



ENLIGHTEN

EUROPEAN LEGITIMACY IN GOVERNING THROUGH HARD TIMES: THE ROLE OF EUROPEAN NETWORKS

HORIZON 2020 COLLABORATIVE RESEARCH PROJECT 2015-2018

RESEARCH BRIEF

WORK PACKAGE 1

LEGITIMACY OF EUROPEAN MODES OF GOVERNANCE

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RESEARCH AIMS

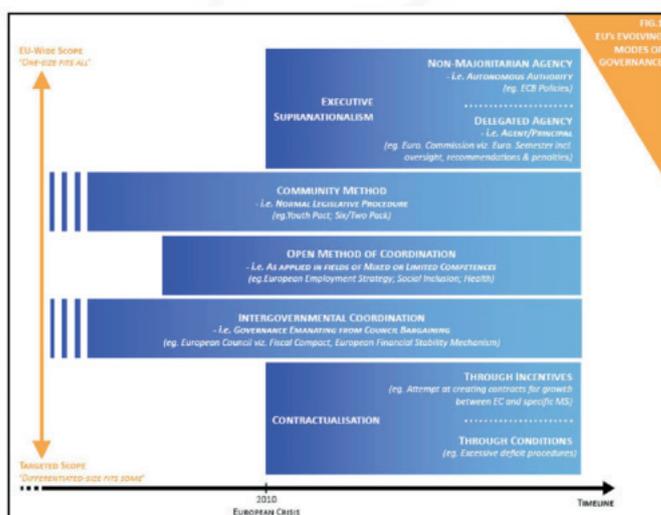
The project research on Legitimacy of European Modes of Governance is essentially dedicated to provide a theoretical framework as well as methodological tools and vocabulary for the project.

This research aspect therefore mainly focuses on the overall project legitimation rationale, meaning 1) the legitimizing discourse used by EU institutions to justify their policy moves and governance shifts, and 2) the genuine implications of those shifts for the legitimacy of the European project as a whole from a citizen/stakeholder perspective. The research is especially interested in times of slow-burning (2010-2012) and fast-burning crises (2012 onwards), shedding a different light on the role of time, power and ideas in EU decision-making. Indeed, this period has been particularly fertile in the elaboration (fast-burning period) and institutionalization (slow-burning period) of new modes of governance. Remarkably, most of these decisions not only changed Eurozone policies, they at the same time altered prevailing EU modes of governance (Fabbrini S. 2013; 2015; Puetter 2012).

The EU's legitimacy has long been in question, as reflected in the fact that the “democratic deficit” has been a recurring topic of political and academic debates surrounding the European project since its inception. But the crisis has exacerbated the problems of legitimacy, giving rise to concerns regarding the ability of the EU to elaborate “good” policies that resonate with citizens’ values (i.e. output legitimacy) in ways that are responsive to European citizens’ differential needs and expectations (i.e. input legitimacy) and accountable to the community and stakeholders (i.e. throughput legitimacy). In this line the research analyses the legitimacy of input, output, and throughout processes in European governance that drive policy innovation or stability in times of political turmoil.

Besides, this research also maps expert/knowledge-based networks interacting with EU institutions (insiders e.g. civil servants or outsiders e.g. consultants) and observes the role they play in changing EU modes of governance, mainly based on institutional communication vectors.

The three aspects are to be analysed through the prism of long-standing institutional mechanisms that have traditionally shaped the integration process and that have been altered by the crisis period, such as the Open Method of Coordination, the Community Method, Intergovernmental Coordination, Executive Supranationalism, and Contractualisation. But the crisis has also produced new instruments of governance (e.g., the European Financial Stability Facility and the European Stability Mechanism, the Two Pack, the Six Pack) and means of governance (Treaty on Stability, Coordination and Governance, Single Resolution Mechanism, Single Resolution Fund).





MAIN HYPOTHESIS

The central question of this research aspect is: how have ideas (re)shaped the EU's architecture and policies during the fast and slow-burning phases of the Eurozone crisis? Answering the above will also provide insights into questions related to "more or less Europe": to what extent have the interactions between fast- and slow-burning crisis generated a "fast-forward Europeanization" or even the possible advent of a new form of "coercive Europeanization"? Is the Eurozone crisis a *rara avis* which invites us to conceptualize differently what happens in the "real world"?

Three hypotheses have been formulated by researchers:

1. **Time:** An understanding of the temporal dimension is crucial to dealing with 'hard times' and for the legitimacy of the European project overall. The decisions taken in the fast-burning phase of the Eurozone crisis, whether they were regarded as "too much too soon" or "too little too late" depending on the actors involved (some civil society partners believing for instance that "fire-fighting" response should be combined with coherent policies addressing long-term challenges) (re)shaped EU's policies and modes of governance and may have had consequences on the outcome of interests in the slow-burning phase. The rules born from the slow-burning phase of Eurozone crisis were highly complex, fragmented as well as rigid and restrictive in their initial interpretation due to mistrust in domestic commitments and in the ability of the EU to sanction the lack of compliance with previous rules. With time, a settling of the rules called for simplification, greater flexibility in their interpretation, and a strengthening of their legitimacy (Schmidt 2015). This period also saw EU institutional actors seeking to reframe the issues and opening their discourse : technical actors were most likely to privilege coordinative discursive interactions with expert academic communities and networks, building internal agreements before communicating to the markets and the people ; while political actors privileged communication with national constituencies to build legitimacy.
2. **Ideas:** Since the first signs of the financial and economic crisis and in their quest to secure new mechanisms to legitimize their action, all European institutions have favored academic knowledge (but also experts, researchers, consultants) to the detriment of bureaucratic expertise to provide innovative solutions and new institutional arrangements in response to the criticism that they were merely recycling ideas that were put forward two decades ago. These actors emerged as key ideational entrepreneurs within the Brussels-based policy-making ecology on macro-economic governance (Coman and Ponjaert 2015). Yet not all actors agreed on what constituted a problem or a solution and different perceptions followed from different cognitive or normative argumentations with various policy implications. The hypothesis is that in the fast-burning phase, EU institutional actors privileged feasible legal solutions and pragmatic arguments while in the slow-burning phase, they favored feasible political solutions that also meet technical standards and needs.
3. **Power:** Several forms of power and power relations are to be considered to understand crisis management (Cartstensen and Schmidt 2015): compulsory power (direct control by one actor over another - the institutional setup is a reflection of the power resources of the Member States); institutional power (actors' control of others through the formal and informal institutions that mediate between A and B) and ideational power (power through ideas : capacity of individual/collective actors to influence other actors' normative and cognitive beliefs through the use of ideational elements). The hypothesis is that relations of power changed as the crisis moved from its fast-burning to slow-burning phase; which allowed greater influence and discretion to supranational actors.



Besides, researchers explored synergies between those hypothesis, meaning the link between time and politics and the identification of mechanisms born from the interactions between power and ideas:

- Power in ideas (ideas have power over the actors)
- Power through ideas (actors with ideas interact with each other)
- Power over ideas (actors seek control over ideas)

The overall argument to be backed by this research is that EU actors have sought to fix the economics and calm the politics by progressively reinterpreting the rules without admitting it in the discourse, and that such reinterpretation ‘by stealth,’ although perhaps beneficial for output legitimacy, risks generating further problems for input and throughput legitimacy.

The reinterpretations of the rules that have already led to a more politicized Council, a potentially more autonomous because doubly accountable Commission, a more empowered EP, and an ECB acting akin to a lender of last resort (LOLR) suggest the beginning of the way beyond rules-based governance. More coordinated EU economic governance is necessary and top-down processes should also be reformed. Instead of speaking and/or acting as if the rules and numbers are set in stone, they should be understood as general guidelines - which is what they actually have become in practice. The danger for the EU, in particular given the Eurozone crisis, is differentiated disintegration. The best way to avoid this is ongoing differentiated integration, which means that the heterogeneity of EU Member states’ economies and politics is recognized as at the basis of European integration. But this still leaves the question of how to construct a fully democratic European Union, that is, one that can be legitimized in terms of its output performance, input responsiveness, and throughput quality.

RESEARCH METHOD

Methodologies for this research part seek to elucidate how ideas about how to find solutions to the Eurozone crisis and what to do in response may have (or have not) changed incrementally over time, and thus the nature of their resilience (Schmidt and Thatcher 2015). The research encourages both theoretical and empirical papers. Theoretical papers are to conceptualize the process, the mechanisms of change and to map ideas transforming EU’s modes of governance.

The main methods used in this part of the research concentrate on content/discourse analysis and process tracing of actions and events in establishing ideas and discourses across institutional contexts. The work examines these processes and different modes of governance. It also locates how processes are linked to ideas and the production of particular types of coordinative and communicative discourses that are tied to the modes of governance and their treatment of problems in fast- and slow-burning crises. Examining the process requires considering the actors involved and their activities. By tracing the empirical events in the slow and fast-burning phases, the research not only to theorize how it happened but also to show how EU institutional actors have (re)defined the rules and changed them over time. The “how” question leads us to seek to discover the causal mechanisms that can be identified in the fast and slow-burning phases of the Eurozone crisis which alter EU’s modes of governance.



Methods also draw on content, network, and sequence analysis that are being used in other work packages to characterize expert networks across a range of issue areas and in fast- and slow-burning crises. From a “network analysis perspective” this implies both mapping the genealogy and evolution of ideas within a policy community, as well as identifying the members of the community, their relative weight within the policy network and the specific ideas they championed. Network analysis is used to see where the members of networks acquire their capital and what the common patterns in their professional trajectories are. Sequence analysis is a method for explaining longitudinal evolutions, which requires continuous data. Using this method, the research looks at patterns over time in the circulation of professionals and ideas.

This research part therefore scrutinizes a wide range of institutional documents produced by EU and domestic institutions. It pays particular attention to the circulation of academic knowledge and seeks to observe this process through the analysis of policy solutions produced by EU institutional actors, academics and think tanks. Official and non-official texts are combined with semi-structured elite interviews in Brussels with MEPs, political advisors, officials in the administration of the Commission and representatives of the Council and EU Member States involved in key files such as the European Semester.

CASE STUDIES

Four empirical case studies reflecting various degrees of innovation / ideational change:

- The European Semester, new processes of stealth reinterpretation developed during slow burning phase of crisis in response to rules established during the fast-burning phase of the crisis
- The Investment Plan, a new instrument rooted in publically professed new ideas launched during the slow-burning phase
- Quantitative Easing, a break in policy orthodoxy which became a reality during the during the slow-burning phase
- Program countries, new dynamics of implicit as well as explicit forms of conditionality launched in response to the fast-burning phase of the crisis for countries under Troika supervision (Greece, Ireland, Portugal) or in danger of it (Spain, Italy).



SCIENTIFIC IMPACT

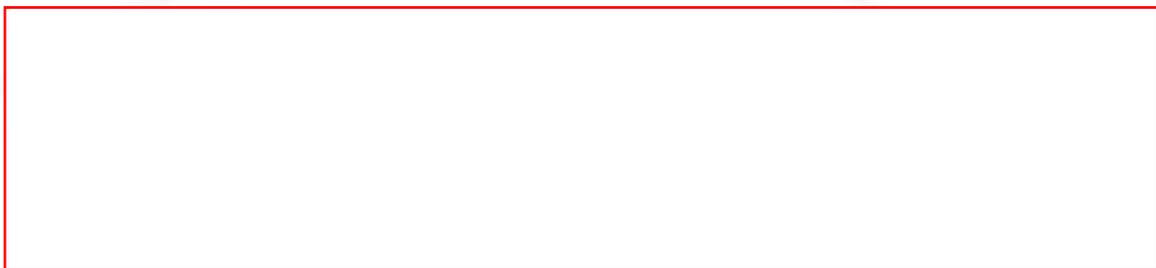
The literature devoted to the Eurozone crisis provides us with a wide range of theoretical explanations following the traditional debates between intergovernmentalists and supranationalists in EU studies on who drives the integration process. Although these theories have been revisited since their inception, it seems that a significant reinvigoration has been fuelled by the Eurozone crisis. In recent years, three new conceptualizations have been developed – the new intergovernmentalism (Bickerton et al, 2015), the new supranationalism (Dehousse 2015) and the new parliamentarism (Schmidt 2016) – each one depicting major transformations in EU's modes of governance. This emerging body of research describes the power relations between EU institutions in contrasting ways, their interpretations and explanations going in different directions.

1. The new intergovernmentalism : since the beginning of the 1990s the EU has gone through a phenomenon called the 'integration paradox', whereby Member States "neither want to further compromise their sovereignty nor want to refrain from advancing European solutions". The Eurozone crisis fuelled this process in the sense that cooperation in areas that had been decided upon by the Community method had been re-internationalized over the last decade. It turned the spotlight on the European Council, with Member States taking centre stage and most actions being intergovernmental in nature. Against this backdrop, the new intergovernmentalists have observed major transformations in EU governance along several dimensions including: (1) competence (no further delegation from Member States to supranational institutions) (2) decision-making formal and informal procedures (shift to consensual and deliberative approaches) and (3) the roles of Member States and supranational institutions (Member States drive the integration process and institutions are complicit to this integration paradox).
2. The new supranationalism is an almost opposite explanation of the reforms adopted in the context of the Eurozone crisis and of their institutional implications. From this perspective, the European Economic governance has changed incrementally, intertwining different modes of governance. For some researchers, the Eurozone crisis would not have weakened the powers of the Commission but have rather empower it, creating a window of opportunity to strengthen both its administrative role and its political role. This new role of the Commission is perhaps less visible since it is located at the implementation level, in the immersed part of the iceberg. Others maintained that the source and ideas for change emanate from both supranational institutions and de novo bodies. Thus, while new intergovernmentalists look at the transfer of power, new supranationalists seeks to identify change by scrutinizing the action capacity of the Commission. Ultimately, the Commission performs a political role given its duty to promote the general interest of the Union.
3. The new parliamentarism: the reforms and the policy instruments set up to put an end to the Eurozone crisis and to establish a new European Economic Governance have altered the role of the European Parliament. Initially, the European Parliament had had a limited role in the European Semester. Since it covered policy areas which fall under the competencies of Member States, the European Parliament did not claim for its own empowerment in this new mechanism. Through the adoption of the Six-Pack and the Two-Pack, which provide the legal basis to organize the Economic Dialogue and the interparliamentary dialogue with national parliaments, the role of the European Parliament has been enhanced. Enjoying the moral authority of being the only directly elected institution, it has constantly put into question the legitimacy of this cycle of policy coordination and called in favor of an active involvement of national parliaments.



SOCIETAL IMPACT

For non-academic project partners and stakeholders, it is the occasion to enrich and renew their analysis of the impact of the crisis in their own policy sector and intensify their dialogue with the academic world. It is also the opportunity to back their advocacy work with scientific data and highlight obstacles to better crisis management.



PEOPLE INVOLVED

- UNIVERSITÉ LIBRE DE BRUXELLES (ULB)
- COPENHAGEN BUSINESS SCHOOL (CBS)
- EUROPEAN TRADE UNION CONFEDERATION (ETUC)
- FINANCE WATCH (FW)
- HOUSING EUROPE (CECODHAS)



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