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**ABSOLUTE GAINS ARE STILL GAINS: WHY THE
EUROPEAN COMMISSION IS A WINNER OF THE
CRISIS, AND UNEXPECTEDLY SO. A REJOINDER TO
EUGÉNIA DA CONCEIÇÃO-HELDT**

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ABSTRACT Eugénia da Conceição-Heldt's sophisticated comment on our analysis of the European Commission's role in economic governance notwithstanding, we stand by our conclusion that the Commission emerges as an 'unexpected winner' from the current crisis. It wins by significantly gaining competences in absolute terms — and unexpectedly so, given the constant murmur about the Commission being in decline. We agree, however, that further research is needed to fully grasp the complex institutional implications of the still ongoing crisis for the Commission.

KEY WORDS: European Commission, economic governance, euro crisis, intergovernmentalism, supranationalism

Eugénia da Conceição-Heldt raises a number of excellent points in her critique of our argument about the European Commission's strengthened role in economic governance (da Conceição-Heldt 2015; Bauer and Becker 2014). We welcome her comments on our research design, theoretical contribution, and empirical findings, but we stand by our conclusion that the Commission is an 'unexpected winner' of the recent crisis.¹ It wins by significantly gaining competences in absolute terms — and unexpectedly so, given the constant murmur about the Commission being in decline. Naturally, forthright claims about winners — or losers — almost inevitably

provoke reactions. While da Conceição-Heldt's critique is a quite sophisticated one, most of its arguments, especially on our empirical observations, can also be challenged.

Beginning with our *research design*, da Conceição-Heldt criticizes that we 'fail to define expansion and thus remain rather vague on how [we] measure "strong," "medium," and "little" expansion in breadth and depth.' She argues that we simply list these categories 'in a table without any indicators to distinguish between the various levels.' We concede that demarcating the different degrees of expansion is difficult, but the reader should get the necessary understanding of our measurements in the empirical section. After all, the table da Conceição-Heldt is referring to represents a summary of our observations, not an *ex ante* analytical framework. Categorization of qualitative data is always a challenge; defining the expansion or reduction of an actor's role in policy-making is a particularly challenging task (Bauer and Knill 2014). We use the distinction between breadth and depth of integration (Börzel 2005; Lindberg and Scheingold 1970; Schmitter 1970) and apply it to the Commission's role in four broad policy areas: financial stability support, economic policy surveillance, coordination of national policies, and supervision of the financial sector. Based on our empirical observations, the resulting categorization should be comprehensible. The baseline of our comparison is self-evident: it is the Commission's role in the given fields *before* the crisis. Changes are carefully assessed in the context of these fields. We do not claim to have definitively quantified and weighted the Commission roles across these policy areas, not least because reliable yardsticks for such diverse functions would be hard to find. Furthermore, da Conceição-Heldt criticizes that our findings are not compared 'with the competences of other intergovernmental and supranational institutions before and after the crisis.' While we empirically recognize that other institutions — in particular the European Central Bank (ECB), which we mention several times throughout the article

— also gained competences, our general focus is indeed on the Commission. One may find questions of relative gains in the greater context of competence allocation after the crisis more relevant; we take no issue with that, even though we remain skeptical as to the overall comparability of competences and the specific calculation of relative gains.² In any case, we would argue that approaches like ours logically precede reasoning on relative gains and that its assessments could then be used for more comparative research. After all, we did not argue that the Commission was the *only* winner, or even the biggest. We simply look at its competences and see empowerment in three of four policy areas: financial stability support, economic policy surveillance, and coordination of national policies.

As regards our *theoretical contribution*, da Conceição-Heldt argues that we fail to embed our findings in the EU institutional context and that we ignore the 'strengthening of intergovernmentalism as one central consequence of the crisis [and] the empowerment of the ECB.' We think that these arguments are a bit exaggerated. The debate on intergovernmentalism and whether the crisis has actually strengthened this form of coordination is still ongoing (Bickerton *et al.* 2014, 2015; Schimmelfennig 2015).

We explicitly acknowledge the role of intergovernmentalism in managing the crisis, especially in agenda-setting and decision-making terms, but further argue that the Commission handles important *implementation tasks*. It is one of our central arguments that even the institutional outcomes in intergovernmental form — the European Stability Mechanism (ESM) and the Fiscal Compact — heavily rely on the Commission to make them work. This is exactly where the attribution ‘unexpected’ comes from. For all the talk of intergovernmentalism, the crisis-related reforms equipped the Commission with new tasks. Admittedly, the importance of some of these tasks can be disputed; we will come back to this issue in the empirical section. Suffice it to say at this point that our assessment of the Commission is not unique; other works also see it playing an important role in the reformed economic governance architecture (Dehousse 2015; Savage and Verdun 2015; Niemann and Ioannou 2015; Salines *et al.* 2012). Furthermore, as has been mentioned above, we do cover the ECB, albeit only occasionally given that our primary focus is on the Commission. As this resembles the critique on our research design, there might be a misunderstanding about the aim of our argument. We have not intended to actually ‘frame’ our research in terms of ‘who wins what, when and how’ as da Conceição-Heldt seems to suggest. This question, seemingly inspired by Harold D. Lasswell, would require a policy-analytical approach that goes beyond the scope of an article that already covers four different policy fields. Yet, again, we believe that we have contributed a first step toward finding the answer to that broader question. Moreover, da Conceição-Heldt seems to be particularly concerned with the role of the ECB when she claims that ‘the omission of other central actors is one of the main weaknesses of this piece.’ Empirically, the argument backfires somewhat, as in three of the four policy areas analyzed the ECB is arguably not as important as in the supervision of the financial sector. More importantly, we believe that our approach can indeed tell us something ‘about the increasing power of a single organization.’ Perhaps, we need to clarify more what is meant by ‘powers.’ We referred to the breadth and depth of competences stemming from legislation. Here one can clearly see a Commission empowerment — and this observation does not vanish when considering the Commission in the greater context.

In line with her critique on our research design and theoretical contribution, da Conceição-Heldt goes on to question some of our *empirical findings*, going so far as to observe a ‘subtle disempowerment of the Commission during the euro crisis.’ The first example is the *creation of the ESM*, which, according to da Conceição-Heldt, strengthened the ‘intergovernmental dimension’ and weakened the Commission. ‘Compared to what?’ we would ask with reference to her earlier critique. The elusive idea of a European Monetary Fund is mentioned, but how exactly would the Commission have been stronger? And even if this solution, first proposed by German finance minister Wolfgang Schäuble, would have meant slightly more powers, mainly by obviating the involvement of the International Monetary Fund (IMF) in times of crisis, the hypothetical scenario takes nothing away from the powers the Commission has actually gained. As

mentioned above, we have shown that even in the ‘intergovernmental’ ESM the Commission plays crucial roles in proposing decisions on granting financial assistance, negotiating conditionality agreements and monitoring compliance.

This brings us to da Conceição-Heldt’s comment on the *establishment of troika*. We did not deny that the Commission fulfills these preparatory and implementation tasks, as the ESM treaty stipulates, ‘in liaison’ with the ECB and ‘wherever appropriate/possible’ with the IMF. We fail, however, to see how the Commission now ‘shares’ a central competence that it used to have all for itself. The governance structure of both Balance of Payment assistance and the European Financial Stabilization Mechanism — where the Commission is often deemed more central — also formally or practically involves the ECB and the IMF. Arguably, the most important difference between these facilities is the vast amount of money channeled through the new stability programs. As they also rely on the Commission, they certainly increase the depth, or intensity, of its involvement in absolute terms: more money usually comes with greater conditionality, the primary guardian of which is the Commission. We agree that the control of the Commission by member state governments is a valuable point, and worthy of further research, but especially the conduct of negotiations with Greece for an ESM program in the early summer of 2015 shows that the Commission can hardly be seen as purely an agent of the member states. On numerous occasions member state governments called upon president Juncker to stop talks conducted on his own-initiative. Wolfgang Schäuble’s recent proposal to restructure the Commission in order to separate political leadership from technical tasks stems directly from these experiences (Frankfurter Allgemeine Zeitung 2015).

Finally, da Conceição-Heldt’s verdict on the establishment on the *European Banking Authority* hardly differs from our assessment in the article. Again, different conclusions are matters of one’s perspective and assumptions. We simply compared what the Commission had to say before and after the crisis. In this particular case, there were only marginal gains. However, we were not really concerned with what could have been, and we did not write an article on the chances of success for Commission proposals. In fact, we made a point of differentiating between policy entrepreneurship and management (Laffan 1997; Bauer 2006) to account for the Commission’s role in economic governance and did not deny that intergovernmental fora were the key decision-making arenas during the crisis (as they have been, to a great extent, throughout the history of European integration). We were instead concerned with implementation tasks and still believe that the Commission’s new roles in financial stability support, economic policy surveillance, and the coordination of national policies represent a leap forward.

Overall, we think that da Conceição-Heldt’s arguments are well crafted, and we agree that the points she raises are important issues that the scholarly community should engage in. We believe, however, that our article is an inappropriate target for such a critique. We cannot be held responsible for not delivering what is certainly of relevance but which was not on our

research agenda. The dominant theme of da Conceição-Heldt's argument basically boils down to the difference between absolute gains and relative gains. Can an institution be called a winner when another institution is also empowered? We certainly think so. The reason we studied the Commission's role in detail is precisely the burgeoning literature on the 'new' inter-governmentalism and the disagreement on whether the Commission is in decline. We found that it gained important powers in three of the four policy areas we examined, specifically financial stability support, economic policy surveillance, and coordination of national policies, with supervision of the financial sector being the only exception. For these reasons, while it may not be the only or the biggest winner, the Commission is certainly the 'unexpected winner' of the crisis.

Disclosure statement

No potential conflict of interest was reported by the authors.

Notes

1. In this comment, we use the singular term 'crisis' when referring to the financial, economic, and monetary crises that have occurred in the European Union since 2008.
2. While it is easy to compare supervisory tasks *within* one specific field, it would, for instance, be difficult to compare supervision of the financial sector to the Commission's role in economic policy surveillance.

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