

## Nature vs Nurture: ‘The first European Commission born in the European Parliament’?

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### Summary

*The new European Commission takes office on November 1 after its requisite run of confirmation hearings with the European Parliament. First Vice President-designate Frans Timmermans observed in his own hearing that the Juncker Commission was “the first Commission born in the European Parliament”. The question for the coming five years of policy and politics is what - if anything - this might mean. Juncker may owe his job to the Parliament, but this fact alone is likely to mean little for the policy substance of his tenure. His legacy will depend far more on his management of the Commission itself, EU states and day to day pressures. This Commission may be born in the Parliament, but for businesses watching it develop over the months ahead it is important to recognise that it will be raised by the European Council, and by events.*

The new European Commission takes office on November 1 after its requisite run of confirmation hearings with the European Parliament. As the first European Commission President approved by European Member States as the pre-announced preference of the European Parliament, Juncker owes his position to the Parliament’s two large political groups and the hearings were a first opportunity to read the signs for the kind of deal both he and the Parliament believe they have struck. First Vice President-designate Frans Timmermans observed in his own hearing that the Juncker Commission was “the first Commission born in the European Parliament”. One question for the next five years of policy and politics in Brussels is what this might actually mean.

To be sure, the hearings of Commissioners-designate were

deferential to the Parliament and solicitous on its most salient concerns. Centre-left MEPs were offered shared concern about unfair low-wage competition, promised action on sustainability and consumer protection and commitments to address social dumping and regulatory arbitrage. Centre-right MEPs were reassured about commitments to the EU’s fiscal rules and more disciplined use of regulatory Impact Assessments. Commissioners-designate for energy, transport and digital infrastructure promised the always popular tonic of new spending while others aligned with MEPs critical of Member States for undermining EU rules. The hearings focussed on setting a tone of collaboration.

But it is worth bearing in mind that once out of the approval process, this Commission like every other will be an exercise in day-to-day, issue-by issue

political management, much of it focused on building and sustaining the support of the European Council. Delivering on some of Juncker's most interesting ideas - deepening the liquidity pool of European capital markets, completing the EU-US TTIP trade and investment agreement, an EU 'Energy Union', a stronger EU dimension to the anti-tax avoidance agenda via state aid - will be determined by Juncker's political management skills in national capitals. He has also chosen a two-tier institutional structure for his Commission, and blurred lines between important dossiers, that will make managing his own team a challenge in its own right. Much more than any political agenda, his political management skills are likely to define this Commission.

### Getting the Juncker house in order

Much of Juncker's agenda requires collaboration and less compartmentalised working in the Commission itself, as does his proposed two-tier thematic Vice Presidential structure, which leaves his Vice Presidents potentially stranded without the support of their line Commissioners. This will rub against the empire-building instincts that traditionally emerge after confirmation hearings and a key early test will therefore be for Juncker and his Vice Presidents to establish collective responsibility and genuine authority. They are backed with substantial new resources for the Commission's Secretariat General, but relationships and personal authority will be key.

In spending areas, this will be embedded by protocol. Some form of 'dual-key' approach to spending approvals can be expected. Competitiveness Vice President Jyrki Katainen will have an initial job euthanizing multiple commitments to the European Parliament on the spending of Juncker's mooted €300bn stimulus package, much of which is not new money and all of which was spent at least twice over in Parliamentary hearings. The relationship between Commissioner for Economic and Financial Affairs Pierre Moscovici and his line manager Vice President Valdis Dombrovskis has actually been set down in writing, in part to placate critics of the handing of the job of policing EU fiscal discipline to a Frenchman.

Commissioners with the most aspirational targets will be even more dependent on levers outside their own control. Internal Market Commissioner Elżbieta Bieńkowska's extraordinary promise to return manufacturing to 20% of EU GDP (currently 15%) was one of many commitments that would in theory depend on policy choices in trade, state aids and environmental regulation and on Member States'

policies on skills and education. Better Regulation Vice President Frans Timmermans was compelling on the need for better impact assessments and checks on regulatory creep in the EU legislative process, but without any formal regulatory powers of his own, making a substantive impact on EU red tape will mean either voluntary or enforced oversight of his colleagues work and their legislative proposals.

These dynamics are likely to be an important thread in the Juncker Commission. Juncker will often face a political choice between intervention to split the difference between Commissioners jealous of their own territory and empowering his VPs to overrule them on his behalf. His decision to effectively strip Trade Commissioner Cecilia Malmstrom of powers to close a deal with the US on Investor State Dispute Settlement without the explicit oversight of Frans Timmermans was in large part an inelegant way out of a corner he had backed himself into with the European Parliament, but it also revealed a temptation to both intervene and delegate at the same time.

### Raised by the Council

Even with his own house in order, Juncker's Commission will spend much of its time navigating the push and pull exerted by the European Council. Previous Commissions seeking to set an EU agenda, and Commission Presidents forcing compromise in their college, have relied on a strong mandate from Member States, and from France and Germany in particular. This has been true with Kohl and Mitterrand on monetary union and 'Merkozy' on the institutional response to the Eurozone crisis. Clear (even if not unanimous) Council leadership on issues like the creation of the Single Market and the eastward enlargement of the EU both allowed the Commission to place itself at the apparent vanguard of EU policy.

Current disagreement and mistrust between Paris and Berlin on fundamental questions of the Eurozone's evolution makes this unlikely for Juncker. Other Member States' leadership attempts - whether the UK pushing for services markets liberalisation or more subsidiarity or Italy pushing for a shift of focus in fiscal governance towards greater flex on budgets and more support for national structural reform - are probably too obviously focussed on national interests to set the agenda for Europe as a whole. Juncker's sweeping but insubstantive priorities are in part an attempt to compensate for this absence of a grand bargain between Member States to build his Commission on.

Despite the claim that he will bring a fresh breeze of ‘political’ leadership to the Commission because of his pre-endorsement by the European Parliament, Juncker’s provenance as the legislature’s candidate of choice does not offer much of a solution to this ‘vision’ problem. Behind the fragile united front of the *spitzenkandidaten* process there is little more substantive agreement on political priorities in the European Parliament than in the European Council. Delivering for his left-right coalition of supporters in the Parliament in fact will demand a muting of Juncker’s political instincts, not a sharpening of them. He is the expression of the Parliament’s desire to demand its own prerogative, rather than any particular political or policy preferences. The hearings reinforced this by emphasising that MEPs’ main area of consensus is around the institutional role of the parliament, rather than policy priorities.

All of this suggests that rather than the vehicle for any top-down priorities this will be a ‘sum of its parts’ Commission. Individual Commissioners will be most successful if they can weld together priority aspects of their inherited agendas around two or three key personal or political insights, and win allies across the college for discrete projects. Jonathan Hill is the clearest example of this, grounding his agenda in that of his predecessor - making new and complex supervisory regimes for the EU and the Eurozone work in practice - while also nudging the EU financial services agenda away from new regulation towards market deepening for capital raising or credit securitisation. Margrethe Vestager has done the same on tax and state aid. Others can be expected to follow their example. The most effective Commissioners are likely to be those who respond effectively to the evolving agenda.

A simple mental exercise makes the point. Outgoing President Barroso set out his stall in 2004 unaware of how the 2007 Stern report, the Eurozone sovereign debt crisis, the Arab Spring or a more assertive Russian foreign policy in Eastern Europe would ultimately shape his legacy. If anything, current economic and political uncertainty means the power of events to shape this Commission is perhaps even greater. Interestingly, only the new High Representative Federica Mogherini, chose expressly to acknowledge this in her hearing.

Mogherini’s focus on bureaucratic information and stakeholder management, and her designation of every region of the world as ‘high priority’ at times disappointed MEPs. But risk monitoring and retaining confidence of Member States is a much more informed strategy than the systematic lists of

priorities outlined by her colleagues. The creation of an EU political programme, and its allocation between Commissioners, is a necessary part of enabling a debate about the next five years. But it is also a tool that will quickly be overtaken by institutional preferences and by the pressures that will be imposed on the Commission by Member States. This Commission may have been born in the Parliament; it will be raised by the Council and its rites of passage are likely to be defined by events.

*This Global Counsel Insight note was written by Stephen Adams, Partner and Tom White, Adviser at Global Counsel.*

For detailed analysis of individual Commission hearings and policy agendas, or if you are interested in the impact of the Juncker Commission in your sector or area of policy, contact the authors via email: [s.adams@global-counsel.co.uk](mailto:s.adams@global-counsel.co.uk) or, [t.white@global-counsel.co.uk](mailto:t.white@global-counsel.co.uk)

*The views expressed in this note can be attributed to the named authors only.*

5 Welbeck Street  
London  
W1G 9YQ  
info@global-counsel.co.uk  
+44 (0)203 667 6500

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