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JUNCKER'S DILEMMAS: what will determine the new EC President's success or failure?

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Shortly after the investiture of the new European Commission, its President Jean-Claude Juncker and his first Vice-President Frans Timmermans have put forward a ten-point plan of priority initiatives for 2015 and beyond. It builds on the earlier five-point priority agenda that was outlined by the European Council in its conclusions of 26/27 June earlier this year. Taking a strongly economic focus, the plan is in line with the national and public demands for the Commission to take lead on initiatives that could put the EU again onto the path of growth. Juncker and Timmermans aim to be ambitious and realistic at the same time, promising to focus on "big issues where EU action can make a real difference". The growing concerns of Brussels' interventionism are tackled with the promise that "restraint" will be exercised in areas which can be effectively addressed at national, regional and local level.

The two previous Commissions led by Jose Manuel Barroso have been low on initia-

tive and further weakened by the dynamics of the Eurozone crisis. Over the past years, the focus has been on the crisis and the decision-making and thus power has been concentrated in the hands of the Heads of State and Government in the European Council. Many have argued that the Commission has been relegated basically to the role of a technical secretariat of the powerful European Council.

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The new structure has several potential drawbacks, however. It is extremely confusing and difficult to understand who is actually doing what, both from inside as outside.

The most worrying issue is that -after notable social sacrifices and political reforms- the member states still disagree both about the causes of the economic crisis as well as the recipes applied to it.

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Now that there is a perception that the worst of the crisis has been left behind, the new Commission will have an opportunity to return the institutional balance again to normalcy, with the Commission taking a stronger role in putting forward initiatives and defending the common European interest, over narrow national agendas. Several factors have been playing in favour of Juncker in the last months. After the 2014 European elections, the Commission but particularly his president has been -for the first time ever- strengthened with a double mandate from the member states and the European Parliament. Juncker wanted and got a high-

ranking College of Commissioners with 18 former Ministers and Prime Ministers. A team of high level politicians for the most “political” Commission ever, this was Juncker’s ambition. However, the so called LuxLeaks scandal, that revealed that Luxembourg authorities had facilitated at least 340 international firms to avoid taxes, has given him a severe blow just at the beginning of his mandate. He has been denounced for facilitating corporate tax avoidance when governing Luxembourg during almost two decades. While in the “permitted terrain” legally, this is something that is difficult to defend in front of the European public, particularly considering the current arduous economic context. Juncker’s leadership has run into his first stumbling block and this one is hitting at the very core his political credibility and integrity.

But what will determine if President Juncker and its team will succeed, and what may be holding him back?

Making the best of the politicisation of the Commission

It is safe to say that while the Commission enjoys a strong and wide political support from the main groups in the European Parliament (conservatives, social democrats and the liberals) also the expectations projected onto it to succeed are extremely high. This may well end up being a double-edged sword.

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As it was already pointed out by the outgoing European Council President Hermann Van Rompuy, the strong political endorsement of the new Commission President won’t magically enhance neither his nor the Commission’s powers. The Commission won’t be a European government, because the Treaties do not provide for it and there is no political will for such a change from the member states either. The Commission will have to share the power with the member states who continue to be jealous of their competences and will keep a strong grip on the policy processes. It suffices only to remember that the national Commissioners have been appointed by the national capitals according to their tastes, with Juncker’s power in this process minimal. Having said that, Juncker is already trying to counter some of the complaints about national interference and the size of the College that have been voiced by many over the past years. The issue of the reduction of the number of Commissioners that had been foreseen by the Lisbon Treaty has been put on ice and is unlikely to be unfrozen in any immediate future, particularly considering the context of increasing suspicion of Brussels by the national politicians and publics. Juncker is trying to make the Commission more manageable and increase policy coherence, a long-time concern, by creating two ranks of Commissioners. Five Vice-Presidents are leading teams of Commissioners working on related policy issues. This structure has several potential drawbacks, however. It is extremely confusing and

difficult to understand who is actually doing what, both from inside as outside, as the distribution of the tasks needs still to be clarified. Further, severe infighting may ensue as the Vice-Presidents who are supposed to take the lead on dossiers come from small member states and will have to impose themselves on less senior Commissioners from influential countries.

While greater accountability by the executive to a parliament is unarguably a “good thing”, increased politicisation of the Commission has its dangers too. The more political Commission may be weakened in these powers where it needs to act as a guardian of the EU Treaties and an independent monitor (e.g. competition cases, mergers, monitoring of national budgets). The stronger links with the European Parliament may mean having to bow to the political demands of the European Parliament. The MEPs have already shown their teeth in the hearings process, enforcing Juncker to replace one Commissioner and to reset the competences of two other portfolios. The current Commission’s political outlook is as follows: 14 European People’s Party (EPP), 8 Progressive Alliance of Socialists and Democrats (S&D), 5 Alliance of Liberals and Democrats (ALDE), 1 European Conservatives and Reformists (ECR).

The European Parliament has made clear its intentions to reign the new executive in whenever necessary. Until now, however, it has behaved as the Commission closest ally, especially with the three main groups of the Chamber (EPP,

S&D and ALDE) supporting Juncker against the motion of censure presented by eurosceptic MEPs after the LuxLeaks disclosure. This paints the picture of a new era of collaboration

between the Commission and the European Parliament – a pact sealed by Martin Schulz and Jean-Claude Juncker already after May European elections. This is a completely different scenario compared to the institutional confrontation and political competition, which produced the bringing down of the Santer’s Commission over allegations of fraud in March 1999.

While the fear of the European Parliament exerting too much influence over the Commission is yet to materialise, there are two further concerns where the doubts may have more foundation. Firstly, a more political Commission, with this strong EPP leaning, may be more reluctant to sanction these countries, where their “own” leaders are in power. This would not be entirely new either. Barroso II Commission, although not connected directly to the majority in the European Parliament, was dominated by the EPP parties and Barroso was widely seen by the EPP Group as their “own man in Havana”. Many accused his Commission of turning a blind eye to the worsening political and democratic situation in Hungary, where EPP’s Viktor Orban was and still is in power raising debates at EU level about the rule of law in member states. Secondly, even the European Parliament may see itself weakened in trying to hold the Commission accountable as there may be reluctance to sanction the Commissioners of their own political colour. The hearings gave a foretaste of

this dynamics too, as the line-up of the Commissioners was agreed between the main political forces in a complicated compromise that the big groups would not touch, even if more Commissioner-designates would have deserved to fail their hearings -either because of their incompetence for the post or conflict of interest.

Solving the contradiction of the Commission's different roles between policy actor, policy executor and neutral referee should be tackled in the medium term, possibly by delegating supervisory powers from relevant thematic Directorate-Generals to thematic agencies. Until this separation of powers doesn't happen, treading carefully between different contradictory roles will be a crucial task for the new Commission.

Reviving the European economy

Boosting European economy and returning to growth and jobs is understandably one of the most important initiatives of this Commission. More than half of the priorities of the Commission have to do with initiatives related to economic matters. Juncker has come out with an ambitious proposal to raise 315bn euros for his Jobs, Growth and Investment Package, and holds in the pipeline several proposals such as unlocking the economic potential of a European Digital Single Market, easing regulation on the Internal Market, joining-up the national energy markets and improving Eurozone governance. Gender equality, green initiatives and other social matters, where the Commission had in the past been the pioneer seem to be definitively off the agenda. Review of the Posting of the Workers directive, an issue only recently agreed between the Council and the European Parliament, will be again put on review, most probably to water it down.

Whether this is a realistic or an ambitious agenda, Juncker's future leverage will to a very high degree depend on how much fresh money he will manage to gather for his above-mentioned 315bn euro plan. It is still unclear how far is the European Investment Bank ready to go into debt to increase the 8.000 million euros the Commission is putting on the table. Moreover, loud protests by big member states, such as the UK, are not "helping" to build the new Commission's credibility and to encourage private investors to get on board, either.

The most worrying issue, however, is that -after notable social sacrifices and political reforms- there is still a lack of agreement and common understanding in the European Union to what has caused the European Union to suffer so much more than the US in the crisis that began in the latter in 2008. The member states disagree both about the causes of the economic crisis as well as the recipes applied to it. Germany, having emerged as the hegemon within the EU and supported by other Northern net contributors, has pushed through its own diagnosis and recipes. Ignoring its own responsibil-

ity in the crisis, the Southern periphery has been accused of irresponsible behaviour and castigated accordingly. While there is some truth in the diagnosis, the costs of the austerity policy applied in the South are producing extortionate social and political costs that do not balance the small increase in growth, thus discrediting the policies. This means soaring unemployment, a quarter of labour force is out of work in Spain and Greece, and the figures for the young -the lost generation- are even higher. Shrinking of the middle classes, increase in inequality and poverty are the main trends in the European South. Popular frustration is being translated into the erosion of the quota of the mainstream parties. The opinion polls in Spain and Greece already put radical left anti-establishment Podemos and Syriza ahead of the traditional parties. Both of these "new Southern voices" have promised to the electorate that once in power, they would restructure the debt of their countries which they consider unsustainable in the absence of growth. If this taboo issue is not addressed in a meaningful way by the mainstream political forces, a likely extreme left's arrival to the power in the 2015 national elections - particularly in Greece as Spain's Podemos is still unlikely to win the elections- would have a major destabilising effect on the Eurozone.

Will the European Commission change the dominant narrative of the crisis? Jean-Claude Juncker has been one of the masters of austerity recipes to overcome the Eurozone instability. Even if the senior Luxembourg politician has known how to dress his interventions with irony, jokes and force-

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ful criticism of fellow European leaders at the EU meetings, Juncker and his right-hand man for Jobs, Growth, Investment and Competitiveness agenda -former Finnish Prime Minister Jyrki Katainen- have the track-record of being hardliners in this matter.

Conquering mistrust and reinstating confidence

The crisis of the recent years has not only been about the Eurozone economies. It gives us important hints about much deeper problems in the European integration. The rules-based approach promoted by Germany and the other like-minded countries does not only tell us about the necessity to provide for a fair playing field for all (a worthy goal in itself) but also about the mistrust that exists currently between the members states themselves, particularly across the North-South divide, but also between the member states and the European institutions. "The European Union is kept together by fear and inertia - like many unhappy marriages", argued Loukas Tsoukalis, one of the leading Southern European economists and thinkers on European integration, provocatively at a seminar at CIDOB. The Spanish audience nodded in agreement.

Helping to reinstitute confidence among the main players in the EU will be one of the most important tasks for Juncker and his team but not only for him. Also Germany bears particular responsibility not only as the hegemon but also as the most ardent promoter of intergovernmentalism over the past years. Rumours from Berlin say that the German Chancellor is more pleased with the new institutional set-up and that the Commission-bashing will be over. Time still needs to prove if this is true.

Most importantly, the economic crisis has eroded the citizen's trust in public institutions both on the national and European level. The public's frustration is being channelled into anti-establishment forces, particularly in the Southern periphery and the support to the EU has been waning. The permissive consensus that allowed the EU countries to march ahead with the European integration without worrying too much about the public opinion is no more. Euroscepticism has been on the rise in the rich Northern societies since the 1990s, and has with the crisis arrived to the South. Although one of the side effects of the crisis has been that the public has become more informed about the EU, we have also learned that they do not necessarily like the EU more for that. This taps into

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the spreading feeling of powerlessness felt by the citizens. The governments in general are less independent in the globalising world, and change in the governments does not often lead to change in policies. The voters feel increasingly that they cannot influence their governments and opt to go against the system instead.

Thus, the conundrum of public support to the European integration project is extremely complex, and has a lot to do with the more global processes that do not depend on the EU itself. It is therefore important to accept that it is not entirely in the hands of neither the European Commission nor the wider European elites to solve it. That said, there are some things that could and should be done urgently to recuperate the hearts and the minds of the citizens.

First and foremost, the lessons learnt from the crises raise questions about the EU's top-down communication policy that is based on the assumption that if the citizens would only know more about the Union and what it is doing, they would also support it more. Truly heeding the public concerns (this does not equal paying lip service to nasty populism) and redesigning the current expensive and inefficient communication policies should be one of the top priorities for Juncker. The recent experience also proves wrong the outgoing Commission's belief that legitimacy and public support would come by delivery. Especially because, during crisis, delivery was weaker and didn't always guarantee the protection of the most vulnerable citizens.

Secondly, it is important that the EU governments play along with the strategy. Commission-bashing, scapegoating Brus-

sels, nationalising victories, outsourcing failures to Brussels – however you call it – has been the *ordre du jour* since the beginnings of European integration. With the public support to the European integration project dropping sharply in many EU countries, this approach cannot be afforded any more.

Thirdly, this crisis may have had positive side effects too when it comes to Europeanisation. Some studies tell us about an increasing awareness of the “other” on the European level, of an increasing spread of common cosmopolitan values or even “horizontal Europeanisation”, as pointed recently out by Ulrike Guerot, a leading European thinker. Although this new awareness has not yet brought a common sense of destiny as the common trust, especially on the North-South axis, has been severely damaged, we may be seeing the birth of trends on the European level that are worth of following with interest and even supporting. We see, for example that the Europeans follow with increasing curiosity or concern elections in other European countries - the 2013 German federal elections were a particular case in this concern; socialisation of European political parties has increased with the European elections, and the new Erasmus generation of youngsters have increasingly more in common with their peers in other

countries. The opinion polls tell us that Europe still seems to matter to the people; there is demand for “more Europe” in many cross-border policy areas. The EU, under Juncker's lead, should tap

into that, and not let itself be dragged into nasty national ghost fights against the imaginary immigrants. as some capitals have chosen to do.

Fighting fires on external borders and beyond

Economic power and solid public support are fundamental for the EU's role in foreign policy, and the erosion of both has severely damaged the EU's normative power on the world stage. As the Union and its member states have been entangled in resolving the internal crises, less attention has been available to external policies and these have in the recent years gradually shifted down in the institutional agenda. Enlargement policy, once hailed as one of the most successful foreign policy tools of the EU, will completely disappear from the EU agenda in the years to come. Juncker and his team promise to focus on consolidating the EU neighbourhood policies instead.

The image of ailing Europe has been eroding Europe's soft power everywhere in the world but nowhere as much as in its immediate neighbourhoods, where the Union has strongly relied on the success of its own model for persuading the partners to carry out economic and political reforms.

Black clouds are gathering around the EU, on the European external borders: Ukraine needs to regain stability and economic recovery; Russia's political defiance and growing distrust in relations with the EU and the West in general are disclosing underestimated challenges in the post-Soviet space but also in global fora; there is continuing turmoil in

Northern Africa and the Middle East. In addition to these, the changing role of China as well as the lack of unity for a real migration and refugee common policy present challenges.

While it may be convenient to hide behind the discourse of the inevitable decline, as preferred by many, this is not a viable political option. It is time to stop looking only to EU ledgers and start thinking as a global actor because inaction will only bring more irrelevance. Continuing strengthening of fortress Europe is a major concern. The creation of a portfolio of Immigration under Juncker's Commission reflects a change of priorities in the European migration agenda. In the recent years the focus of EU policies has shifted towards controlling the borders, allowing for the entry of highly skilled foreign workers and constant questioning of intra-EU mobility of EU nationals. This policy shift should be understood in the context of growing anti-immigration and racist populist discourse in many member states. The appointment of Commissioner Dimitris Avramopoulos –a former Greek Defence Minister- by Juncker has raised concerns among those who reject the securitisation vision of migration. They view it as a policy approach that has proven completely insufficient to solve the issue of irregular immigration. It suffices to remember that more than 3,000 people have died in the first nine months of 2014 in the Mediterranean sea, trying to get onto EU ground.

Juncker's team still has to prove its will and capacity of leading in the foreign policy domain. The executive prioritises economic and social recovery, and has shown less ambition in the field of global leadership than the European Union traditionally claims for itself. The credibility of the EU will be decided in the Ukrainian conflict. It is the EU's "to be or not to be as a global actor" moment as Ulrich Speck, researcher at Carnegie, has pointed out in a recent meeting at CIDOB, and the world is watching. So far, the conflict at the Ukrainian borders has made clear the old dividing lines between the EU member states and revealed the political weakness of European institutions, who have played minimal role in the negotiations with Russia and Ukraine. Germany has been the privileged interlocutor with Moscow and the European reaction has been in tune with the rhythm of Berlin. In the intergovernmental empowerment of the last years, the Foreign Affairs Council has been weakened in favour of the multiplying meetings of Heads of State and Government in the form of the European Council. The Foreign Affairs Council has been further weakened by some of its greatest minds – Netherland's Frans Timmermans, Polish Radoslaw Sikorski and Swedish Carl Bildt – leaving.

It will be up to Juncker to guarantee a predominant role for his Vice-President and High Representative for CFSP, Federica Mogherini. The young former Italian foreign minister has arrived on the top job with an able and inquisitive mind but relatively little political experience to show for managing the complicated tasks of trying to conduct the barely in-tune choir of national interests and running the EU's diplomatic service. The Italian has already expressed her intention to

undertake a substantial foreign policy review -a gargantuan task. This is an important step to redraw a more effective policy and strengthen alliances. However, many warn that this may not be done without opening the Pandora's box of the European Security Strategy reform, for which there is little appetite.

There is also political pressure to lead an ambitious reform of the European Neighbourhood Policy (ENP) in 2015. The last adaptation of this policy made in 2011 -criticized as a bureaucratic exercise- did not meet the expectations of neighbouring countries already involved in shacking political processes. The willingness shown by several European capitals to undertake this reform is good news for Mogherini and neighbourhood Commissioner, Johannes Hahn.

In conclusion, the new Commission brings a will to change course and to exercise appropriate authority. Jean-Claude Juncker has presented a concrete political and legislative programme, which is tailored to a European Union needing to adapt to the new reality. Juncker's own strength and long experience in Brussels should not be underestimated even if the allegations of the Luxembourg Leaks scandal calls into

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question not only his leadership but the credibility of the European project. As Juncker said last October in the European Parliament, he is chairing the "last chance" Commission to regain public confidence and restore EU's social engagement. But EU institutions won't be able to restore trust under suspicion. Juncker will succeed only if he can deliver his promises of strengthening the European Commission's role and leadership but the EU governments still have to prove their readiness to accept this long-awaited institutional rebalancing of power.