Regional Integration Processes

The European Commission in the Power Relations of the European Union after the 2004–2007 Enlargement

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Applying a comparative perspective, this article argues that the current crisis of European Union integration cannot be resolved by member states either transferring additional competences to the EU level or strengthening the intergovernmental dimension of integration. The systemic character of the ongoing process is weakening the institutional structure, which affects both the institutions and their power relations. The European Commission (EC), once a highly independent supranational actor on the eve of the integration process in the 1950s, now faces growing competition from intergovernmental elements in the institutional balance. The theoretical approach of historical neo-institutionalism offers new, useful insights into this research area. The articles uses this theory to analyze the EC's evolution since the time of its creation in the form of the High Authority of the European Coal and Steel Community, focusing on the links between the gradual changes in its internal structure and its institutional position.

Although the phenomenon of “path dependence” was initially present in the EC’s internal systems, the later development of its competences in the institutional balance provoked member states to limit the commission’s activities in the second half of the 1960s. First attempts were made mainly by appointing weak presidents, but the later reform of the EC’s internal structure, undertaken by Neil Kinnock in the beginning of the 21st century, directed its further structural development as a more technocratic institution. Consequently, the EC was not able to pursue its aims effectively in preparing for its enlargement to include Central and Eastern Europe. The increased heterogeneity of the member states after the 2004–2007 enlargement also weakened the EC's position in the institutional balance, diminishing its traditional function as the “engine of integration.”

Key words: European Union, historical neo-institutionalism, 2004–2007 EU enlargement process, European Commission

Introduction

The enlargement of the European Union in 2004–2007 was the most ambitious in the history of integration. With 12 new member states, the membership almost doubled. The population increased by 100 million people and the capacity of the internal market was significantly expanded, positively affecting the economic dynamics and competitiveness of the European countries. A much more significant role could be attributed to the political side of the enlarge-
ment. As Fraser Cameron [1996], a former senior official of the European Commission (EC), stated, a process of enlargement presented a political imperative for the EU:

The enlargements which brought Greece, Spain and Portugal into the European Community has as a basic motive the consolidation of democracy and stability in countries which had abandoned totalitarian regimes. For the countries of central and eastern Europe, membership of the Union has a similar significance. There can be no question of accepting applicants who do not fulfill the criteria for membership. But assuming they do not fulfill the criteria, the efforts required to integrate the applicant countries are well within the capacity of the Union.

The accession process of the former eastern bloc countries marked the restructuring caused by the global changes experienced by the international system after the Cold War. The EU took a more independent role as a regional security guarantor and set a cultural and civilizational benchmark for other countries on the European continent that declared their intention to join the integration project. It is no coincidence that in the European academic and political discourse it is very common to consider the 2004–2007 enlargement as one of the most significant achievements in the history of EU external relations in general, and in the Europeanization of policy in particular [Lavenex, 2004]. Internal European norms and values were distributed most effectively during the accession process of the 12 new members [Sjursen, 2006]. For most candidate countries, this process took 11 years; for Bulgaria and Romania, it took 14 years. The reform process was difficult and resulted in restructuring national economies from a planned basis to a market basis, as well as in democratizing existing political and social structures. However, as Yuri Borko [2006] writes, the greater degree of heterogeneity that characterized the new members compared to the traditional core of the West European members meant the 2004–2007 enlargement had a substantially different impact from earlier integration. Another contributing factor was the considerable heterogeneity among the new member countries themselves.

This heterogeneity of the integration bloc raised the question of combining the processes of extending and deepening the integration within the European Union. Flexible mechanisms of integration, which were originally given a supplementing role “to serve as a locomotive to pull the whole train” in the enlarged EU, turned into the main tool for developing cooperation [Borko, 2007]. Contradictions emerged within individual institutions as well as within the institutional balance, resulting in a general deceleration of integration and a greater emphasis on informal coordination of interests among the member states. Timofei Bordachev [2013] writes, “the EU did an impressive job ... to eliminate the immediate effects of the end of the Cold War. However, the price the integration project participants had to eventually pay for that tactical success has turned out to be too high.”

As a result, the integration process in the European Union cannot be characterized solely within neo-functional or intergovernmental approaches. Delegating additional competences to the supranational level or increasingly formalizing intergovernmental negotiations does not fix the inefficiency of the institutional structure of the enlarged EU, which has not met its objective of successful interaction among its various institutional elements. Thus, the observed crisis can be considered systemic.

This article focuses on one of the most important supranational EU institutions — the European Commission, which is traditionally conceptualized as the “engine of integration.” Using the theory of historical neo-institutionalism, it analyzes the EC’s role in EU power relations before and after the 2004–2007 enlargement. It assumes that a relative decline of EC influence is not caused by the reduced importance of supranational cooperation compared to
the intergovernmental cooperation in the EU institutional balance. To the contrary, the trend is a consequence of institutional practices that have emerged during the EC’s development.

This article explores the following questions: Can the current evolution of the EC be explained by the theory of path dependence? To what extent are the reforms carried out from 2000 to 2004 a reaction to the scandal connected with the EC’s financial activity in 1999 — were they the result of prior institutional development or do they constitute a critical juncture in the institution’s history? How have the institutional reforms affected the EC’s ability to help the newly acceded EU members to adapt to the existing European norms and values and to play an active role in a newly enlarged union?

To prove the hypothesis, this article will briefly discuss historical neo-institutionalism as a theoretical approach to the study of European integration. Then it will analyze long-term trends in the EC’s development, as well as the challenges this institution faces as a consequence of the enlargement. In its conclusion, the main findings will be summed up and further prospects for the EC development and its future role in the power relations of the EU will be identified.

**Historical neo-institutionalism as a theory of European integration**

“Grand theories” of European integration have traditionally focused on either supranational or intergovernmental aspects of EU integration. The intergovernmental theory describes state actors coordinating their positions based on rational interstate bargaining. As Andrew Moravscik and Frank Schimmelfennig [2009, p. 68] write: “The EU, like other international institutions, can be profitably studied by treating states as the critical actors in a context of anarchy ... The European Community is best seen as an international regime for policy coordination.” The neo-functionalism theory, by contrast, emphasizes the independent role of supranational dynamics in the EU integration process [Niemann, Schmitter, 2009]. In the late 1960s, Ernst Haas [1958, p. 16], analyzing the previous period of integration, stated: “Political integration is the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities to a new center, whose institutions possess or demand jurisdiction over pre-existing national states. The end result is a new political community, superimposed over the pre-existing ones.”

Although in previous periods of EU development, the integration theories of either intergovernmental bargaining or neo-functional “spillover” provided structure to the overall logic of the EU development, a much more differentiated approach is needed today. The context of multidimensional integration raises the question of whether it is possible to develop a “universal logic” of integration in any of the areas in the enlarged EU and, consequently, within a more complex institutional environment. The European Union, as an entity combining features of an international organization and a sovereign state, has created a unique system of institutional practices that can independently influence interactions among all participants in the integration process.

Theoretical complexity is defined by the need to take into account not only the unique nature of the EU institutions, but also the general logic of institutional interaction. That logic originates from earlier political and social processes [Sweet, Sandholtz, Fligstein, 2008]. One theory with sufficient research tools to resolve this puzzle is historical neo-institutionalism, which assumes that any EU integration process can be analyzed as a historical phenomenon that combines the supranational dynamics and the constraints imposed on the integration process by intergovernmental bargaining in a particular case study.

According to historical neo-institutionalism, institutional choices made in the past may persist or be blocked, which will define and limit the future behaviour of actors. Institutions
have the ability to resist changes (the so-called stickiness of institutions) [Pollack, 2008]. This phenomenon is associated with a range of factors caused by a) the partial autonomy of supranational institutions that, from the moment of their creation, seek to protect and expand their competences; b) the limited time horizon of political leaders, who often make decisions related to the development of European integration based on short-term internal political dynamics; and c) the effects of unintended consequences provoked by previous integration solutions that resulted from the complexity of interactions within the EU [Pierson, 1996]. These factors lead to a situation where established institutions are only partially controlled by national elites of the member countries. Changing current practices faces the high costs of new intergovernmental negotiations, as well as the negative reactions from the pre-existing supranational bureaucracy.

Mark Pollack [2008, p. 3], in describing Paul Pierson’s analysis of this phenomenon, says that “politics will be characterized by certain interrelated phenomena, including: inertia, or lock-ins, whereby existing institutions may remain in equilibrium for extended periods despite considerable political change.” This concept has emerged relatively recently and argues that the earlier dynamics of EU institutions (as a result of the lock-in effect) can have a negative impact on the process of integration in a changed political context, thereby further undermining the institutional credibility [Streeck, Thelen, 2005].

The question remains, however, under what conditions can the institutional dynamics of past integration periods be redefined. This question also presents an important theoretical challenge in relation to the European Commission.

If the assumed change of the EC’s position in the EU power relations can be explained by the structure of established practices, it may be the result of the negative effects (“feedback”) of existing EC institutional practices on the interaction of actors under the conditions of the enlarged union. If confirmed, this hypothesis means the institutional dynamics continued during the reforms in 2000–2004. If not confirmed, however, the structural change of the EU institutions may be the result of extraordinary circumstances where changes in the environment (e.g., actors’ preferences or the macro context) are so significant that they can overcome the effect of institutional stickiness [Christensen, Vanhoonacker, 2008]. The historical neo-institutional theory labels this phenomenon a critical juncture.

If confirmed, this hypothesis means that the collapse of the USSR and a security imperative to integrate the countries of Central and Eastern Europe into the EU’s institutional structures represented the extraordinary conditions that resulted in a critical institutional change experienced by the European Commission during the reforms initiated by EC vice-president Neil Kinnock between 2000 and 2004. In this case, there would not likely be any radical reform of the European Commission or a restoration of its traditional role as the engine of integration. An appropriate research strategy would be a detailed analysis of new institutional practices emerging within the European Commission and their correlation with the previously mentioned aspirations of European bureaucracy to maintain its position in the power structure and institutional balance of the EU.

European Commission: critical juncture or path dependence?

The European Commission’s development within the process of EU integration

The modern European Commission was preceded by the High Authority of the European Coal and Steel Community (ECSC), established by the Treaty of Paris in 1951. In the period after the Second World War, the unique historical conditions of European integration favoured the substantial autonomy of the newly created supranational regulator. The problem of estab-
lishing control over the German regions of Ruhr and Saar, where significant reserves of strategically important natural resources were located, was a reflection of a wider European dilemma over including West Germany in the regional balance of power or stoking fears of its possible remilitarization, which were particularly strong in France.

A unique supranational regulatory body in the steel and coal industry — created by the six European countries of France and West Germany joined by Italy, Belgium, Netherlands and Luxembourg — offered an effective solution. As a result, one of the most important success factors depended heavily on the political independence of that body, which became the ECSC. The members chose to create an institution that favoured independence, flexibility (its bureaucracy consisted of only nine officials) and the authority of the chair. Its founding president was Jean Monnet, a political activist with unique experience and an extensive network of personal contacts both in Europe and the United States.

The next stage was the spillover of the integration experience into the functional areas of economic and nuclear energy cooperation. Based on the success of the ECSC High Authority, the Treaties of Rome were signed in 1957, creating similar administrative bodies for new areas of integration, known as European communities. These institutions were characterized by increased accountability to members, especially in the European Economic Community. The basic institutional functions that would be performed by the single EC, created later, were also formed during this period. Those functions included initiating legislation and making recommendations to member states on a wide range of issues, which would enable the EC to act as a supranational engine of integration; controlling compliance with the European arrangements on part of both the members and other EU institutions (the so-called guardian of the treaties); and representing the EU internationally within a framework of delegated competences.

During this period, the basic institutional characteristics were preserved: a small administrative staff, the largely informal nature of institutional activity and the “team spirit” shared by the European bureaucracy. In particular, Walter Hallstein, the first president of the European Commission, enjoyed significant political influence and possessed strong leadership skills.

However, despite the widely recognized successes of economic integration, the “empty chair crisis” of the mid 1960s (when France boycotted council meetings and insisted on a political agreement on the role of the European Commission and majority voting if it were to participate) and the Treaty of Brussels that merged the three existing communities in 1967 marked the beginning of structural changes in the inherited institutional practices.

The initiative promoted by Hallstein, which proposed delegating a budgetary autonomy to the EC and took a generally federalist position, was met with a strong reaction by members (by France in particular). The situation resulted in a significant decrease in the EC’s independent role within the integration process. The position of president was passed to the less prominent political figure of Jean Rey. A process of extending the bureaucratic apparatus of the European Commission began, and institutional practices were to a large degree formalized. As a result, the initial culture of informal interactions among a narrow circle of like-minded European officials committed to a “single Europe” inspired by Jean Monnet in the early 1950s was gradually replaced.

In the late 1970s, after a period of relatively low activity on the part of the European Commission, Britain’s Roy Jenkins became president. He prioritized building a consensus among members on the establishment of a pan-European monetary system and the expansion of foreign representative functions of the EC through its participation in the Group of Seven summits. The initial success was fully developed during the presidency of France’s Jacques Delors. From 1985 to 1995, significant progress was made on harmonizing the parameters of economic integration, reflected in the Single European Act adopted in 1986. In 1989 important arrangements were made for currency union. The EC’s competences were expanded indirectly by ap-
plying qualified majority voting procedures in the Council of Ministers. Delors also enjoyed considerable personal authority.

However, as the integration processes became increasingly complex, the long-term limits of the EC’s influence became evident. The pillar system of the Maastricht Treaty in 1991 was based on a strict division between the supranational and intergovernmental dimensions of interaction. Internal security and a common foreign and security policy were reserved for intergovernmental activity. The desire of members to restrict the EC’s competences further resulted in the appointment of Jacques Santer as president. He was expected to be less active in those policy areas than his predecessor and to focus on effective use of EC resources [Peterson, 2012].

Ironically, Santer’s EC was accused of inadequate management efficiency. He set an important precedent in EU history when he resigned in 1999 after an independent report was submitted to the EU Court of Auditors. The report contained information related to the EC’s weak accountability in managing the EU’s financial resources, and described abuses in the personnel policy and corruption. In a broad sense, these charges were also aimed against the institutional practice developed during the Delors presidency.

The appointment of former Italian prime minister Romano Prodi as president of the European Commission took place under difficult conditions, as negotiations were beginning on a seven-year EU budgetary framework and the reform of the Common Agricultural Policy. Prodi used new competencies delegated to him in the Amsterdam Treaty in 1997 to reorganize the commission by focusing on the professional expertise of the commissioners and increasing the informal accountability of the College of Commissioners to the president through assessments of effectiveness [Peterson, 2008]. Under the leadership of a British politician – Neil Kinnock – a large-scale internal reform was initiated.

The reform process significantly affected the functioning principles of administrative services at the level of the EC, as well as the level of interaction with members and other EU institutions. The main goal was to improve the delineation of administrative and political functions, which mainly resulted in the transformation of the EC into a professional bureaucracy. Considerable attention was paid to increasing the accountability to the members, the European Parliament and citizens.

One of the major innovations represented the implementation of centralized strategic planning, which de facto limited the role of the EC as an engine of integration channelling its legislative activity toward previously agreed objectives (i.e., core tasks). The concept of strategic planning was not strictly defined in the legal framework and limited EC activity to the area of the single market [Hooghe, Nugent, 2012].

Formally, the reform was justified by giving the EC officials more time to develop political initiatives for European integration by delegating some of their routine duties to the national administrations. However, this tendency can be interpreted differently, especially given the fact that the EC engaged in no significant political activity during or after the reform period [Hooghe, Nugent, 2012].

The political role of the EC in opening up accession negotiations between the EU and the 12 candidate countries of the former eastern bloc was actively contested by intergovernmental EU institutions. Early in the 21st century, during the negotiations on the Treaty of Nice and the declaration on the future of the EU, which later formed the basis of the failed 2005 treaty to establish a constitution for Europe, the EC was pushed into a marginal position during what de facto represented a definition of future functioning rules in the enlarged EU. Its isolation within the EU political process was clearly reflected in its contradictory position during a key negotiation phase on the declaration on the future of the European Union in 2002.
The appointment of a rather controversial Portuguese politician José Manuel Barroso as president in 2004 reaffirmed the downward trend in the EC’s role in the EU institutional balance and the European integration process as a whole.

In addition, the enlargement represented a strong challenge to the EC’s effectiveness, since it nearly doubled the number of members in a short period. The negative effects attributed to the expansion of the College of Commissioners and directorates general as well as other EC services were complicated by various political cultures and the lack of experience of members working together. According to John Peterson [2008, p. 765], “the College was obviously too big: a collection of strangers that was too large to have many meaningful political debates (whatever other factors limited them in number).”

The growing gap between the administrative staff and the college in the enlarged EU further undermined the effectiveness of the European Commission. In 2005 the accession of 10 new member countries into the EU created 200 units within the EC bureaucracy structure. The role of the EC’s technocratic wing increased. However, despite the assumed greater freedom in promoting its initiatives playing on interstate relations in an extended format, the EC was not able to use this advantage effectively due to changes in its internal institutional structure at earlier stages of its development.

The EC’s institutional evolution

Throughout its development, the European Commission has undergone a number of controversial changes.

Initially, the EC was established as a central regulator enjoying considerable autonomy from national governments and with strong political leadership embodied in the figure of the president. Over time, the members began to fear any kind of institutional dynamics that threatened to excessively expand the competences delegated to the commission. Consequently, a number of measures have been taken to limit its powers formally and informally in the EU power relations. Its activities are severely restricted by members in case of any potential threat to national sovereignty.

Moreover, even the dynamics in the areas of recognized competences are undermined by the negative effects caused by Kinnock’s reforms in 2000. The reform process increased the bureaucratization of EC structures and services, which shifted its main institutional activities toward technocratic interactions, with greater accountability and a strengthened the role of the president (with the appointment procedure of the president now indirectly left to the members). With the EC’s traditional role of the engine of integration now reduced, the EU’s institutional system was partially blocked by the results of the quantitative expansion of its membership in 2004–2007.

To conclude, in its current stage of institutional development, the EC is at a critical juncture, overshadowed by the negative effects caused by the external shock of the 2004–2007 enlargement.

In this regard, the EC’s use of flexible mechanisms of integration can be expected in the future, as can the intensification of the power struggle among the members for the use of its institutional resources.

Conclusion

The evolution of the modern institutional practices of the European Union took place under conditions of significant changes in the international context. The emergence of a bipolar international system in the aftermath of the Second World War and the need to reintegrate West
Germany in the regional security system based on growing fears of German militarism created a unique environment of supranational cooperation in the form of the European Coal and Steel Community.

The ECSC’s main political resource resided in the High Authority and was based on independent technocratic expertise prepared by a narrow circle of like-minded officials led by a highly influential president. However, as integration spilled over into other areas of cooperation, opening up the opportunity for the European Commission to acquire more supranational competences, members actively sought to limit the initial institutional dynamics. Subsequently, the EC’s function as the supranational engine of integration was increasingly challenged either directly by members or within the institutional balance of the EU.

A series of appointments of rather weak political figures to the EC presidency, as well as accusations of inefficient management, resulted in reforms early in the 21st century. These in turn led to changes in the institutional role of the EC itself. As the institution evolved, the choice was made in favour of a more bureaucratic model with increasing accountability to members. As a result, even the regulation of those areas in which the EC traditionally had its own institutional dynamics based on path dependence, such as the single internal market and the European Monetary Union, was vulnerable to the external shock caused by the enlargement of 2004–2007. The reduced internal effectiveness of the EC and the negative consequences of EU enlargement resulted in problematic inter-institutional interactions, causing the current systemic crisis of integration.

Thus, the EC is unlikely to return to its historical role as the engine of integration. Rather, it is more likely to favour flexible mechanisms of integration.

References


Трансформация роли Европейской комиссии в системе властных отношений Европейского союза по итогам расширения 2004–2007 гг.¹

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В отличие от предыдущих периодов «евроскептицизма» текущий кризис ЕС, продолжающийся с 2008 г., не может быть разрешен странами-членами в рамках выбора между передачей дополнительных компетенций на наднациональный уровень или усищением межправительственного начала интеграции. Системный характер кризисных явлений выражается прежде всего в деградации институциональной структуры Европейского союза. Принятие большого количества новых стран-членов с различным уровнем социально-экономического развития и различной культурой политической жизни в ходе расширения 2004–2007 гг. ставит вопрос не только о трансформации институтов ЕС, но и связей между ними в качестве главного фактора современного интеграционного процесса.

В данной статье с точки зрения теории исторического неоинституционализма рассматривается Европейская комиссия (ЕК). Предполагается обзор исторического развития данного института с целью выявления феномена «зависимости от выбранного пути» (path dependence) в ходе современного этапа его эволюции. Рассматривается как внутренняя динамика Европейской комиссии, так и внешний контекст, в качестве которого выступает положение ЕК в системе властных отношений ЕС. В результате делается вывод о том, является ли текущие институциональные изменения в ЕК следствием первоначального институционального дизайна или же принципиально новой стадией развития истории данного института. В завершение статьи формулируются перспективы дальнейшего развития Европейской комиссии и проверяется тезис работы об «адаптивной способности» ЕК к условиям институционального кризиса европейской интеграции.

Ключевые слова: Европейский союз, исторический неоинституционализм, расширение ЕС 2004–2007 гг., Европейская комиссия

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