past experience. A timely and appropriate response to this particular crisis would require a preparation for the “unknown”⁵ that the Commission (and in fact other EU institutions such as the ECB) apparently lacked. Arguably, in order to overcome this “shortage” of expertise the Commission established a High-Level Group (08 October 2008), chaired by Jacques de Larosière (former Director of the International Monetary Fund). The Group was entrusted with making recommendations to the Commission on strengthening European supervisory arrangements covering all financial sectors.

The Commission’s lack of expertise should not however be overstated. In fact, the use of the Commission’s technical expertise to set the tone of the debate is visible in several documents such as the technical Report on the crisis (September 2009) or the Green Paper on Stability Bonds (see above). Also, it is worthwhile noting that the Secretariat of the Larosière Group was provided by the DG Internal Market. Furthermore, the Commission was represented by commissioner Olli Rehn in the Task Force on economic governance set up by the European Council in March 2010. Besides, the use of external specialists to make proposals in a highly complex domain does not necessarily mean that the Commission lacks expertise. Indeed, it is an expedient often used by the Commission arguably to guarantee a comprehensive analysis of the issue (since the members of these groups are often individuals with both in-depth academic knowledge and solid professional experience in the subject); it also helps guarantee that the proposals are perceived as impartial, which facilitates their acceptance as the basis of the negotiation.

The High-Level group of experts delivered its report on February 2009. The document was divided in four major domains: causes of the financial crisis; policy and regulatory repair; EU supervisory repair; and global repair. Specifically, the Report presented proposals to a new regulatory agenda, a stronger coordinated supervision and effective crisis management mechanisms. Among other measures, the document recommended the creation of a European System of Financial Supervision (ESFS) as a decentralised network⁶. The report was generally considered an important contribution to providing a plan for the future global financial architecture. In particular there was a great acceptance of the report’s premise that more cross-border cooperation was needed.

The Commission endorsed the key principles of the Report on March 2009, followed by a public broad consultation on the recommended reforms of supervision for the financial services. Also in March, the Commission presented its communication to the Council “Driving European Recovery” (COM(2009)114 final), an action plan that, with the Ecofin roadmap for regulatory reform, was the ‘basis for strengthening the regulatory framework for the EU’ (European Commission 2009, 80). Specifically building on the proposals of the Larosière report, which according to the Commission offered a comprehensive set of concrete solutions for regulatory, supervisory and global repair action, the Commission proposed the creation of a new supervisory framework (through a new European body to oversee the stability and financial system as a whole and a new European financial supervision system), and new legislative instruments. The program also aimed to boost investment and to stimulate the creation of jobs.

The European Council (19-20 March) agreed that the Larosière Group report would be the basis for action (European Commission 2009, 81). Accordingly, on 27 May 2009 the Commission presented a Communication on European financial supervision (COM(2009)252 final), setting out in detail the proposed outline of the supervisory reform. The Ecofin subsequently endorsed the goals laid down in this document (European Commission 2009, 81). The proposals on financial supervision were given green light on June 2009 by the European Finance Ministers, and subsequently by the European Council 18-19 June 2009 (Lannoo 2009, 1). On 22 September 2010, following the agreement in the Council, the European Parliament also approved the creation of the ESFS. Arguably, this timeline constitute reasonable evidence that the Commission was able to successfully use expertise and knowledge (whether coming from its own staff or from external experts) to help shape the measures to deal with the crisis.

Regarding the Commission’s expertise, it is worthwhile noting that besides its importance for the tabling of writing initiatives (particularly the packs of legislative proposals), the Commission’s expertise was also used at various stages in the process of granting assistance through the European Stability mechanism (ESM), mostly along with the ECB and the IMF. Indeed, whenever a member state requested financial assistance, the Commission, as part of the so-called *troika*, was entrusted with assessing the risk to the overall financial stability, the sustainability of the applicant’s public debt and the actual or potential financing needs, negotiating a memorandum of understanding with the applicant state, and monitoring compliance with the memorandum of understanding (Bauer and Becker 2013: 7).

1c What was the impact of the Commission’s initial efforts?

An assessment of the Commission’s ability to get its own preferences and goals accepted by setting the agenda and determining the framework for debate leads to mixed conclusions. The statements of the President of the Commission helped to establish the need for a concerted action in order to address a particularly urgent problem, as proven by Barroso words, ‘A month ago, the Commission took the initiative to set out how decisive and coordinated action could respond to the economic crisis’ (European Commission 2008b: 2). Also, the Commission consistently introduced in the decision-making process several documents setting goals, proposing solutions and highlighting the consequences of inaction. The Commission expertise was also used to help shape the solutions for the crisis and was in fact asked by the other institutions.

However, it is not possible to capture the process of structuring the crisis agenda without considering the interplay between the different European institutions, which means that the Commission did not exclusively fix the terms of the debate. The European Council, that held an impressive number of meetings (between January 2008 and December 2013 the European Council held 39 meetings), where the crisis was at the top of the agenda, had an important role in shaping it.

Actually, the “summitization” (Martin Schulz cited in Dinan 2013: 89) caught media attention, amplifying the agenda-setting effect of the European Council conclusions.

Also, from 2010 onwards the role of other actors, such as the EP and the ECB, should be considered. For example, the EP ran a temporary *ad hoc* Committee on the financial and economic crisis (CRIS)⁷ with the intention of analysing the causes and impact of the crisis in the EU and its member states. The Committee proposed several measures to improve financial and economic supervision. Furthermore, the EP maintained a permanent dialogue with the President of the Eurogroup and with the ECB President (Schwarzer 2012, 33) regarding crisis solutions. As to the ECB, from 2010 onwards the statements of its President preceded resolutions of the European Council and decisions of the Ecofin. Arguably, considering the chronology of the events it appears that the ECB was able to influence political decisions regarding the Eurozone crisis (Camisã e Vila Maior 2014).

HYPOTHESIS 2: THE COMMISSION USED ITS POWER OF LEGISLATIVE INITIATIVE TO HELP SHAPING CRISIS SOLUTIONS WHILE STRENGTHENING THE SUPRANATIONAL DIMENSION OF THE EU ECONOMIC GOVERNANCE

2a Were the Commission's initiatives based on its own preferences or goals?

Aiming to “create piece-by-piece a sounder and more effective financial sector” (Commission MEMO/14/57, 2), since 2008 the Commission has proposed a substantial number of new rules to improve regulation, supervision and governance of the financial system. However, it was not until 2010 that the Commission presented the more salient legislative pieces – the Six-Pack, complemented in 2011 with the Two-pack. Both packs were secondary law, specifically eight legislative proposals (6+2) designed to strengthen economic governance in the Eurozone, therefore resulting from the community method. Accordingly, in both cases the formal initiative came from the Commission. Along with the Treaty on Stability, Coordination and Governance in the EMU (TSCG) they form the initial three building blocks of the new EU economic governance framework.

The ideas for the legislative pieces were presented on May and June 2010. In both documents (respectively, COM(2010)250 final, 15 May 2010 and COM(2010) 367/2, 30 June 2010) the Commission proposed concrete measures and timelines to strengthen economic policy coordination, namely via a reinforced compliance with the Stability and Growth Pact (SGP) and deeper fiscal policy coordination; a surveillance of macroeconomic imbalances and competitiveness developments; a robust framework for crisis management for euro-area member states; and the establishment of a European Semester for policy coordination. The creation of the “European Semester” was approved by the member states on 7 September 2010. The European Semester allows the EU and the Eurozone to coordinate *ex ante* their budgetary and economic policies, in line with both the SGP and the Europe 2020 strategy. Each cycle starts with the Annual Growth Survey and sets out an integrated approach to recovery and growth, concentrating on key measures (European Commission 2011). It is worthwhile noting that the definition of “timelines” for the completion of the proposed initiatives is often referred in the literature as a “strategic move” frequently used by the Commission to focus attention and influence the pace of decision-making (Vahl 1997: 52).

The first package of legislative proposals was submitted in September 2010. The so-called Six-Pack was composed of five regulations and a Directive⁸, which ‘underline the Commission's strong will to process diligently with the necessary reforms’ (European Commission 2010). Specifically, the policy proposals were aimed at strengthening the SGP and budgetary surveillance, while the other two focussed on monitoring and controlling macroeconomic imbalances. On the 23rd November 2011 the Commission proposed two additional regulations⁹ (known as Two-Pack) designed to introduce additional coordination and supervision of budgetary processes for the members of the Eurozone.

Thus, the Two-Pack amplified measures brought upon by the TSCG and the Six-Pack, particularly on what concerns *ex ante* coordination of fiscal policies and the monitoring of countries in financial difficulties (Bauer and Becker 2013: 11).

Even though the Commission's proposals reflected a wide agreement on the necessity to reform the economic governance and to reinforce financial supervision, they were not necessarily the "mirror" of member states' or other actors' preferences. With regard to the Six-Pack, considering the intense negotiation process (Prest, Geeroms, and Langenus 2012: 105) that preceded the adoption of the legislative pieces and the numerous amendments introduced by the Council and the EP, it seems fair to argue that the Commission's proposals were more than a mere lowest common denominator of what the governments or the EP originally wanted. Further, the member states established their "own" Task Force¹⁰ - mandated to propose measures to reach the objective of an improved crisis resolution framework and better budgetary discipline. Thus, member states' preferences were conveyed mainly by the European Council, and particularly by its Task Force, that actually ended up disputing with the Commission the agenda-setting role, '[A]genda-setting and policy formulation in the field of economic and fiscal surveillance has been hard-fought between the Commission and the van Rompuy Task Force' (Bauer and Becker 2013: 19).

As for the Two-Pack, whereas the EP submitted more than 500 amendments, the revisions putted forward by the Council only slightly modified the Commission proposal (Parra 2013: 14), indicating that member states' preferences were considered in the initial proposal. Actually, the Commission explicitly stated that its legislative proposals took into account the consultations the institution held with a broad range of stakeholders, including the 'Task Force on the Economic Governance chaired by President of the European Council' (European Commission 2010). Still, this fact is not *per se* telling that the Commission's proposals were just a reproduction of member states' preferences. Rather, this could be indicative that the Commission has succeeded in "operating optimally" since, as Lindberg and Scheingold (1970: 93) observed, in order to influence the behavior of member states, ideally the Commission should make proposals 'that are well designed technically, with both the common goals of all the members and the specific needs or problems of individual nations taken into account'.

If with regard to the legislative pieces it is not possible to identify a bias towards particular member states' positions, the same could not be said regarding the Commission's role in the management of the Rescue Programmes for the countries facing major sovereign debt crises. In this role, the Commission was sharply criticized by an apparent alignment with a German austerity model. Specifically, the Commission was accused of being a weak leader and of "partiality" towards the "rich" states. In a Report issued in April 2014 by the European Committee of the House of Lords, Simon Tilford (Deputy Director, Centre for European Reform), the Commission was accused of having become 'the advocate of creditor countries, with negative implications for the handling of the crisis' (House of Lords 2014: 18). By the same token, Phillippe Legrain (a former adviser to the President of the Commission) contends that the Commission has become an 'instrument for creditors to impose their will on debtor [...]. It's been a follower in the crisis rather than a leader'¹¹. This perception contributed to the idea that the Commission had lost ground of the EU's general interest, and it also putted into question the principle of independence. Still, this assessment is far from being extensive to all aspects of the Commission's crisis management. Indeed, the same Report notes that some of the experts heard praised the Commission's work in ensuring better governance¹². Also, the rationality that points the endorsement of the austerity programmes as a proof of the Commission's weakness is disputable. Actually, some make the case, rightfully in my opinion, that this move was not a result of the Commission's weakness, but was rather a strategic bid to enhance its powers¹³.

2b Did the Commission have an active and independent part in the negotiations?

The Commission managed to participate in the negotiations of the solutions, including some that are intergovernmental in nature, such as the negotiation of the TSCG. Being an intergovernmental treaty (in theory, created outside the EU legal framework under the intergovernmental method), the TSCG rules out the participation of supranational institutions (namely the Commission). Following informal conversations, the Heads of State and Government agreed on what the TSCG should include at the European Council summit on the 8-9 December 2011. But a decision on the exact details of the legal form was postponed. Subsequently, an *ad hoc* working group on Fiscal Stability was created in order to translate European Council's decisions into a legally binding agreement (Beach 2013: 119).

The text of the Treaty was thus negotiated during several meetings between national officials, legal experts from the Council and the Commission, and three MEPs. The participation in the *ad hoc* group opened a window of opportunity for the Commission to use its legal expertise and bargaining skills. The importance of the Commission's involvement in the negotiations is noted in some analyses (Emmanouilidis 2012: 7). Additionally, according to Derek Beach (2013: 121-122), the Commission 'fought strongly' (especially against the French position) to ensure that the enforcement and supervision of the "debt break rule" would follow the community method as much as possible. The goal was to avoid the creation of a mechanism that would grant too much discretion to the member states. In the end the Commission guaranteed a reinforced role in overseeing the debt break rule compliance and, more generally, in what regarded supervising and enforcing the new rules. Notwithstanding, there are other "supranational" actors (besides the Commission) whose "unexpected" role in the negotiations is worth being mentioned. For example, according to Cristina Fasone (2012: 9), the final version of the Treaty was in fact largely a result of the amendments proposed by the EP. Several EP's amendments were in fact considered. The EP's resolution of the 2nd February 2012 highlights the main modifications proposed by the institution that have been incorporated in the final text of the Treaty.

As to the ordinary legislative process, the Commission's first batch of legislative proposals - Six-Pack - was the basis of the negotiations, thus influencing the discussions on EMU throughout 2011. But this leverage was at risk and was in fact secured through a Commission's apparently deliberated strategic move. As noted above, in March 2010 the European Council set up a Task Force entrusted of devising proposals for better budgetary discipline and to explore possible reforms of the SGP. The "Task Force on Economic Governance" held six meetings and was due to present its final report to the European Council of 28 and 29 October 2010¹⁴. Strategically, the Commission managed to issue its legislative proposals in September 2010, just a few weeks before the presentation of the Task Force's final report. With this move, the Commission succeeded in surpassing Van Rompuy's efforts (Beach 2013: 114; Chang 2013: 6), therefore securing its agenda-setting power and enhancing its own position in the negotiations. As Chang (2013: 6) noted, despite the many similitudes between the proposals of the Van Rompuy Task Force and of the Commission, the Commission's proposals formed the basis of the discussions with the Council and the European Parliament. This is a clear example of the importance of "timing". Essentially, choosing the appropriate time for launching an initiative may be decisive to give power to the proponent in the negotiations.

The negotiation process was widely described in the media as "tough"¹⁵ and several analyses corroborate this perception (Parra 2013; Bowles 2014). One of the contentious issues in the context of the Six-Pack negotiations was the balance of power between the Council and the Commission (Bowles 2014: 1), confirming that the delegation of competences in the supranational institutions remains a delicate issue. Despite that, an agreement was reached in the first reading as preferred by the Commission¹⁶ and in a very reasonable timeframe (particularly considering the salience of the issue and the average length to reach an agreement under co-decision). The dialogue established

between the representatives of the Commission, Council and EP - “trialogue” - was crucial for this outcome. Even though this informal process is criticised for its lack of transparency and for leading to solutions that are rarely optimal in content, the fact is that the longer the negotiations for adopting a proposal, the more likely it is that the outcome will differ from the Commission’s initial proposal. So the trialogue process appears to have served the Commission’s interests.

With regard to the Two-Pack, the negotiations took more than one year, again with several amendments proposed in particular by the EP. However, as with the Six-Pack, the trialogue negotiations enabled an agreement at the first reading. The Commission’s promise to set up an expert group to analyse the issue of a redemption fund and the introduction of Eurobills (Parra 2013: 15) was important to broker the agreement. The pack was approved in March 2013 and again the Commission managed to guarantee an important role in the new economic framework. That being said, it is worthwhile noting that some of the Commission’s initial proposals were thwarted by the representatives of the member states in the Council, with the EP ending up to have a decisive role in securing important new powers envisaged for the Commission. Indeed, the EP’s influence in the final shape of the Six-Pack was praised by some analysts, namely in what concerns securing the “automaticity” of the new rules, that some member states attempted to weaken (Broin 2012: 1).

2c Was the Commission able to gain new powers in a particular intergovernmental domain?

The Lisbon Treaty established that the EP and the Council (under the ordinary legislative procedure) might adopt detailed rules for the multilateral surveillance procedure (article 121, nº 6 TFEU). Under articles 121, nº 4 and 126 nº 5 and nº 6 TFEU, the Commission has gained the right to address a warning about the deterioration of the fiscal situation of a member state and to make a formal proposal (instead of a simple recommendation) to the Council, who should act on it. However, the Treaty did not extend the Commission’s powers with regard to the proposal of actual measures, which should be taken by a country in order to correct an excessive deficit (Duff 2009: 130-131).

The reforms introduced during the Eurozone crisis further reinforced the Commission’s role in economic governance, namely through new powers in both the preventive and the corrective arms of the SGP, as well as in the new excessive macroeconomic imbalances procedure. Thus, the Commission was given an unparalleled power to intervene in member states’ economic and financial policies. Under the new rules, the Commission has the right to set the parameters for national governments, to assess whether national budgets’ drafts are in line with EU economic guidelines and rules on fiscal discipline and to recommend changes (even before they are adopted by national parliaments), and to make recommendations on spending and taxation to Eurozone member states (Vasconcelos 2014). The Commission has therefore an important part to play in the new procedures to steer national economic and financial policies. One crucial instrument is the “European Semester”, already in place since 2010. Under the European Semester, each year the Commission undertakes a detailed analysis of EU member states’ plans of economic and structural reforms and provides them with recommendations for the next 12-18 months. Subsequently, EU’s Heads of State and Government issue EU guidance for national policies on the basis of the Annual Growth Survey.

Besides the new preventive and corrective functions, the Commission gained powers in other related areas such as the financial stability support. Since the first Greek bailout¹⁷, the Commission was entrusted with the coordination and administration of loans, including their disbursement (Bauer and Becker 2013: 5). After the institutionalization of the ESM, the Commission expertise continued to be used at several stages of the process of granting assistance, even though the Commission’s prominence was shared with the ECB and the IMF (see above). As regards to how the power was distributed between the three actors, evidence suggests that the Commission has played

a significant role (Schwarzer 2012: 32; Bauer and Becker 2013: 7), which is confirmed by the IMF's dissatisfaction with some of the troika's decisions, and particularly with the Commission's stance in terms of austerity measures (IMF 2013).

CONCLUSION

Despite the evolution of the literature on European integration the role of the supranational institutions and in particular the role of the Commission remains controversial. The debate is between the intergovernmental view that stresses the predominance of the member states and the supranational approach that highlights the Commission's influence in the integration process. In the light of the events triggered by the economic and financial crisis, the intergovernmental literature has experienced a significant revival in the form of the so-called "new intergovernmentalism". Several analyses of the EU crisis management presume the dominance of the European Council (and of some national leaders acting within and outside the institution), and play down the role of the Commission.

However, a look at the crisis related reforms allow us to conclude that even under serious, high profile and politically sensitive crisis conditions the Commission was not an irrelevant player. This article built an analytical framework that helps shed light on the factors that are crucial to understand the Commission's role in crisis response in order to answer the following question: Did the Commission influence the crisis solutions agreed by the member states? Arguably a strong input in crisis management was expectable from the Commission. Thus, the central hypothesis of this research is that the Commission actually played an important role in the crisis response. Taking into consideration the functions of the Commission it was assumed that it contributed to structure the crisis agenda (H1) and that the Commission used its power of legislative initiative to help shape crisis solutions (H2). The hypotheses were in part validated, proving that there is more to EU high-level policy processes than intergovernmental perspectives assume.

The Commission's activities between 2008 and 2013 show that the Commission has in fact managed to be involved in the important phases of the process of reform. In the early stages of the crisis, the speeches from the President of the Commission and the Commission's documents helped to shape the agenda. The Commission continuously and consistently alerted for the necessity of taking timely measures, coordinated by the institution, to address an extremely serious crisis. A strong input in problem definition gave the Commission an important advantage. Through an early definition of the problem (and its urgency), goals and solutions, the Commission, was able to influence the way decision-makers thought about the crisis and the way they assessed the proposed solutions. Nonetheless it is clear that the Commission was not the sole responsible for setting the terms of the debate. The role played by other institutional and individual actors in this structuring activity (namely the European Council and its President, the Ecofin, and after 2010 the EP and the President of the ECB) has to be considered.

It is true that the Commission's role was sometimes limited, particularly when the intergovernmental method was preferred. Additionally, some problems posed by the crisis demanded innovative responses, diminishing the relevance of the Commission's experience and expertise (two important leadership resources). But the Commission's regular stream of documents (whether resulting from its own initiative or asked by the other institutions) helped to delineate political goals and to shape the solutions, even if sometimes the final agreements have fallen short when compared with the Commission's initial proposals. The Commission was also actively involved in the negotiation of the solutions. What is more, the Commission took the window of opportunity to increase substantially its own powers in a sensitive and chiefly intergovernmental domain.

Certainly, the Commission has now a central part to play in all the new procedures to steer national economic and financial policies. It is in charge of monitoring economic developments at the member state level, circulating regular analyses and forecasts of economic data, and publishing the Annual Growth Survey and the Alert Mechanism Report. Furthermore, by the new rules, it assesses the draft national budgets for the following year, analyses member states' planned structural reforms and makes specific policy recommendations; and has an active role in the preventive and corrective arms of the SGP, as well as in the new excessive Macroeconomic Imbalances Procedure.

However, if the agreed reforms have enhanced the Commission position in EU economic governance, its political dimension and status appeared at first sight to come out of this crisis weakened. The Commission is expected to be a promoter of the general interest, acting independently from the individual positions of the member states. Surprisingly thus the major criticisms concerning the Commission's response to the crisis were related to its perceived weakness and "partiality" towards the "rich" states. Still, as noted, this is far from being a consensual opinion. In fact, it seems not unreasonable to argue that the Commission's actions during the Eurozone crisis reveal a strategic pragmatism that allowed the institution to adjust to a particularly challenging environment. Over the years the Commission has learned to adapt to the growing powers of its interlocutors (Dehousse 2013: 3). The Commission's actions during the economic and financial crisis are arguably another evidence of this process of learning and adaptation.

In sum, the overall assessment of the Commission's actions might indicate that, in a time of resurgent intergovernmentalism, the Commission favoured a strategy of low profile and pragmatism over strong leadership. But, in the end, the agreed solutions have strengthened supranationalism, namely by reinforcing the powers of surveillance of the Commission. Therefore, the political role demanded of the Commission has not diminished, which contradicts the conclusions that hold a view of a reduced importance of the institution. In fact, the Commission's relevance may increase since the new economic framework offers several opportunities to exercise supranational influence. Future research must now focus on how the Commission will use its new powers to help protecting and furthering the European idea.

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¹ The role of the Commission is normally addressed as part of the broad institutional shift of the EU. Among the few studies focusing particularly on the Commission is Bauer and Becker's work. See, for example, Bauer, M. W., and Becker, S.

² On the Single Market tier see, for example, Isabel Camisã and Maria Helena Guimarães (2015). A Janus-faced Commission: on the Single Market and the Crisis. Paper prepared for the 5th EPSA Conference, 25-27 June, Vienna.

³ For example, this was the case of the 1992 Programme launched by the Commission to complete the internal market (Sandholtz and Zysman 1989: 15).

⁴ See, for example, "Commission calls on EU leaders to stay united against the crises, to move fast on financial market reform and show global leadership at G20", IP/09/351, http://europa.eu/rapid/press-release_IP-09-351_en.htm?locale=en.

⁵ For a broader and in depth discussion on the EU's preparedness for the "unknown" see Arjen Bojn, Magnus Ekengren and Mark Rhinard (2013). *The European Union as Crisis Manager: Patterns and Prospects*. Cambridge: Cambridge University Press.

⁶ Comprising three European Supervisory Authorities (ESAs) a European Banking Authority (EBA), a European Securities and Markets Authority (ESMA), and a European Insurance and Occupational Pensions Authority (EIOPA). Additionally the proposals included the establishment of the European Systemic Risk Board (ESRB).

⁷ The EP decided to establish this special committee on 7 October 2009. The CRIS committee carried on hearings and investigations until its dissolution on 30 July 2011 (Fasone 2012: 5-6).

⁸ Regulation (EU) No 1175/2011; Council Regulation (EU) No 1177/2011; Council Directive 2011/85/EU; Regulation (EU) No 1176/2011; Regulation (EU) No 1173/2011; and Regulation (EU) No 1174/2011.

⁹ Regulation (EU) No 473/2013; and Regulation (EU) No 472/2013.

¹⁰ The Task Force, chaired by the European Council President Herman Van Rompuy, was composed of the finance ministers of the 27 member states (with the participation of Commissioner Olli Rehn, the President of the ECB, Jean-Claude Trichet, and the President of the Eurogroup, Jean-Claude Juncker).

¹¹ See "Former adviser attacks European Commission over austerity", <http://www.ft.com/intl/cms/s/0/4da726e2-bdaf-11e3-a5ba-00144feabdc0.html#axzz32Af6L8yM> (Accessed 12 July 2014).

¹² This was the case of Erkki Liikanen, Governor of the Bank of Finland and former Chairman of the High-level Expert Group on European Bank Structural Reform. Likewise, Simon Tilford conceded that, at least initially, the Commission 'had started well by arguing for symmetrical adjustment' (House of Lords 2014: 18).

¹³ According to Legrain (2013), rather than being a side-lined actor, the Commission deliberately aligned with Germany's austerity positions, since it was seen 'a more influential role for itself if Berlin's emphasis on budget discipline prevailed'. See "Former adviser attacks European Commission over austerity", <http://www.ft.com/intl/cms/s/0/4da726e2-bdaf-11e3-a5ba-00144feabdc0.html#axzz32Af6L8yM>.

¹⁴ The Task Force issued its final report on 21 October 2010.

¹⁵ See for example <http://www.euinside.eu/en/news/the-ep-and-the-council-in-tough-talks-on-the-economic-governance>; <http://www.euinside.eu/en/news/the-european-parliament-approved-the-reform-of-the-eu-economic-governance> (Accessed 23 August 2014).

¹⁶ The President of the European Commission was particularly pleased with the agreement and stressed its importance for better EU economic governance. See for example "Barroso delight as Six Pack is endorsed" <http://gfsnews.com/article/3039/1/> (Accessed 24 November 2014).

¹⁷ This loan occurred before the institutionalization of the European Stability architecture, and therefore was still guaranteed by bilateral loans and financing from the International Monetary Fund.

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