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The end of social Europe? Assessing the role of political and organizational change in the EU political system

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Abstract: Drawing on Easton's political system approach we identify the 2004, 2009 and 2014 European elections and the financial and economic crisis as inputs to the EU political system. On the output side, social policy has been substantially removed from the priorities of the EU political agenda already prior to the crisis. To understand this discrepancy between input and output we ask if and how inputs have altered power relationships among core actors in the system. We argue that although crisis-generated demand could have predicted European social policies becoming more relevant in order to cope with the crisis, support in form of election results empowered actors interested in deepening economic integration and austerity policies. We present new empirical data contributing to this argument from different perspectives and sources.

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1 Introduction¹

Back in mid '2000s, it looked like the European Union was going to revamp the social policy agenda in order to cope with the mounting problems linked to development of the financial and economic crisis. In March 2008 the Presidency conclusions reconfirmed “the importance of the social dimension of the EU as an integral part of the Lisbon Strategy” (Council of the European Union 2008: 4). Nevertheless, in the following years the main concerns regarded economic stability, public expenditure containment and structural reforms (Copeland and James 2013; Theodoropoulou and Watt 2011; Blyth 2013; Greer 2013). Austerity became a key word in EU public policy and the social dimension – in terms of strategies and resources – virtually disappeared from the EU political agenda (Daly 2012) within an overall redefinition of EU governance (Graziano and Halpern, 2015). Even the various social policy packages promoted in recent years (Europe 2020 in 2010, Employment and Youth Employment Package in 2012, Social Investment Package in 2013 and Youth Guarantee 2013) have been clearly included in an overall setting where the competencies of the European Union are still very limited - as it is quite clearly confirmed by the introduction to one of the most recent Commission’s communication on ‘Strengthening the social dimension of the economic and monetary union’: “It should [...] be noted that employment and social policies fall very largely under the national competence of the Member States” (European Commission ‘Communication from the Commission to the European Parliament and the Council. Strengthening the social dimension of the economic and monetary union (COM[2013]690 final)’ 2013: 1; also de la Porte and Heins 2015).

This is paradoxical since the crisis has triggered increasing unemployment and raised insecurities on social protection in almost all the EU countries (Germany being the most striking exception) and therefore the European Union institutions – and the EU Commission in particular – could have profited from the increasing salience of the ‘problem pressure’ and promote more structured EU policies aimed at employment creation or unemployment protection and social inclusion. This constitutes our empirical starting point: Why was social policy removed from the priorities of the EU political agenda despite the crisis? How and why did this happen? Was it really a sudden policy preferences shift or – rather – do the political and organizational roots of this change go back to the late 1990s?

Employing Easton’s approach, we understand the EU political system to be imbedded in an environment to which it is exposed and in turn reacts. From this perspective, crisis and election results provide demand and support for political actors in the system. On the other side of the political system, policy output is generated. The apparent discrepancy between input to the EU political system and social policy output is our starting point to focus on how inputs are processed inside the EU political system. While Easton’s model abstains from opening the black box ‘political system’ and is limited to a generic statement that inside patterns of power relationships are affected and in turn produce the output (Easton 1965: 28) we are particularly interested in investigating if and how the inputs affect the orientation and organizational strength of core actors responsible for producing EU policies. Although Easton does not look into the black box, it could be assumed that in order for a political system to be fully legitimized and therefore continue to operate some links between input and output should be detectable, especially when it comes to welfare issues which are at the heart of citizens’ concerns.

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We argue that empirically there is little evidence that crisis-driven demand transformed the EU political system's essential variables and output. Looking at the internal power relationships it seems that rather than introducing a shift, the crisis provided the opportunity for the political system to continue moving in the direction of the support provided in the 2004 and 2009 elections. On this basis and due to the availability of new 'policy windows' (e.g. increasing economic and fiscal surveillance competences mobilized in order to cope with the financial and economic crisis), the EU Commission and European institutions more in general have better developed their 'public expenditure containment' (or austerity) goals rather than their social policy (or solidarity) goals.

The paper seeks to make two contributions. First, while the decline of social Europe is a perceived wisdom, the argument has been substantiated mostly with a view to changes in coordinating policies (e.g. Bekker 2013; Daly 2012; de la Porte and Heins 2015). So far, in regulatory social policies the argument has been confined to single cases studies (Mailand and Arnholtz 2015). We hold that regulatory EU social policy is equally important to understand the overall course of developments. Secondly, while the literature has provided a number of highly convincing arguments on the ease of achieving economic integration relative to social Europe, explanations are largely static and do not integrate changing economic conditions or social needs easily. Importantly, the asymmetry between supranational law and intergovernmental politics has been highlighted (Weiler 1981) where the elimination of existing barriers or hindrances to market freedoms is much easier than generating consensus on how to harmonize or re-regulate emerging common markets (Scharpf 1999: 45). This basic tenant has attracted refinements and extensions, focusing importantly on argumentative frames build around economic policies (Fligstein 2001) or the increasing institutional heterogeneity of welfare states and varieties of capitalism (Höpner and Schäfer 2012). We do not want to question the power of these explanations, rather Easton's model provides a tool to structure these and align them in a more dynamic perspective. While far from claiming to provide causal evidence our aim is to stimulate a more dynamic perspective on policy developments that takes into account if and how competing interests inside the EU political system are affected by external demand and support.

The following section (2) presents stylized evidence on developments in EU regulatory and coordinating social policy as outputs. By pinpointing before and after the crisis we seek to substantiate our puzzle that there is fewer EU social policy despite the crisis. We then develop our argument more thoroughly by drawing on Easton's political system approach. We discuss crisis demand and elections as inputs driving the essential variables in the EU political system (3.1) and develop three propositions if and how this affects patterns in the power relationships of core actors in the system (3.2). Drawing on different data sets and methodological approaches section 4 explores three indicators for changing power relationships inside the EU political system: ideological composition of the College of Commissioners (4.1), perceived strength of economic and social Commission portfolios (4.2) and interactions and relations among supranational and intergovernmental actors in the inter-institutional process (4.3). Finally, section 5 concludes.

2 Some stylized facts supporting the puzzle

This paper starts from the puzzle that we see a decline of social Europe despite the crisis and while economic integration is deepening. Yet, while the decline of social Europe is a perceived wisdom, it is more difficult to pin down. Social Europe is hard to measure, even where we focus

on EU policy developments, rather than at its effect at the national level. This is the case because a number of different instruments have emerged over time: binding and non-binding regulatory instruments, different spending policies as well as coordinating instruments based on benchmarking and best practice under the OMC. What is more, EU social policy is hardly confined a policy field.² Against this background we do not claim to draw a comprehensive picture of EU social policy. Rather we decided to focus on two measures that are frequently used as indicator for social Europe in the literature: binding regulatory and coordinating policies. In both areas we provide stylized evidence on the measures proposed at the EU level and compare them over time.

2.1 EU regulatory social policy

A first, important indicator for Social Europe is legislative activity at the supranational level. We consider those measures social policy that have been drafted by DG EMPL. Figure 1 shows the number of EU social policy regulations adopted in the inter-institutional process every year since the founding days.

ABOUT HERE **Figure 1:** EU Regulations by adopting institution over time

Looking at the development of *regulations* over time, their numbers rose slowly but steadily with a mean of 4 acts per year and constant ups and downs (standard deviation 2,8). Quiet striking is the sharper rise which occurred at the start of the new century. Originally regulations were almost exclusively proposed by the Council (119), since the coming into force of the Amsterdam Treaty, joint EP and Council regulations have almost entirely replaced Council acts. Thus, with regard to regulations two insights are warranted. First, social policy is not dead, there are substantial and overall increasing numbers of regulations. Secondly, the most important changes in the policy output occurred before the crisis already and seem to be linked to institutional changes rather than demand.

Social policy directives are a second important indicator of social Europe. In the EU political system the Commission is endowed with a quasi monopoly to propose legislation. Looking at the number of acts proposed by the Commission is thus particularly interesting to understand social policy dynamics in the EU.

ABOUT HERE **Figure 2:** Social policy directives (proposed by the Commission, 1971-2013)

Figure 2 shows that there were virtually no social policy directives proposed until the early 1970s. In the following two decades the Commission was particularly active in proposing legislation. The total number of directives proposed per year peaked in 1990 (10 directives), in

² This is illustrated by the following examples. Anti-discrimination directives emerged as instruments related to working conditions before being framed as citizen rights and turned into instruments of justice and home affairs. Residence rights for family members are at times framed as social policy and at other times as justice and home affairs. And social regulation extends into environmental or consumer policies, as the recent patient mobility directive shows.

the middle of the Delors area (1985-1994). A second height lasted from 1994-2001, with a peak in 1998 (7 directives). The last decade saw substantially fewer EU social policy directives proposed. After 2008 12 directives were proposed (average 1971-2013: 2,4), a number comparable to those of the mid-1970s to 1980s, despite the fact today the Treaty allows to propose EU social policy in many more areas, e.g. Art. 13 in the Amsterdam Treaty (Art. 19 TFEU) on anti-discrimination.

Another important development is the increasing number of revisions (including codifications and amendments). While in the active decades a majority of legislations was addressing new issues, today this is the exemption rather than the rule. At the same time, we note that genuine new issues have rarely been addressed after 2008 (6 out of 12 directives proposed). The number would be even smaller if we would exclude directives on the free movement of persons since they are sometimes considered as market making instruments rather than genuine social policy developments (4 out of the 6). This would leave Social Europe after 2008 with two proposals for substantially new directives only: on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures (COM[2012]614) and the other implementing the Framework Agreement on prevention from sharp injuries in the hospital and healthcare sector concluded by HOSPEEM and EPSU (COM[2009]577). Certainly important policy measures in their own right, they do not reflect broad social policy dynamic.

Finally, the data shows that over time the number of directives proposed but not adopted is declining, too. Thus, today the Commission seems to be less likely to act as preference outlier in social policy (Hug 2003) today than in the mid 1990s. If the numbers are declining this can be interpreted as an indicator for institutional learning taking place in face of a Council increasingly heterogeneous in terms of social policy interest. Yet, it may also point at decreasing entrepreneurship and activism of the EU Commission. From a political system perspective, if the agenda setter fails to put forward (new) measures, then it is unlikely that advances can be made in terms of EU social policy output.

2.2 EU co-ordinating social policy

The second, more qualitative, indicator regards the role played by the Open Method of Coordination (OMC) in social policy areas such as employment and social inclusion – actually the only left of the four areas launched in the late '90s and early 2000s which included also health care and pensions. Initially, the OMC seemed to be the only way out of the decision-making trap which was created by the lack of willingness of member states to give away social sovereignty and the willingness and awareness of the relevance of greater social coordination by EU institutions (especially the EU Commission). To be sure, it could be argued that also the European Employment Strategy has primarily been a marginal and partially off-target policy (Watt 2004; Raveaud 2007) but – if taken together with the increasing regulation of employment and social affairs which occurred throughout the 1990s – it at least testified the presence of an employment policy concern at the EU level and its inclusion in the political agenda.

Already in the middle of 2000s, the OMC went through important changes which were then reinforced by the EU's response to the crisis. As Kröger (2009) states: "Important changes occurred since [early 2000s] under different influences: The Kok report (2004), which testified a lack of efficiency and implementation in the Lisbon Strategy; a Council with a large conservative government; a then new conservative President of the EU Commission, Barroso; as well as Eastern Enlargement. The European Employment Strategy had already been linked

more closely to the Broad Economic Policy Guidelines in 2003, whereas the Lisbon Strategy, in its mid-term review (2005), was reset around the goals of competitiveness, growth and jobs. While the goal of social cohesion was officially maintained, it clearly became a function of economic success (Zeitlin, 2009)” (Kröger 2009: 2). In other terms, together with a reduction in the production of EU social legislation, since mid-2000s a profound change occurred in the meaning and coverage of the social OMC, which was further reduced in autonomous relevance in the new strategic document EU2020 (Marlier and Natali 2010; Copeland and Daly 2012; Bekker 2013).

We are aware that this is not a comprehensive picture of EU social policy developments. Yet, and unlike Mailand and Arnholtz (2015), we think that neither of our two indicators is supportive to increasing or remaining relevance of EU social policy output. What is two indicators (directives and coordination) clearly support the puzzle of declining social policy output prior to the crises already. We now turn to Easton’s political system model to argue how analysis of demand and support can be linked to the puzzling output.

3 Processing changing demand and support in the EU political system

The theoretical roots of our argument can be derived from the political system approach by David Easton (1953). Considering the EU as a political system (Hix and Høyland 2011) we should be able to apply the input-output scheme: Inputs are transactions from its environment into the political system. Inside the political system a number of actors (gatekeepers) compete and use citizens’ demands and supports to produce policy outputs according to their interests. As it is well known, the main function of the institutions in a political system approach is to provide the ‘authoritative allocation of values’ which, in policy analysis terms, could be translated into producing legitimate decisions. Decisions are adopted following specific rules (the regime) in order to respond to the inputs of the members of the political community and various gatekeepers (such as parties, interest groups, and social movements). Consequently, the output flows from the behavior of the members in the political system rather than directly from its environment (Easton 1965: 27). Figure 3 depicts Easton’s political system approach applied to the EU. European elections and the economic and financial crisis figure as relevant support and demand on the system, while EU social policy is the output.

ABOUT HERE: **Figure 1:** Easton’s political system

3.1 Demand and support

We look at changes in the environment operating as input from the mid-2000s to 2014. We differentiate between (ad hoc) demand and (more structural) support as two sides of the input coin.

On the one hand, according to Easton, *demand* on a political system is an “expression of opinion that an authoritative allocation with regard to a particular subject matter should or should not be made by the responsible to do so” (Easton 1965: 38). With the crisis, general income levels decreased and labour market prospects deteriorated. And fiscal constraints impacted on welfare state retrenchment and member state capacity for macro-economic adjustment. This had an

impact on rocketing poverty and inequality both within and across EU Member States (e.g. Leschke, Theodoropoulous, and Watt 2012). Against these developments, especially in a context of crisis, we can assume demand for EU social policy under the form of greater attention to be paid to the consequences of the economic and financial crisis. Certainly difficult to capture in its complex entirety, one broad indicator for this claim is public opinion.³ For example, when asked for the importance of EU 2020 policy objectives in 2013 citizens ranked highest to “help the poor and socially excluded and enable them to play an active part in society” followed by “modernization of labour markets with a view to raising employment” (European Commission 'Standard Eurobarometer 80, Autumn' 2013: 30-31).

On the other hand, following Easton *support* can be understood as a “major summary variable linking a system to its environment” (Easton 1965, : 156). Here, voting behaviour is a relevant category “to reveal the way in which support is distributed, shifted and mobilized” (Easton 1965: 158). And, elections represent an essential step in the definition of a policy cycle which culminates in the ‘authoritative allocation of values’. Social Europe has primarily been supported by centre-left domestic governments and by specific European parties (namely, the European Socialist Party - after 2009, Progressive Alliance of Socialists and Democrats – and the European People’s Party). We can expect a weakening of actors seeking social policy goals when there is a decline in the seats share held by the two Europarties supportive of Social Europe. While we note that changes in governments’ composition across Europe are closely connected, we find it difficult to integrate them as inputs to our scheme for analytical reasons. Rather national governments act in the EU political system via the Council.

ABOUT HERE **Table 1:** Electoral Results European Parliament 1999

ABOUT HERE **Table 2:** Electoral Results European Parliament 2004

ABOUT HERE **Table 3:** Electoral Results European Parliament 2009

ABOUT HERE: **Table 4:** Electoral Results European Parliament 2014

In this respect, the European elections of both 2004 and 2009 marked quite a break in the allocation of support for social Europe. As it can be seen in Table 1 and Table 2, since the 2004 elections the European Popular Party and – especially – the Alliance for Liberals and Democrats for Europe became increasingly stronger in the EP. The situation looked quite different back in the late ‘80s and early ‘90s when a strong Socialist contingent (majoritarian between 1989 and 1999) in the European Parliament supported EU social policies. Consequently, the contraction of social policies at the EU level should start after the European elections of 2004 rather than in the middle of the crisis – as some other literature on the topic seems to suggest (e.g. Copeland and James 2013). The 2014 elections slightly changed the scenario, although they did not fully change the picture since the Liberals still play a key coalition role in the EU parliament. In others terms, and using Easton’s terms, there has been an even more clear mismatch between *input* (in line with more welfare) and *support* (in line with less welfare, if not with more austerity), made even more acute due to the limited electoral participation of less privileged voters (European Parliament, 2014).

³ We are aware that rather than setting public opinion and demand equal, the former is shaping the latter (cf Easton 1965, : 42).

Easton's system approach as a general theory identifies inputs into the political system and with this respect it is very useful since it provides a simplified model. Nevertheless, we argue that this Easton's analysis must be complemented with a more nuanced study of the 'black box' and therefore the focus should be placed on if and how a specific input changes organizational patterns and power relationships within the system. Given the paradox that with respect to EU social policy, the input does not seem to yield the output easily, we think it is necessary to understand the changes inside the 'black box' more closely. Looking at these dynamic aspects of the system might provide tentative explanations for the output that is produced in the EU political system. Ultimately, such an understanding could also contribute to determining whether the system is failing to process demand or whether differential input is at the root of the (seemingly) paradoxical output.

3.2 Inside the 'black box': Three hypotheses on changing patterns of ideology and power relationships

Under changing input, different actors come into power or see their positions strengthened within a political system. Consequently, their interaction should result in a different output. But how has this been the case in the EU? We look at key actors in EU decision-making to understand if and how demand has been processed. We start with the EU Commission endowed with a quasi-monopoly to propose legislation in the EU system, before we turn to changing patterns of power relationships in the inter-institutional process as the crucial arena for adopting policies:

- First, to understand if and how demand is processed in the EU political system ideological composition of the Commissioners is relevant. They are appointed for (usually) one term, nominated (informally) by their governments and approved by the European Parliament. Input channels have recently been strengthened since in 2014 for the first time, top candidates of all party families competed for Commission President in the EP elections. While Commissioners are rarely involved in the drafting of concrete policies we can expect that their orientation exerts substantial influence on the policies proposed for Europe via different mechanisms. First, the Commission is a collegiate body where all legislative initiatives are jointly proposed by the College of Commissioners. If the party-political center of gravity in the College of Commissioners changes, the point where the consensus is forged might tilt towards one or the other political option. Second, and much like top officials in national ministries, Commissioners exert substantial influence on the work done in their respective services. They define general policy directions and political choices which then trickle down into the daily drafting processes via their Cabinets. And they have a say in promotion and recruitment of personnel at the service echelons. Thus, everything else being equal, we can expect a Commissioner from the conservative party family to favour economic, austerity related policies, while Commissioner from the social democratic party family should be advocates for more social Europe (Schmidt 1996; Hartlapp and Lorenz 2015).
- Secondly, inside the Commission, what policy is proposed for Europe is determined in a complex and multi-staged process among the different portfolios inside Europe's agenda setter. Typically, different portfolios hold substantially different positions, with social policy portfolios following their mandate to advance social Europe, while economic portfolios being concerned about (further) market integration and financial stability. Which policy is adopted to be fed into the inter-institutional process is subject to internal contentions and power struggles. (Hartlapp, 2014). More powerful portfolios should be

better able to put their position through against opposing internal interests. From this perspective, we expect input to the system to be a relevant factor affecting the relative power of portfolios.

- Thirdly, policies are negotiated and adopted in the inter-institutional process: We posit that input affects the balance of powers between the EU Commission and the European Council. The first Barroso Commission (2004-2009) and even more the second one (2009-2014) has been particularly in line with the new political majorities established within the EP. The overall very high demand for employment policies (European Commission 2004) was interpreted by the European institutions primarily as a support towards pro-growth policies. After the crisis, these turned into the austerity policies. And the crisis increased the salience of the EU dimension at the national level since the governments looked up to European institutions in order to cope with economic problems which were shared by several member states. The completely new economic governance and its related mechanisms have been a product of intergovernmentalist negotiations rather than the result of the promotion of European social policy interests, as they could have been supported by DG Employment and Social Affairs (DG EMPL). We expect the most prominent (and resilient to the crisis) actor – Germany – to be particularly powerful in setting the agenda and therefore defining the policy proprieties at the EU level.

4 Assessing the ideological and organizational roots of change

This section looks at changing power relationships among central actors involved in EU policy-making. Following Easton's argument these power relationships are underlying decisions and actions in the political system and are thus highly relevant for policy output. We start with insights on the EU Commission as agenda setter in the political system before we turn to inter-institutional interactions.

4.1 Changing ideological composition of the College of Commissioners

Our first proposition concerns ideological composition of the EU Commission. To this aim we trace change in the party-political orientation of Commissioners. We assess their party political affiliation on the basis of a new data set on the EU Commission.⁴ Since 1958, the first Hallstein Commission, to 2010, the first Barroso Commission, there have been 146 Commissioners appointed to 242 different positions. Every Commissioner can be assigned to one of the following party families: Conservatives/Christian Democrats, Liberals, Independent, Greens, Social Democrats, Communists and Allies.⁵

ABOUT HERE **Figure 4:** Party affiliation of Commissioners over time

⁴ The data base covers 1957-2008 and provides three different perspectives on the Commission: Commission staff ('Persons Data'/'Persons Positions'), administrative structure and size of the Directorates-General ('DG Data') and a localization of policies in the administrative structure ('DG Nomenclature'). For details see <http://www.wzb.eu/de/forschung/internationale-politik-und-recht/positionsbildung-in-der-eu-kommission/publikationen/database>

⁵ Party family groupings build on and further develop Hix and Lord (1997). We are aware that variation across national parties is substantial, even within party families, but think that party political orientation of Commissioners can nevertheless bears some insights.

Over time alternating dominances between the party families become visible. The relative dominance of right leaning Commissions over social democrats is grounded particularly in the early Commissions of the 1960s (Hallstein I, Hallstein II, Rey) as well as in the 1980s and early 1990s (Thorn, Delors I, Delors II, Delors III). Social democratic parties saw their allegedly greatest influence in the late 1990s and early 2000s (Santer, Prodi). In line with public perception the Prodi Commission was the “least conservative” (353 of 1337 months) while Barroso assembled a strikingly liberal Commission. Hallstein I in turn was the “least social democratic” Commission (65 of 445 months). Surprisingly, Delors comes second to Hallstein as “least social democratic” while typically being associated with the ‘social’ dimension of Europe. A possible explanation is that under specific circumstances a single person – here the social democrat Delors – matters beyond the party political balance inside the College of Commissioners. The Santer and Prodi Commissions as dominantly social democratic are associated with social policy projects under the Open Method of Coordination and a period Pochet (1995-2005, 2013: 108f) described as the “social moment” in European integration.

In terms of our argument most interestingly, a constant decline in the number of independent Commissioners⁶ comes hand in glove with an increase of Commissioners that can be affiliated to the liberal party family. Until the turn of the millennium the share of the liberal College members situated between 10 and 20%. Liberal Commissioners were particularly in decline in the Prodi Commission when they provided for only ca. 10% of acting Commissioners. All the more important is their number in the recent Barroso Commissions. In the first Barroso term they put up for almost 40% of the College, with numbers being a bit lower for the second term (ca. 30%). In both terms, a coalition of liberal and conservative Commissioners reaches an all-time high (72,5% under Barroso I and 70,2% under Barroso II). Thus, when focusing the last two Commission terms support has translated into stronger influence of liberal ideology in the Commission.

4.2 The perceived strength of different portfolios inside the Commission

Turning to our second proposition, the relative power of portfolios, we use data from a project that analysed position formation inside the European Commission. The tables are based on expert interviews conducted in 2008-2009 with officials of different DGs and different hierarchical levels (Hartlapp et al. 2014: chapter 3).⁷ In these interviews we asked 95 officials the following question: "We know from national administrations that ministries have different reputations. If you look at the different DGs within the Commission, which DGs would you consider as rather powerful?" 84 of the 95 interviewees provided an answer. Two important limits of this approach concern subjectivity and representativeness. First, the data is a *subjective* assessment of those involved in the daily policy making in the Prodi and Barroso I Commissions. Secondly, the interviews aimed at tracing processes of position formation on 48 legislative initiatives intentionally selected in areas where we expected internal tensions along a state-market intervention dimension. Thus, there are limits to generalize from this data. Yet, we hold that the rather clear picture indicating differential assertiveness of DGs within issues areas of great overall importance for the production of Social Europe is of more general nature.

⁷ To preserve anonymity we refer to the interviews as COM1, COM2,

ABOUT HERE **Figure 5:** Subjective assessment of most powerful DG

Figure 6 shows how often a specific DG was mentioned and present the aggregated numbers. Most importantly, in terms of the question raised in this paper, the power assigned by Commission official to portfolios in charge of common market and economic policies, is striking. Importantly, DGs COMP was considered particularly powerful by more than half of the interviewees, followed by DG MARKT still mentioned to hold great power in more than a third of the answers. Besides DGs COMP and MARKT, DGs ENTR, ECFIN, BUDG and TRADE make up for “the economic DGs [...] obviously the front runners” (COM101:198, also COM102:324). Particularly for DGs COMP and MARKT this is attributed to their strong treaty base (COM1:207, also COM5:154, COM117:151 COM19:333) which in turn renders these DGs “more assertive in terms of regulatory impact” (COM117:151). Closely linked to the regulatory power is the central role the common market has for the function of the integration process. DG MARKT is a “kind of engine. A motor for the free circulation of finance and intellectual property” (COM66:159). Second, the horizontal services are evaluated as powerful by a large number of interviewees. This power largely results from their formal role in the internal coordination of the position formation process. More specifically in the internal consultation of the Legal Service is obligatory and the SG holds veto power over any proposal put forward by the Commission, while any spending policy depends on DG BUDG’s consent (Hartlapp et al. 2014: chapter 10). Where the interviews allowed for we followed up with a mirror question inquiring about the weakest DGs inside the Commission: “If you look at the different DGs within the Commission, which DGs would you consider as rather weak?” 33 persons answered this question. Of these 5 mentioned DG EMPL as particularly weak- topped only by DG EAC (17), DG SANCO (8), DG INFSO (7) and DG MARE (6).

In addition we asked our interviewees in how far the classification of a DG’s power changed over the last five years. 46 interviewees named several DGs that became increasingly important, 14 persons named DGs that became less important. Again multiple answers were possible and some caution is warranted in interpretation for reasons of subjectivity and representativeness. Among the portfolios frequently mentioned as increasingly powerful is the SecGen, rendering it “even stronger now than it has been historically” (COM44:119). Assessments provide for both a structural (Kinnock reform) and personality (Secretary General Catherine Day) based explanation (COM69:200, COM56:164, COM104:256, COM84:161). Among the DGs with declining importance DG MARKT was mentioned most often – mostly as a reaction to the liberalization of services directive that resulted in public outrage and thus deteriorated the image of the Commission in the eyes of many (COM65:200). In sum, apart from the declining importance of DG MARKT none of the changes in perceived power can be easily attributed to the demand on the EU political system. However, if we link the perceived power to the ideological orientation of Commissioners heading the respective services in the period under investigation we can contribute to explaining internal power shifts. Notably, DG EMPL perceived as weak was headed by Socialists (Commissioner Spidla 2004-2008 and Commissioner Andor 2008-2014) and Christdemocrats (Commissioner Thyssen since 2014), Commissiones in charge of DG ECFIN’s responses to the crisis came from the Conservative (Allmunia 2004-2008) and Liberal party family (Rehn 2008-2014). This has changed with the new Juncker Commission and time will show whether Commissioner Moscovic (Socialist) might be more likely to respond to demand with policies more favourable to social policy.

Overall the perceived strengths of economic DGs is a highly important result of our analysis since it underlines that the interactions in the political system should take place among differentially powerful actors. Moreover, if the structure and procedure of internal coordination does not systematically balance such a power asymmetry we can expect that it produces a systematic bias towards economic interests on controversial issues. Yet, we also note that these power asymmetries seem to be rather stable even in the light of the inputs specified above.

4.3. The increasing intergovernmentalist turn in European policies

The long-lasting debate between intergovernmentalists and neofunctionalists has been one of the most fertile debate in classic European integration studies. For our research purposes, we are interested in learning more about the role of member states in the past years in terms of setting the policy agenda and reaching European policy solutions. First, we need to look for indicators which may state the growing relevance of the domestic governments power at the EU level in order to assess the power balance. A proxy of which, although not perfect, could be the number of European Council meetings held. With this respect, data is very telling: in the 1975 (the first year when European Councils were held) -1992 period the average number of meetings is 2.5; in the 1993-2002 period, the average is 3.1, whereas in the 2003-2013 period, the average is 5.3 (with a peak of 10 meetings in 2010). We believe that, although it is quite a crude indicator, it tells us something about how EU policies have been made over time. It indicates that the Commission has increasingly been under the control of the European Council (that has always maintained agenda-setting powers but, thanks to the increasing frequency of the meetings, has also been further supervising the policy formulation phase – otherwise steadily in the hands of the EU Commission.

We find it hard to disagree with what Pochet states: “The [EU2020] process resembles more of a mutual adjustment between governments (mainly right-wing) wishing to adopt certain reforms and the Commission (DG ECFIN) which would supply complementary arguments [...]. The consequence of this would be to unbalance the social affairs and employment ministers at national level because the economics ministers will be able to short-circuit them using the European procedures” (Pochet 2010: 6). Furthermore, within the European Council – and in the various council formations which drafted the new economic governance policies – Germany was the pivotal actor in all the main measures as in the case of the most important provision of all, the Treaty on stability, coordination and governance in the economic and monetary union (TSCG) (for details of how Germany shaped the policy and managed to obtain all its main goals, see Kreilinger 2012; for a discursive institutionalist perspective, see Schmidt 2014). Put differently, the political scenario which unfolded during the management of the crisis testifies not only the predominance of one DG (ECFIN) over all the others (for further details, see Copeland and James 2013) but also the concentration of bargaining power in the hands of the German government, one of the few countries which did not pay heavy economic and social consequences of the crisis. Intergovernmentalism prevailed, under an innovative asymmetrical form since Germany played the broker role in the economic governance policies’ negotiations and did not open the door for the relaunch of social Europe. Thus, support and demand seem to have shaped the system’s internal power relationships. Yet, rather than crisis demand, particularly member state governments seem to have been pivotal in this respect.

In sum, the three empirical observations on changing patterns of ideology and power relationships provide important insights for the functioning of the black box in Easton's model. We suggest that in an overall context of the European political system characterised by changing political majorities in the European Parliament (from a EPP-PES one to a EPP-ALDE one, especially after 2004), the internal (within the EU Commission) and external (between the EU Commission and the Council) rebalancing of powers has been detrimental to the pursuit of 'social Europe' and favoured an 'austerity-focused' political agenda over the past years. These processes were not solely a product of the recent crisis but rather a result of earlier developments of the European political agenda, which have reduced power of actors pursuing social policy goals in the EU political system.

5 Discussion and outlook

We started from the puzzling observation that the EU political system does not provide for a social response to the crisis. On the contrary, economic integration and therewith austerity measures are deepening. In terms of regulatory EU social policy numbers are not only declining in absolute terms. Rather only few directives with substantially new standards that run the risk of being rejected in the Council are proposed – pointing at an ever less entrepreneurial and innovative agenda setter. Of course this is only part of a broader picture, but taken together with the developments in the area of social OMCs and argument in the literature it paints a clear picture of a decline in social Europe. It is striking that, notwithstanding a growing citizens' support towards more social Europe, over the past ten years European institutions and member states' governments have supported other policies. While initially only indirectly promoting social policies, more recently (e.g. after 2008) they have directly promoted measures not favorable to a relaunch of social Europe and in some countries devastating in terms of domestic economic and social developments (Theodoropoulou and Watt 2011). European institutions and member state governments got into a non-responsive set of policies which reflected the growing – after 2004 – conservative and liberal composition of the European Parliament and the emergence of one pivotal conservative member state government (Germany) in formulating pro-austerity policies.

Drawing on Easton's political system approach we identified EU elections as well as crisis demand as inputs and asked if and how they alter patterns of power relationships inside the EU political system. Looking at the ideological orientation and organizational power we found that from the mid-2000s the ideological composition of the Commission as agenda setter in the EU political system changed substantially. Liberal influence is much stronger than before and might well count as a potential influence on the EU social policy output. What is more inside the Commission economic portfolios are perceived as substantially more powerful than DGs responsible for social policy-making. Finally, changing patterns of power relationships in the inter-institutional process was a consequence of the rebalancing of powers linked to the changing voters' political orientation mirrored by the EP results (input change).

In sum, such a dynamic picture highlights that the EU political system seems to be responding to election results (*support*) rather than to more general demands (*input*) and producing, since 2004, ongoing consequences on the internal balance of portfolios and on the interinstitutional relationships by favoring the political preferences of most powerful government representing the most powerful country in both political and economic terms (Germany).

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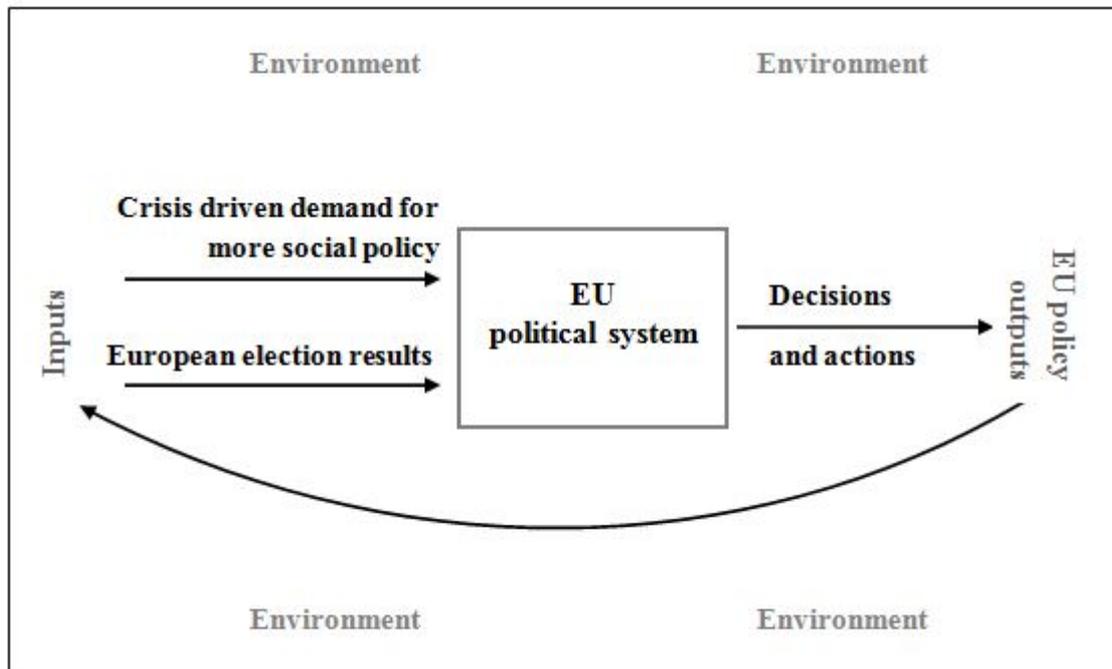


Figure 3: Easton's political system

adapted from Easton (1965: 32).

Party	Electoral results	Seats won (INCOMING PARLIAMENT)	Percentage (INCOMING PARLIAMENT)	Seats won (OUTGOING PARLIAMENT)	Percentage (OUTGOING PARLIAMENT)
EPP/ED	<i>(European People's Party/European Democrats)</i>	233	37.2%	295	37.4%
PES	<i>(Socialist Group in the European Parliament)</i>	180	28.7%	232	29.4%
ELDR	<i>(European Liberal, Democrat and Reform Party)</i>	50	7.9%	67	8.5%
Greens/EFA	<i>(Greens/European Free Alliance)</i>	48	7.6%	47	5.9%
GUE/NGL	<i>(Confederal Group of the European United Left/Nordic Green Left)</i>	42	6.7%	55	6.9%
UEN	<i>(Union for Europe of the Nations Group)</i>	30	4.7%	30	3.8%
TDI	<i>(Technical Group of Independent Members – mixed group)</i>	18	2.8%		
EDD	<i>(Europe of Democracies and diversities)</i>	16	2.5%	18	2.2%
NA	<i>(Non Attached)</i>	9	1.4%	44	5.5%
Total		626		788	

Table 1: Electoral results European Parliament (1999-2004)

Source: *European Parliament Website*
url: <http://www.europarl.europa.eu/aboutparliament/en/004a50d310/Composition-of-Parliament.html>

Party	Electoral results	Seats won (INCOMING PARLIAMENT)	Percentage (INCOMING PARLIAMENT)	Seats won (OUTGOING PARLIAMENT)	Percentage (OUTGOING PARLIAMENT)
EPP/ED <i>(European People's Party/European Democrats)</i>		268	36.6%	288	36.6%
PES <i>(Socialist Group in the European Parliament)</i>		200	27.3%	217	27.6%
ALDE <i>(Alliance of Liberals and Democrats for Europe)</i>		88	12%	100	12.7%
Greens/EFA <i>(Greens/European Free Alliance)</i>		42	5.7%	43	5.4%
GUE/NGL <i>(Confederal Group of the European United Left/Nordic Green Left)</i>		41	5.6%	41	5.2%
IND/DEM <i>(Independence/Democracy Group)</i>		37	5%	22	2.8%
UEN <i>(Union for Europe of the Nations Group)</i>		27	3.6%	44	5.6%
NA <i>(Non Attached)</i>		29	3.9%	30	3.8%
Total		732		785	

Table 2: Electoral results European Parliament (2004-2009)

Source: *European Parliament Website*
url: <http://www.europarl.europa.eu/aboutparliament/en/004a50d310/Composition-of-Parliament.html>

Party	Electoral results	Seats won	Percentage
EPP <i>(European People's Party)</i>		265	36%
S&D <i>(Progressive Alliance of Socialists and Democrats in the European Parliament)</i>		184	25%
ALDE <i>(Alliance of Liberals and Democrats for Europe)</i>		84	11.4%
Greens/EFA <i>(Greens/European Free Alliance)</i>		55	7.5%
ECR <i>(European Conservatives and Reformists)</i>		54	7.3%
GUE/NGL <i>(Confederal Group of the European United Left/Nordic Green Left)</i>		35	4.8%
EFD <i>(Europe of Freedom and Democracy)</i>		32	4.3%
NA <i>(Non Attached)</i>		27	3.7%
Total		736	

Table 3: Electoral results European Parliament (2009-2014)

Source: European Parliament Website url:

<http://www.europarl.europa.eu/aboutparliament/en/004a50d310/Composition-of-Parliament.html>

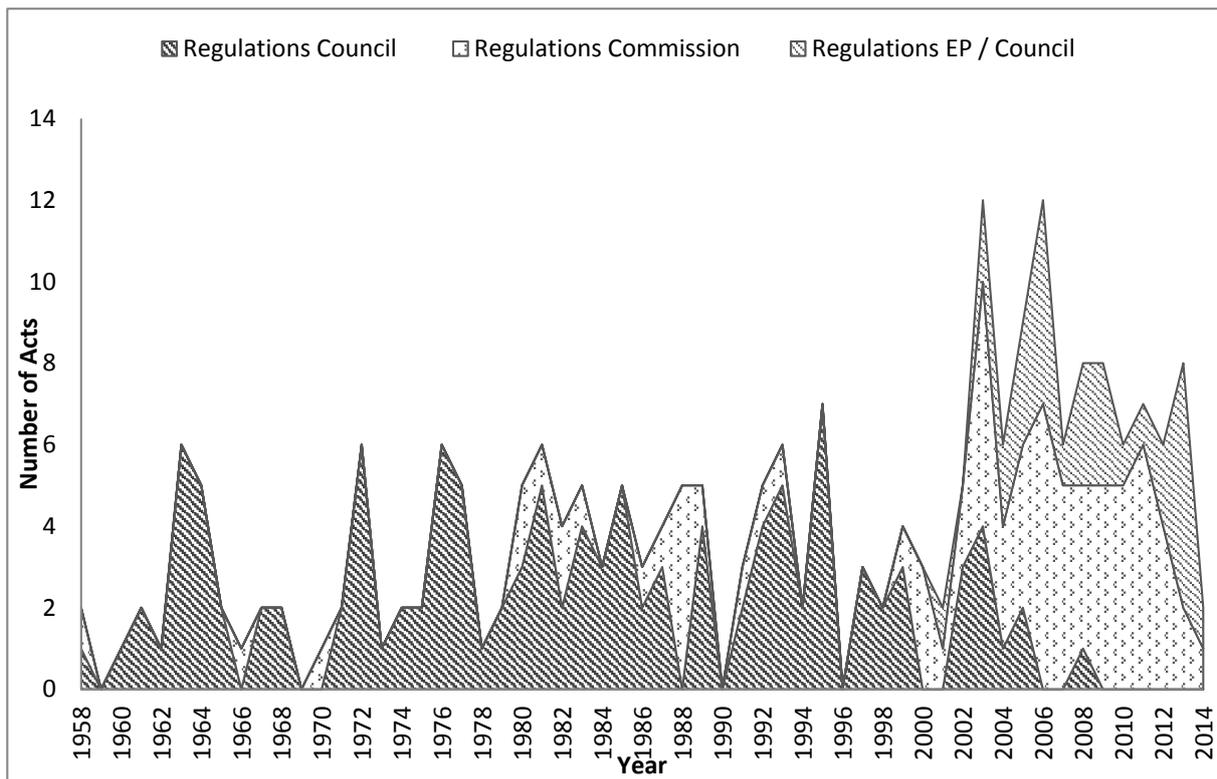


Figure 1: EU Regulations by adopting institution over time

Source: *EurLex*, excluding geographical extension and *Euratom* acts, based on yearly number of regulations by institution

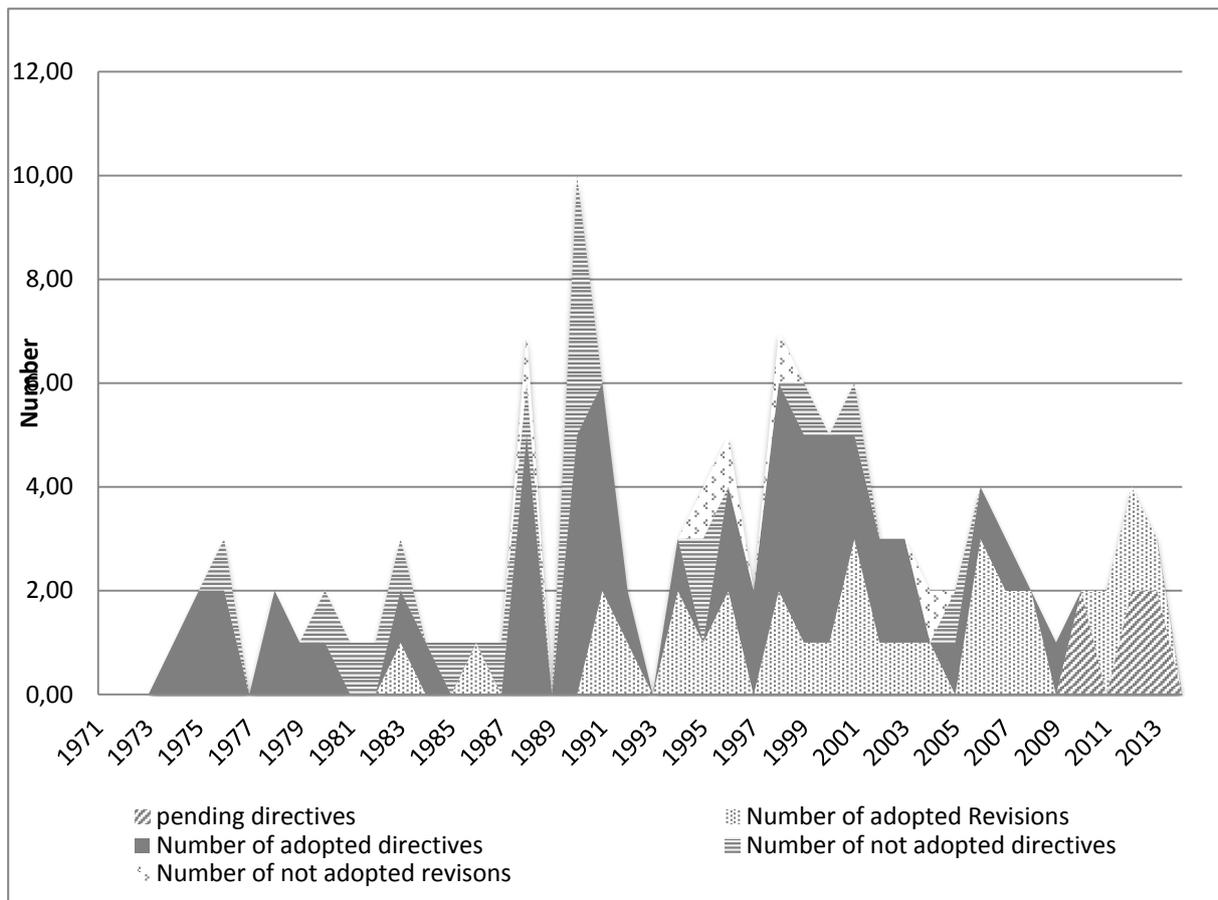


Figure 2: Social policy directives (proposed by the Commission, 1971-2013)

Source: EurLex, cross checked with PreLex

acts in the portfolio of DG EMPL, including EURATOM directives

- geographical extensions are excluded

- revisions also cover codifications and amendments

- directives proposed after 2008 are classified as pending (if not yet adopted)

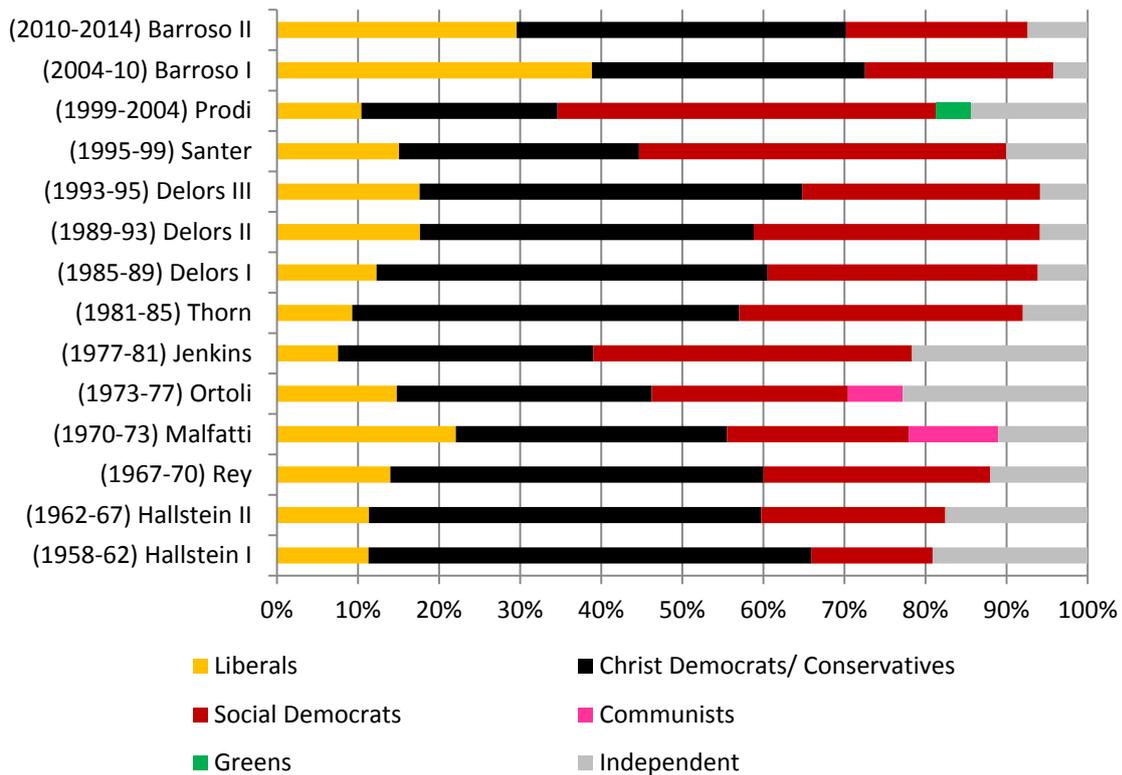


Figure 4: Party affiliation of Commissioners over time

Source: own analysis on the basis of Franchino {, 2009 #683} and PEU-Commission data base (<http://www.wzb.eu/de/forschung/internationale-politik-und-recht/positionsbildung-in-der-eu-kommission/publikationen/database>)

The figure shows actual party membership/ affiliation for the time when being nominated (not, for instance, being appointed by a certain government). Months in office allow dealing with the (rare) event of changing Commissioners under an ongoing term.

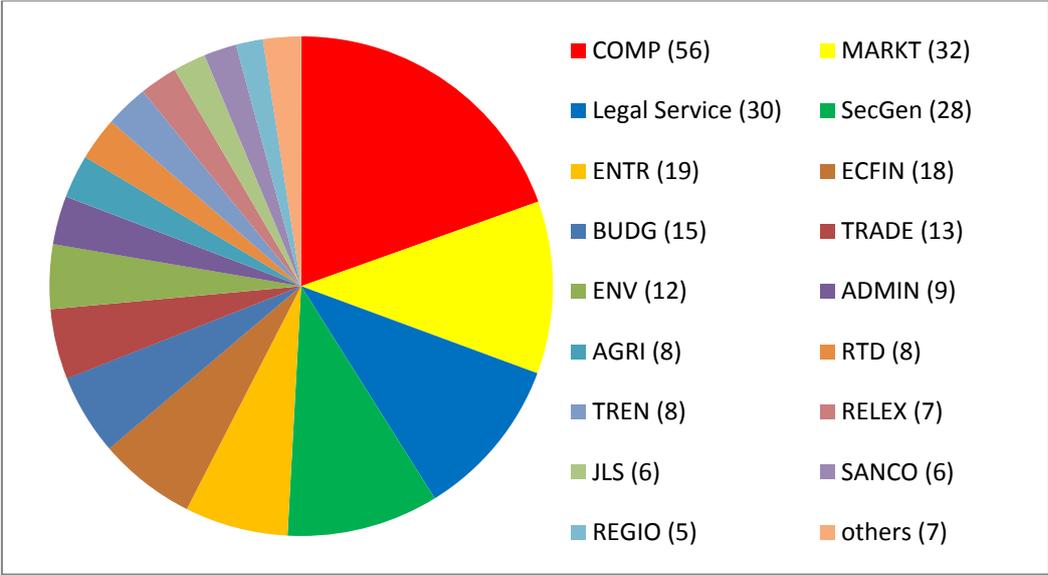


Figure 5: Subjective assessment of most powerful DG

N = 84, multiple answers possible, according to interview responses

The category others comprises INFSO (4), EAC (1), ELARG (1), TAXUD (1)

The total number of DGs mentioned as powerful exceeds the number of respondents since multiple answers were possible and very likely. Although interviewees often ranked the DGs they mentioned according to power we abstain from weighting the answers. DGs not named by the respondents do not figure in the graph.