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The Commission’s strategy to respond to the crisis: nothing new on the Internal Market front

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Abstract: In recent years, in part due to its continued “incompleteness”, the Single Market (SM) ended up relegated to a secondary position among EU priorities. The economic and financial crisis opened a window of opportunity to place the IM back on top of the European agenda as part of a two-tiered crisis response, which also included reinforced financial markets supervision and stronger economic policy coordination. The latter tier resulted in a breakthrough in the Commission’s economic governance functions that eventually substantially strengthened its supervision and administrative powers. In contrast, the Commission’s response in the SM front appeared to be one of mere continuity of its past course, based on existing policy instruments with no marked policy innovation or gaining new functions or powers. Using process tracing analysis our goal is to analyse the Commission’s crisis response through the IM tier until 2015, in order to answer the question: Do the Commission’s SM proposals and initiatives revealed its Janus-face, i.e. a strategy of “conservative continuity” in SM policies in contrast with the “reformist impetus” that characterized its new economic governance functions”? Our hypothesis is that there is differentiated change in the Commission’s role in crisis response depending on the policy area.

Keywords: European Commission; Single Market; crisis; purposeful opportunism

1. Introduction

As the 2008 economic and financial crisis escalated it became apparent that the European Union (EU), as it stood, was not prepared to deal with its major effects. The need to tackle the crisis opened a window of opportunity to reform EU policies,

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procedures, and its institutional setting. In particular, the European leaders came to agree on strengthening the supervision of the European financial sector by reinforcing EU economic governance, and on improving the management of the crisis by establishing a “financial crisis cell”. An important consensus was also reached on the need to support growth and employment through the revival of the internal market.

Since the beginning of the crisis the Commission claimed to be committed to play an important part in finding a way out of the crisis and in dealing with its consequences. In his speeches, the Commission president José Manuel Barroso recurrently presented the response to the crisis as one of the Commission’s priorities (cf. Barroso 2008b, 2011). In his address to the first “European Parliament of Enterprises” Barroso stressed the seriousness of the crisis and highlighted the Commission’s contribution to a “common European response”, specifically singularizing its role in defending the single market, in presenting legislative proposals and as coordinator of national and European action (Barroso 2008b).

Thus, acting as a “purposeful opportunist” (Cram 1993; 1997) the Commission took the window of opportunity opened by the economic and financial crisis to put the Single Market (SM) back on top of the European agenda, as part of a two-tiered crisis response: reinforced financial markets supervision and stronger economic policy coordination on the one hand, and the strengthening of the internal market to increase competitiveness and boost economic growth, on the other. After several years of “market fatigue” (Pelkmans 2010, 1; Monti 2010, 6; 24), Pelkmans (2010, 2) reckons that national governments trusted that improvements in the four freedoms should be “combined with credible EU governance by means of rules and institutions” to address the “financial turbulence”.

However, whereas reforms in the economic governance tier resulted in a breakthrough of the Commission’s functions that substantially strengthened its

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2 This was an informal warning, information exchange and evaluation mechanism that brought together representatives of the Presidency-in-office, and the Presidents of the ECB, European Commission, and the Eurogroup, and the governments of the Member States (European Council 2008b).

3 In this paper the expressions “single market” and “internal market” will be used interchangeably.
supervision and administrative powers (Bauer and Becker 2012, 2014; Camisão 2014; Cisotta 2013; Schwarzer 2012; Vasconcelos 2014), the Commission’s response in the SM front, despite a set of initiatives and proposals to its relaunch, was marked by continuity, having not led to a reform of its conventional powers and functions. Indeed, while in the economic governance domain the Commission used a pragmatic strategy centered in “selective policy objectives” (Dinan 2010, 109-110) that resulted in “wider and deeper implementation tasks that are of high political importance” (Bauer and Becker 2014, 214-215) and even, according to some authors, in a “reconfiguration”, or at least a “redirection” of the Commission’s role (Bauer and Becker 2014; Schwarzer 2012), in the SM front the Commission’s role and powers remained basically unchanged.

Using process tracing analysis our goal is to analyze the Commission’s crisis response through the SM tier until mid-2015. Whereas a burgeoning literature addresses the Commission reforms on the economic governance dimension (Bauer and Becker 2014; Beach 2013; Cisotta 2013; Fabbrini 2013, 2014; Parra 2013; Puettter 2012; Schwarzer 2012; Vasconcelos 2014) very few works focus specifically on the role of the SM in the response to the crisis. We aim to address this lacuna in the literature, by answering the question: Do the Commission’s SM proposals and initiatives denote “conservative continuity”, in contrast with the “reformist impetus” that occurred in its economic governance functions?

Our hypothesis is that the Commission’s crisis response was differentiated across the two policy areas. While taking the opportunity to gain new functions in financial supervision and surveillance of economic policies, its role in revitalizing the internal market to respond to the crisis was markedly conventional. Therefore we dispute the argument that there was an overall change of the Commission’s functions and powers ensuing from the crisis, and argue instead that it displayed a Janus face in its approach to the economic and financial problems through the internal market and the economic governance tiers. Theoretical policy analysis

There is an extensive literature on the Commission’s influential role within the EU policy process and in defining the path of European integration more generally. Theoretically we draw on Cram’s approach (1993) that argues that the Commission does not a single strategy to realize its purposes and expand its power.
Having as a central duty to act in the European interest, the Commission is a strategic actor that frequently behaves as a “purposeful opportunist” (Cram 1993; 1997), i.e. an organization that has clear objectives and aims but it is rather flexible as to the means by which these are achieved (Cram 1997, 4). These contrasts in policy processes are apparent when one looks into the Commission’s SM strategy to economic and financial crisis.

In the following section we address the Commission’s resources to manage crisis events and present Cram’s approach to interpret the Commission’s policy trajectories. In section 3 we discuss the pre-crisis relevance of the SM drawing on Cram’s ‘softening up process’ argument, and section 4 traces the path of the Commission’s SM initiatives to respond to the crisis. An analysis of the present state of play of SMA II actions and legislative proposals to reinforce the internal market and address EU economic lethargy is presented in Section 5. Our findings support our argument that like Janus, the Commission looked to the past as it maintained its conventional approach to internal market policies, while it managed to acquire innovative and unparalleled functions in economic governance matters to address the macroeconomic imbalances. The Conclusion presents some final remarks on the contribution of our analysis to a better understanding of the Commission’s response to the crisis.

2. The Commission as a purposive actor

The Commission's potential to play a key role in the EU policy process results from its wide, though varied, competences across sectors, and its supranational position in the EU governance architecture. The EU treaties assign the Commission different responsibilities that include initiating, implementing and supervising EU policies. Several more informal roles enable the Commission to shape political and policy agendas. These include mediation in brokering agreements, building consensus, and identifying areas for possible collective action, and also defining the frameworks for that action (Nugent 2001, 203-204). As a result of its formal roles and informal practices the Commission has an array of resources to induce policy change (Rhinard 2010, 26).
Specifically, according to Laura Cram (1997, 154) the Commission is constantly engaged in a strategy of purposeful opportunism in an attempt to enlarge the scope of its competences and to get its preferred issues on the policy agenda. As a purposeful opportunist the Commission uses a variety of resources and techniques to influence agenda-setting, policy formulation and implementation processes. Often it prepares the ground for future action by engaging in a “softening up process” (Cram 1997, 38) that involves carrying out comprehensive analysis and evaluations of its own previous actions and programmes, issuing communications, and involving a wide range of actors into the EU policy process by launching wide consultative processes with a diversity of partners, thus paving the way for its preferred course of action should a policy window open.

The purposeful opportunist highlights the importance of agenda shaping and framing policy developments, as the Commission sets the “tone” of the debate by defining the problems, and goals, and seeks to design the preferred solutions. Through problem definition the Commission is able to purposefully “politicize” or “depoliticize” an issue (Vahl 1997, 50-51). Often the Commission has managed to mask difficult political questions by using “apolitical terms” and focusing on “technical steps”. This was the case of the 1992 Programme launched by the Commission to complete the internal market (Sandholtz and Zysman 1989, 15). What is more, the perception of the issue as highly technical improves the acceptability of the Commission’s initiatives by the other stakeholders, and the other EU institutions may even seek the Commission’s policy entrepreneurship. But the Commission can also take the issue to a 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, insofar as it fuels the connection between generic interests and values with concrete policy alternatives (Rhinard 2010, 40).

Another way of expanding the scope of EU competences and the Commission’s own scope for action is through the packaging of policies in a way that avoids conflict with Member States. To this purpose, the Commission uses policy instrument selection while mobilizing or even creating constituency of support. Due to its position in the policy process the Commission has informational comparative
advantages, substantive expertise (both in terms of process and content) and bargaining skills (Christiansen and Reh 2009, 105; Beach and Mazzucelli 2007, 11). It has also the possibility of influencing the rules of (and the forum for) decision-making (Vahl 1997, 43). Furthermore, it is familiar with the interests and positions that national governments hold in several issues, and is particularly well-informed of the state of play of the EU negotiations, and can expand the range of EU competences without alienating national governments or major sectorial interests (Cram 1997, 156). All resources add up to the institution’s negotiation leverage vis-à-vis other parties that may be useful to generate change in its role and functions in crises contexts. The Commission’s has therefore frequently adopted a lower profile, a strategy that has proven to be more effective than overt confrontation (Cram 2001, 775). In short, the Commission must have the ability to manage a fine balance between independence and alienation. The Commission is also used to rationalize action according to prevailing climates (Cram 2013). Thus, this “learning and adaptation” process, for some authors, is not merely an altruistic endeavor; it is rather part of a wider strategy that serves the Commission’s agenda, as it “is keen to showcase problems as a strategy for accruing more policy competences” (Boin, Ekengren and Rhinard 2006, 492).

Considering the theoretical framework summarized above, we find appropriate to argue that the Commission could seize the opportunity prompted by the crisis, to influence policy change in the internal market domain, as it did in the economic governance tier, particularly because “the hard competences of the EU are largely concentrated on the huge SM” (Pelkmans, 2011, 1). How, then, did the Commission frame the SM agenda to address the crisis? How similar were its initiatives and actions from its past action? What was the impact of the Commission’s undertakings on SM actual policy change and on its powers and functions? The answer to these empirical questions should allow us to conclude whether the Commission grabbed the window of opportunity opened by the crisis and used all its available resources to exercise clout and influence, and to strengthen its powers in the SM domain as it did in economic governance sphere.
3. The softening up process: the pre-crisis significance of the Single Market

The purposeful opportunist lens emphasizes how the Commission, by shaping the agenda and thus framing policy developments, designs a strategy of integration that expand its tasks and allows her to exercise its entrepreneurship (Cram 1993). According to Cram (1997, 38) part of the Commission’s softening up process consists in preparing information and evidence, which not only demonstrate that there is a problem that requires action but also that the most appropriate policy trajectory is the one it identifies. Furthermore, it enables the Commission to be well prepared to make good use of the opportunities for action as soon as they emerge: “when nothing seems visible on the major radar of integration theory, the Commission orchestrates a layer of procedures, soft law, technical expertise that can be deployed if and when the opportunity arises” (Radaelli and Dunlop 2013, 930).

This softening up policy strategy was apparent in the period before the crisis broke. Then, it was widely consensual that the internal market was the cornerstone of European integration and that it dominated “what the EU does and has accomplished” (Pelkmans, 2011, 1). Hence, the strengthening of the SM, as “core of Europe’s endeavour” (Barroso 2007), became one of the priority policy preferences of the Barroso Commission. Since its earliest official documents, it became apparent that Commission intended to frame the SM debate and to put it back at the centre of the EU integration process. In its Strategic Objectives (European Commission 2005a) the Commission recognized that the potential of the SM and the Euro were not realised to the full, and the work programme for 2006 highlights the importance of the SM as “Europe’s business environment is heavily dependent on making the Single Market work” (European Commission 2005b, 5). In the Commission’s perspective, the SM could accelerate the shock adjustment by creating a more competitive business environment, thus being crucial for a “smooth functioning of EMU” (Ilzkovitz et al 2007, 14).

With the revival of the SM assumed as a priority of the Barroso Commission, the Internal Market and Services DG launched a Public in 2006, intended to promote an open debate among all the relevant stakeholders (including the academia), which
should feed into a “fundamental review of the Single Market”, and contribute to the reflections on the future development of the individual policy areas related to the Single Market” (European Commission 2006b, 4). In the meantime, before the report on the Consultation was published in October 2006, the Commission, seemingly using all possible circumstances to consolidate its commitment “to launch a fundamental review of the single market” (European Commission 2006a, 4), issued the Communication “A citizen’s agenda”. In the document the Commission proposes several policy initiatives to address the “remaining gaps” and to remove “the remaining barriers to a single market”, placing it again on top of its priority actions. Accordingly, in its next communication “A Single Market for Citizens” of February 2007, the Commission sets out its “vision” on the SM future goals: “to make markets work better (...) and to promote a more competitive and sustainable Europe” (European Commission 2007a, 4). Half a year later (November 2007), this vision was eventually “translated into action” (European Commission 2007b, 3) with the SM Review “A Single Market for 21st Century Europe”, aimed at setting out a “new approach” to SM policies that would reposition it to respond to new challenges.

The EU institutions concurred in supporting the Commission’s SM “new approach”. The Competitiveness Council (February 2008) welcomed the Commission’s proposals, agreed on the need to adapt the internal market to new challenges and opportunities, and stressed the importance of a continuous follow-up to the Single Market Review. It also called upon the Commission and the Member States to take appropriate measures to achieve concrete results, and invited the European Council to endorse the general orientation of the future internal market policies. In due course, the European Council (March 2008) recognized that the SM “remains a crucial driver for enhancing living standards of European citizens and Europe’s competitiveness in the globalised economy”, and also affirmed as a priority to ensure an effective follow-up to the Commission’s Single Market Review on a yearly basis (European Council 2008b, 7).

However, while the EU institutions at large welcomed the Commission’s initiatives, and even seconded its assessment of the importance of a “new approach” to improve the functioning of the SM, no concrete steps and actions were defined except the follow-up of the SM Review. Indeed, it seems reasonable to argue that
despite the EU institutions overall concerns with the completion of the SM, there were no expressed political commitments but rather declarations of intentions, denoting that the SM was far from being a top priority for the EU political leadership. Additionally, despite the Commission’s explicit intention of setting out a “new approach” to the SM, the Review did not live up to that purpose. The document was “low key and functional”, and it did not lead to concrete progress except for some incremental change of a technical and administrative character (Pelkmans 2010, 2). Moreover, the “vision” was not ambitious enough, as such “new approach” was built on the existing SM ‘foundations’.

In sum, while a new agenda for the SM had been outlined by the Commission well before the beginning of the crisis, no concrete actions had been taken, nor was there effective political communication or awareness for the EU at large (Pelkmans 2010, 2). Consequently, it seems reasonable to presume that the crisis could have provided the momentum to actually advance the SM agenda. According to Cram (1993, 1997) the Commission’s ability to learn from its own past experience, i.e. its strategic learning, would enable her to maximize its room for manoeuvre in the policy process and to mobilize support for its SM actions as the crisis starts to unfold. The issue is whether the Commission did seize such opportunity, and whether it ‘transformed’ its powers as it did in the realm of economic governance.

4. Adaptation and flexibility in policy development: the crisis as a window of opportunity to push the SM agenda

As neither the relevance of the SM for European integration nor the fact that it was at the heart of the Union’s economic policies were disputed, and as the treaties concentrate strong powers in the Commission on SM policies, many anticipated that the SM would become a key policy of the Commission’s strategy to exit the crisis, as improving its functioning would be instrumental to contribute to the necessary response to a crisis that was both economic and financial in nature. Furthermore, as discussed above, the completion of the SM was a goal of Barroso Commissions I and II. Grabbing the opportunity prompted by the crisis, the
Commission soon put high on its agenda the SM initiatives in order to induce economic recovery and macroeconomic stability.

In the 2008 European Economic Recovery Plan, the Commission perceived the “risks” of fragmentation of the SM caused by the damage the crisis had inflicted to the European economies, and expressed its understanding that the SM was an “opportunity” to take effective action to counter the crisis and create the conditions for a strong and sustained recovery (European Commission 2008a, 2; 3; 13). By December of the same year, the Commission issued the “one year on” follow-up report on the SM Review, explicitly requested by the European Council, detailing how it was implementing the measures to improve the SM, reinforcing the Commission’s resolve to renew the SM in a time of crisis: not only “[t]he economic crisis has vividly demonstrated the pertinence of the new approach set out in the Single Market Review (...) [b]ut recent events have also added a new sense of urgency to the reform process” (European Commission 2008b, 13). However, the document concentrated mostly on the progress on the initiatives launched before the 2007 SM Review (Pelkmans 2010, 2), and not on the advances originated by the Review.

The following year, the economic downturn hit the EU with extreme severity, bringing to light the fragilities of the European and Monetary Union (EMU). In June 2009, the Commission responds to its increasing concerns by setting a series of recommendations to the Member States aimed at improving the functioning of the SM at national, regional and local levels – they were asked to implement a number of new guidelines, namely enhancing the provision of practical information on the single market, improving cooperation between national authorities, accelerating the transposition of Directives affecting the SM, and facilitating a quick and efficient resolution of problems and remaining barriers (European Commission 2009). Member States, in turn, started to regularly urge the Commission to relaunch the SM, as an action front to address the crisis consequences. The Council, namely the Competitiveness Council, and the European Parliament also endorse the Commission’s activism and repeatedly defy the Commission to act, to prioritize initiatives, to take stock of the measures it implemented, thus unequivocally viewing the SM as a critical engine for economic recovery. In Pelkmans’ (2010, 2) view the
sudden rediscovery of the single market by the political leadership in Europe may well be due to its perceived role in tackling the economic and financial crisis.

Concomitantly, Barroso’s Political Guidelines (2009) for his second mandate underlined that the exit from the crisis would only be successful if the SM was “at the heart” of the Commissions strategy, and emphasized that the Commission would be an implacable defender of the SM to counter the short-term temptations to roll it back as a consequence of the unfavorable economic. After being reappointed Barroso asked the new internal market Commissioner Michael Barnier “to deepen the internal market in all of its aspects” (Euobserver 2009), in order to further growth in Europe. As a result of the commitment of the new Commission to launch a major analysis of the SM, a report to identify new sources of growth and to make of the SM the “powerhouse” of the European economy (p.28) was commissioned to Mario Monti, known for its determination and bold decisions as former European Commissioner, particularly on competition policy.

In a letter to Monti, Barroso (2009) entrusts him “with the mission of preparing a detailed report containing options and recommendations” for relaunching the single market, suggesting that he hold consultations with the European Parliament, Commissioners, Member States authorities and other stakeholders, and that he rely on the Commission’s staff and expertise, while also instructing him to report directly to Barroso. The Monti Report presented in May 2010 after extensive consultations, acknowledged that the single market was “at a critical juncture” and facing three main challenges: erosion of the political and social support for market integration in Europe, asymmetrical policy attention given to the various elements of an effective and sustainable single market, and a “sense of complacency”, as it was already regarded as complete, and therefore not perceived as a political priority (p.6). Hence, Monti delved into the functioning of SM and identified 140 problematic areas hampering its efficient operation, and forcefully made 67 recommendations to help resolve those problems.

Monti stresses that the crisis opened “a window of opportunity to bring back the political focus on the single market”, though he recognized that “both the objective and subjective conditions for a political initiative on the single market are much more complex than at the time of Jacques Delors’ initiative of 1985” (p.7). The
Report underlined how the “legacy of the crisis” enhanced the rationale to reinforce and make full use of the SM as the “best endogenous source of growth and job creation” for Europe (p.9), and stressed that in the crisis context the SM was more needed than ever as a driver of EU macroeconomic performance (p.20). He suggestively advised that to put in place some form of Economic government in the European Union the SM needed to be placed high on the EU agenda (p.107). While he admitted that the Commission viewed the SM as a key strategic objective, he openly recommended that such objective should be pursued with “political determination” (p.13), so it may be “genuinely responsive” to the widespread concerns with the crisis (p.24).

Thus, Monti anticipated that the success of a reform of the SM depended on the implementation of a detailed programme of action but also on a prerequisite - that such reform be assumed as a political priority, made up of political initiatives that would not only reinforce the SM but also strengthen the Economic and Monetary Union. However, *de facto* measures were scarce, and evaluations on the progress made were skeptical. In Pelkmans’ (2011) assessment the EU institutions, namely the Council, did not assume from the very onset of the economic and financial imbalances, the “political ownership” of the SM as a policy tier to tackle the crisis, suggesting that the actual SM policy measures did not match the institutions’ discourse.

*The action programme*

Building on the Monti Report, the Commission began drawing up proposals for a revival of the SM in the 2010 Communication “Towards a Single Market Act”, where it reaffirms that the SM was essential to “help the EU emerge from the crisis (European Commission 2010, 3). While acknowledging that the SM was already contributing to deal with and alleviate the crisis effects, it detailed 50 proposals to reform the SM by the end of 2012 in its first move to actually delineate concrete measures and initiatives. The proposals were put up for debate at the European, national and regional levels and examined by the Council and the EP.

The involvement of national governments was needed to convey the message
within national borders that not only a stronger SM was part of the EU strategy to overcome the financial and economic difficulties, in particular to tackle the sovereign debt crisis of some EU member states, but also that it was key to ensure the adequate operation of the monetary union. A Joint Letter from EU leaders to presidents Barroso and Rompuy, in March 2011, pointed out that in face of the financial markets turmoil a first priority for Europe was to set a new direction to deliver the full and untapped potential of the SM. For its part, the first Council Conclusions on the European Semester (Feb 15, 2011) to assess member states draft budgets, reaffirmed the importance of further deepening the SM, the need to prioritize the Commission’s fifty policy proposals, and called again on the Commission to adopt specific measures to drive growth in the EU. However, looking back and having in mind the concrete achievements of the new SM strategy, it is fair to question whether the Councils’ calls on the Commission actually represented a political commitment to a reform of the SM that entailed new functions, roles and policy powers to the Commission. The limited impact of these declarations seems to indicate a lack of formal commitment by the national governments with an actual change in the SM policy direction.

As for the EP, it acknowledged the role of the SM as a policy instrument to advance a comprehensive response to the crisis, urging the Commission to take action. In May 2010, it published the Grech Report (2010), which specifically stated that the policies to tackle the crisis should “provide a window of opportunity for reforming, consolidating and improving the SM” so that its revival might reflect the lessons learned from the economic and financial turmoil.

Thus, on the basis of its “vision” for the completion of the SM, the Commission interplayed with the other institutions and considered the contributions and support of several stakeholders. The result was the adoption of the Single Market Act (SMA I) in April 2011, proposing twelve “levers” (corresponding to 12 key actions with concrete deadlines for a Commission’s legislative proposal) and 50 complementary actions designed to relaunch growth and strengthen confidence in Europe (European Commission, 2012b). The document was purposefully more concise, perhaps a response to the criticisms to its predecessor - “Towards a Single Market Act” - for its lack of focus. However, the SMA I is not entirely innovative. As noted in a Report of
the European Economic Area’s Consultative Committee (2011, 7) several of the proposed actions were not new and others represented a continuation and implementation of the SM Review. The report also stresses that many of the proposals were already inscribed in the Commission’s work programmes and more than a half also appeared in the seven flagships initiatives under Europe 2020 strategy. We must note, though, that in the rapporteurs’ view this ‘continuity’ was a signal of the Commission’s intention of making the SM a more integral part of the EU’s new growth strategy, rather than an undesirable feature.

The European Council (23 October 2011) agreed that "all efforts should be made to ensure agreement on the twelve priority proposals set out in the Single Market Act by the end of 2012". The Commission actually presented proposals for ten of the twelve key actions by the end of December 2011. The EU leaders welcomed the initiatives taken in the meantime by the Commission in a second Joint Letter of February 2012, and advanced eight priorities to strengthen growth in the EU and exit the crisis, of which the first one was actually bringing the “SM to its next stage of development”. In June the EP endorsed the twelve key actions of the SMA I, emphasising that “immediate priority should be given to [its] adoption”, and requesting the Commission “to make relevant detailed proposals by spring 2013” (European Parliament 2012). It is worth noting that although it stressed the importance of strengthening and completing the SM to give a concrete, determined and speedy response to the longstanding crisis, it also meaningfully emphasized that the SM initiatives should be supported by on “right economic governance”, in order to ensure “political attention” (European Parliament 2012).

Despite the fact that all actors emphasised the need to timely actions to address the crisis and, above all, despite their explicit commitment to treat the Commission’s key actions as a priority by October 2012 only one of the twelve SMA I key action proposals had been agreed by the Council and the EP. This is telling of the Commission’s difficulties to push forward the SM agenda, and suggests that the SM had not yet regained the high politics status it enjoyed during the 1992 SM programme, when EU policies centered on the single market (Page 1997).

4 The proposals for the two remaining key actions were presented in the first half of 2012.
In the 2012 Annual Growth Survey the Commission stressed again that the fragmentation of the SM was one of the reasons why the EU economy continued to lag behind, and reaffirmed that the SM was a vital policy instrument of the EU-wide action to promote growth, in an effort to remind the other institutional stakeholders of the importance of fulfilling the SM agenda. In a response to the calls of the European Council and the EP, the Commission issued in June 2012 a new communication - “Better governance for the Single Market”, where it took the opportunity to reiterate that “the key actions to boost growth and consumer and business confidence included in the Single Market Act” were a priority (European Commission 2012a, 3). Using all possible channels to convey its message, and arguably in an effort to put pressure in the decision-making process, the Commission published in October 2012 what can be seen as an “upgrade” of SMA I. Considering the “urgency of the crisis” and the “new challenges” that emerged, the Commission put forward new policy proposals on the SM, and reinstated its view that it is of pressing need to have a common agenda of actions that should power the SM as the engine for growth, employment and social cohesion (European Commission 2012b, 5). The SMA II builds upon the first SMA and identifies four drivers around which the twelve levers, the key actions and the complementary actions should focus in order to effectively relaunch the SM (European Commission 2012b, 5). Despite the Commission’s best efforts to advance its agenda, “market fatigue” appeared to still hang over the decision-making process. Stakeholders outside the EU acknowledged the importance of the Commission’s initiatives but perceived the process of SM reform as a “work in progress” (Spelman 2012). In fact, one of their critiques was that the Commission was launching ambitious long-term strategies without “intermediate targets” and a contingency plan to move them forward year after year.

Having in mind the numerous initiatives, mutual calls for action and peer pressure from all EU institutions, in the following section we analyse the present state of play of the SMA II. We assess whether the Commission’s proposals met their adoption deadlines in order to evaluate the temporal dimension of SM policy change. In doing so we draw on Cram’s argument that points that the timing of
policies is revealing of the policy preference of the Commission and of its selected policy course.

5. The timing of the SM reform

To support our argument of a Janus faced Commission in what regards the SM and the economic governance responses to the crisis, we analyse the state of play of the SMA II as of August 2015. A summary of our findings is presented in Table 1 (see also details in Annex I). As in the SMA I, each key action of the SMA II had a concrete schedule for the presentation of legislative proposals. As shown in Table 1, the Commission met the tabling schedule of seven of SMA II levers (3, 4, 5, 6, 7, 9, 10), and the remaining five (1, 2, 8, 11, 12) were presented with roughly one month of delay, except lever 12 which was deferred by five months. Although this postponement in presenting the proposals was apparently short, it occurred despite the explicit alert of the Council of the EU (2013, 6-7) that such delays could hamper prospects for adoption “during the current EP term”. In this regard, the Commission’s deadline of May 2014 for the completion of the 17 legislative proposals under co-decision (out of 20 proposals), acknowledged the importance of adopting the proposals before the EP elections, avoiding the natural period of inaction in the Parliament.

In terms of the actual completion of the legislative process of the SMA II key-actions (See Table 1 and details in Annex I), the state of play as of August 2015 – more than one year after the time limit established by the Commission – shows that of the 20 proposals only half had been adopted, and of these, 3 did not require Council adoption to be completed (the third energy package, the EURES development to address mobility of citizens’ issues, and maritime transport). All proposals regarding levers 1 (rail transport), 3 (air transport), and 11 (consumers) remain awaiting agreement under co-decision, whereas lever 8 (services) is only partially completed.
Our findings on the SMA II present state of play contrast with the dynamics that characterized the EU economic governance reform - pursued more vigorously, with a higher sense of urgency, and empowering the Commission with new functions and instruments, some “outside the EU legal framework” (Cisotta 2013, 11).
Comparing the economic governance tier and the SM tier as regards the schedule of the proposals designed to exit the crisis - including both the tabling of proposals by the Commission and its adoption by the Council and the EP – allow us to conclude that the initiatives directly related to economic governance were considered more pressing than the SM initiatives. The first package of economic governance proposals (the Six-Pack) was presented in September 2010, whereas the SMA I was issued almost seven months later, in April 2011. The two additional economic governance proposals (the Two-Pack) were delivered in November 2011, but the SMA II was only published almost one year later, in October 2012. Similarly, the delay in the adoption of 6 (out of 12) levers of the SMA II shows that despite being a key Commission’s instrument to address the crisis, the SM policies were somehow placed second when compared with financial supervision. The Commission did try to put pressure on the decision-making process, namely by recurrently stressing the importance of the SM, as evinced above. Despite European leadership rhetoric praising the virtues of the market to boost reform, the SM reforms as compared with those in the economic governance domain, were apparently taken as of secondary relevance for tackling the fragilities of the EMU and to deal with the economic and financial crisis.

It is true that some of the SMA II key-actions (and in fact of SMA I as well) originated many proposals that needed adoption under co-decision, and some key-actions included several complementary actions, both contributing to hinder rapid agreement. While on average it still takes 19 months to reach consensus on a piece of EU legislation, for some key-actions (9, 10, and 12) the time that mediated the tabling of proposals and their adoption of was considerably less. That being said, and in comparison, the adoption of the Six-Pack took only about 13 months (September 2010 - November 2011), and the agreement on the Two-Pack was reached in around 15 months (November 2011 - March 2013). Both Packs took less than the average 19 months to be agreed on under co-decision, despite the toughness of the negotiations, the salience of the issue, and the changes in the Commission’s functions and role, which granted it unparalleled powers to intervene in member states’ economic and financial policies. However, no comparable authority was endorsed by the Council to reinforce the market making activism of the Commission.
The timeline of the SM initiatives, when compared with the schedules in the economic governance tier, seems to denote a side-lining of the SM as a policy tool to face the crisis consequences. However, one must factor in the existing fragilities of the SM, identified in the 2010 Monti report, accruing from Europeans’ disenchantment and lack of confidence in the SM. The SM, although “more needed than ever” was “less popular than ever” (p.20), and the Commission, in an attempt to address the detachment between the citizens and market, decided to precede the presentation of concrete proposals with a broad public consultation in preparation of the SMA (launched in October 2010 and closed in February 2011), which partially explains why the SMA I was published only in April 2011, officially kick starting the SM initiatives to boost growth and contribute to the crisis management. Notwithstanding, the argument does not entirely explain the delays in the adoption of half of the SMA II key-actions proposals, still overdue in 2015. It does not elucidate either, why some of the most emblematic SM actions remain unaccomplished, while the innovative and cutting edge measures adopted in the economic governance tier are long ago in practice.

As for its implementation, the economic governance framework is fully operational, in its monitoring, prevention and correction mechanisms. The new rules of the European Semester were already in place since 2010, while in contrast the SM key actions adopted within the Commission’s schedule still miss proper implementation. The Single Digital Market (SDM) is a paramount example. A Digital Agenda for Europe was explicitly presented as one of the seven flagship initiatives of the Barroso Commission (European Commission 2010, 4). Several stakeholders emphasized that a fully functioning DSM was a “key driver” to achieve the “5th Freedom for the Single Market – that of knowledge” (European Policy Centre, 2010) and several studies pointed out how critical it was to bring the single market into the 21st century. Accordingly, the DSM lever was included in the SMA I and II. Nevertheless, in the SMA I the legislative proposal of June 2012 missed the Commission’s deadline by three months (first quarter of 2012). The delay was used by the Council as a justification for having itself missed the Commission’s deadline for adoption of the proposal (December 2012) - indeed, the EP and the Council reached agreement only more than a year later (February 2014). In the SMA II, the
Commission’s DSM proposal and the adoption by the EP and the Council met their schedules (see Table 1), but the completion of the DSM is far from being a reality. In fact, despite the high costs of failing to implement the DSM, highlighted since the early years of the crisis (European Policy Centre 2010), it reappears as one of the ten priorities of the Juncker Commission (Juncker 2014; European Commission 2015a; 2015b, 3).

In what regards the enhancement of the Commission’s powers, the balance is also tilted in favour of the economic governance tier. The Commission has 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 in the EU’s Member States (disclosing potential problems, such as risky or unsustainable policies or declining competitiveness), 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; the Commission has also an active role in the preventive and corrective arms of the Stability and Growth Pact, as well as in the new excessive Macroeconomic Imbalances Procedure. These breakthrough changes in the Commission’s powers have no parallel in the SM tier, hence our metaphor of a Janus faced Commission, and arguably evidence in support of Cram’s argument of the Commission as a purposeful actor that is capable of policy adaptation in pursuing its aim of furthering European integration.

The crisis management efforts impacted on the Commission’s new powers and instruments in economic governance, but they did not sway towards the Commission’s SM powers, as the EU policies were no longer centred on the SM (Schoutette and Micossi 2013, 1). Bauer and Becker (2014, 214-15) claim that “institutional changes (…) can (our emphasis) empower supranational institutions in deliberate or unforeseen ways”. But it does not necessarily does so, as our analysis shows – empowerment did occur in the Commission’s economic governance powers, but in the SM arena the Commission did not claim, nor was it entrusted with wider and deeper responsibilities, of higher political importance. Moreover, the
Commission did not increase its operational and implementation powers, as our inquiry of the SM role in the crisis showed.

The innovations in the Commission’s operation of the EMU had no equivalent in the SM realm, where no substantive change occurred. While the crisis generated new forms of governance of the EMU, the governance of the SM prompted by the crisis followed its conventional path. Indeed, even in the monitoring of compliance with SM rules, in a challenging time of increased member states’ protectionist temptations generated by the crisis consequences (Egan and Guimarães, 2012), there were no proposals for new, bolder instruments to monitor enforcement and implementation of SM rules that would and to encourage a decrease in the member states’ transposition deficits of EU directives. Thus, policies to induce higher levels of compliance would be key to address the remaining gaps and bottlenecks of the internal market, in as much many SM policies “require action in terms of promoting structural change” (Egan 2012, 165)

The SM “political stakes” were not as high as with the EMU. Therefore the Commission only reasserted and increased its powers to tackle “the more urgent challenge of the EU” (European Economic Area 2011, 7) in the more pressing policy area, while preferring to use its conventional resources and status quo forms of governance in the SM realm. As the crisis deepened there was a shift of the EU policies in the direction of the Euro stability (Page 1997). The Commission claimed and gained new powers and political clout in the presently crucial EU policy. But like Janus, it had its other face still looking at conventional modes of governance in the SM, as the new economic and financial context was less favourable to market making policies.

6. Conclusion

Although there are different institutional features that might constrain the Commission’s capacity to manage crises (Boin, Ekengren and Rhinard 2006, 492), the actual features of the Commission’s role in managing the consequences of the economic and financial crisis differed across the two policy areas through which the EU sought to respond to the crisis – the Single Market and economic governance.
Indeed, the analysis shows that, as Cram noted (1997, 154), while there are a diversity of ways in which the Commission might influence the policy process, the constraints and opportunities for its action vary significantly between policy sectors, impacting on its overall influence on final outcomes.

The Commission incontestably put the SM at center stage of Europe’s policymaking and assumed its leadership role in advancing the SM agenda. Concomitantly, all institutional stakeholders incessantly conveyed the message that the SM had to be one of the policy fronts to address the economic and financial problems. However, the Commission’s initiatives and actions did not measure up to those taken in the economic governance tier, where crisis-prompted overarching change did occur. Our analysis shows that in the SM front the Commission was a less “competent purposeful opportunist” (Cram 2001, 783) than in the economic governance tier. By using a strategy that focused on quantity, the Commission deployed a SM reform that ended up jeopardizing its quality in terms of actual and timely policy change.

In fact, the EU institutions and the member states strongly made the case of the importance of SM policies as part of the EU strategic response to the crisis. However persistent and convincing the rhetoric was, it did not translate into actual policy and institutional change in the governance of the SM. The SM policies did not undergo a reformist impetus and the Commission did not gain new abilities as it did in the economic governance realm. The Commission’s response was based on existing policy instruments, it had no marked policy innovation, and actually the Commission did not actually procure new functions or powers. This strategy diverged noticeably from its reinforced policy powers in the surveillance and governance of fiscal and macroeconomic policies. So while the Commission acquired impressive new capabilities in economic governance issues, its intervention in the SM policy was much more modest, showing hesitation despite the prevailing sense of urgency. Our finding that the Commission exercised a dual strategy to address the crisis is in line with Cram’s interpretation that in its aim of increasing integration the Commission can pursue different policy strategies, as policy coherence is not in the nature of a purposeful opportunist actor.
It is true that the Commission interacted and had the support of the EU institutions and the member states to drive change in the economic and monetary union governance (Cisotta 2013, 13), but our tracing of the building of the SM agenda also confirms an “inter-institutional interplay” (Amatto 2011), where the Commission devised a SM policy trajectory without alienating national governments (Cram 1993, 143). However, the Commission did not challenge the institutional architecture to gain new functions, nor did it signal to be willing to reassess its “market making” authority. Actually, it did not exercise its leadership with a vigorous and timely response to the crisis, as it did in fiscal and macroeconomic policy (Dinan 2010, 115). As Cram’s approach also emphasizes, timing of action is key in interpreting the asymmetries in the development of the two EU policies to address the crisis consequences.

Even though the revival of the SM was part of the initial Commission’s two-tier strategic response to the crisis, and many emphasized the strengthening of the SM as “a pre-requisite to the proper functioning of a monetary union” (Enderlein et al. 2012, 28; Delors 2012), evidence shows that priority was given to the new economic governance architecture of the EMU, with the Commission’s timely proposals for a new financial regulatory framework strongly outweighing SM initiatives. However, as Pelkmans (2011) puts it, “more” and “better” SM could contribute as much to tackle the crisis as economic governance, and the SM should not be considered as the low politics of the strategy to exit the crisis, while economic governance stood on the high politics of the EU crisis management agenda.

There was a “redirection” of the Commission’s role in the governance structure of the euro (Schwarzer 2012, 32), but such move did not occur in the Commission’s governance of the SM. The evidence suggests that these two Janus faces of the Commission can be explained by a lack of actual political compromise with the SM reform among all European institutional stakeholders, and by their unstated confidence that the response to the crisis laid primarily in better economic governance. Our analysis also shows that the SM continued to be seen, despite the crisis, “as something technical, low profile, and left to bureaucrats without much political attention”, a feature it already had in the pre-crisis 2007 SM Review (European Economic Area 2011, 8). A prerequisite for a reform of the Commission’s
SM powers – one entailing new roles and functions, and ultimately expanded powers, would require the Commission’s bold political commitment and determination, but also the actual political support from the EU institutions. After all market making policies were not perceived as fundamental to address the very challenging crisis context, and the Commission chose incremental change, instead of bolder policy developments.


### Annex I - SMAII State of play (August 2015)

<table>
<thead>
<tr>
<th>Lever</th>
<th>Objective</th>
<th>Key Action</th>
<th>Timing of EC proposal</th>
<th>EC Proposal(s)</th>
<th>EC Deadline</th>
<th>State of play</th>
<th>Observations</th>
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<tr>
<td>1 Rail Transport</td>
<td>Improve service quality and price for rail passengers across the EU</td>
<td>Adopt a fourth railway package (legislative)</td>
<td>Q4 2012</td>
<td>COM (2013) 26 (31.01.2013)</td>
<td>May 2014</td>
<td>AWAITING COUNCIL 1st READING / budgetary conciliation convocation TRAN vote 17/12/2013 Plenary 26/02/2014</td>
<td>The Commission did not present the proposal within the defined schedule. The Commission’s deadline was not respected.</td>
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<td>COM (2013) 27 (31.01.2013)</td>
<td>May 2014</td>
<td>POLITICAL AGREEMENT IN COUNCIL TRAN vote 17/12/2013 Plenary 26/02/2014 Debate in Council 14/03/2014 Political agreement in Council 05/06/2014</td>
<td>The Commission did not present the proposal within the defined schedule. The Commission’s deadline was not respected.</td>
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<td>COM (2013) 28 (31.01.2013)</td>
<td>May 2014</td>
<td>AWAITING COUNCIL 1st READING budgetary conciliation convocation TRAN vote 17/12/2013 Plenary 26/02/2014 Debate in Council 08/10/2014</td>
<td>The Commission did not present the proposal within the defined schedule. The Commission’s deadline was not respected.</td>
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<td>COM (2013) 29 (31.01.2013)</td>
<td>May 2014</td>
<td>AWAITING COUNCIL 1st READING budgetary conciliation convocation TRAN vote 17/12/2013 Plenary 26/02/2014 Debate in Council 08/10/2014</td>
<td>The Commission did not present the proposal within the defined schedule. The Commission’s deadline was not respected.</td>
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<td>COM (2013) 30 (31.01.2013)</td>
<td>May 2014</td>
<td>POLITICAL AGREEMENT IN COUNCIL Council orientation debate 11/03/2013 TRAN vote 17/12/2013 Plenary 26/02/2014 Political agreement in Council 05/06/2014</td>
<td>The Commission did not present the proposal within the defined schedule. The Commission’s deadline was not respected.</td>
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<td>COM (2013) 31 (31.01.2013)</td>
<td>May 2014</td>
<td>POLITICAL AGREEMENT IN COUNCIL TRAN vote 17/12/2013 Plenary 26/02/2014 Political agreement in Council 05/06/2014</td>
<td>The Commission did not present the proposal within the defined schedule. The Commission’s deadline was not respected.</td>
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<td>3. Air transport</td>
<td>Enhance the safety, efficiency and environmental performance of air transport</td>
<td>Implement action plan with legislative measures to update the creation of the Single European Sky (SES 2+)</td>
<td>Q2 2013</td>
<td>COM (2013) 408 (11.06.2013)</td>
<td>Informativ document Communication on Accelerating the implementation of the Single European Sky</td>
<td>The Commission presented the document within the defined schedule.</td>
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<td>COM (2013) 409 (11.06.2013)</td>
<td>AWAITING COUNCIL 1st READING budgetary conciliation convocation TRAN vote 30/01/2014 Plenary 12/03/2014</td>
<td>The Commission presented the proposal within the defined schedule.</td>
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### 4. Energy

Further integrate the EU energy market to reduce prices, promote renewable energy and improve security of supply.

| Action plan to improve the implementation and enforcement of the third energy package | Q4 2012 | COM (2012) 663 (15.11.2012) | **ACTION COMPLETED** Communication: Making the internal energy market work | The proposal falls within the Commission's competences and therefore does not require Council's adoption. |

### 5. Mobility of citizens

Make it easier for citizens to look for a job in another Member State.


### 6. Access to finance

Boost long-term investment in the real economy.

| Adopt a legislative proposal | Q2 2013 | COM (2013) 462 (26.06.2013) | May 2014 | **PROCEDURE COMPLETED** 29.04.2015 Final act signed | The Commission presented the proposal within the defined schedule. Time that mediates the presentation of the proposal and its adoption: 22 months |

### 7. Business environment

Help entrepreneurs in difficulty to return to viable business plans and offer a second chance for entrepreneurs.

| Revise EU insolvency rules | Q4 2012 | COM (2012) 744 (12.12.2012) | **PROCEDURE COMPLETED** 20.05.2015 Final act signed | The Commission presented the proposal within the defined schedule. Time that mediates the presentation of the proposal and its adoption: 29 months |

### 8. Services

Facilitate e-commerce and online services and therefore consumer choice and convenience.

| Revise the Payment Services Directive | Q2 2013 | COM (2013) 547 (24.07.2013) | May 2014 | **AWAITING COMMITTEE DECISION** | The Commission did not present the proposal within the defined schedule. The Commission's deadline was not respected. |

### 9. Digital Single Market

Improve availability of high-speed communication infrastructures for citizens and businesses.

| 12. Social cohesion and social entrepreneurship | Ensure that all citizens can have access to a bank account and that clients are able to make an informed choice when choosing their bank | Adopt legislative proposals | Q4 2012 | COM (2013) 266 (08.05.2013) | May 2014 | PROCEDURE COMPLETED Directive 2014/92/EU of the European Parliament and of the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features - OJ L 257, 28.8.2014, p. 214-246 | The Commission did not present the proposal within the defined schedule. The Commission's deadline was almost respected. Time that mediates the presentation of the proposal and its adoption: 14 months |