

UNIVERSITY OF BERGEN  
*Department of Administration and Organization Theory*

## **AORG350**

**Master's Thesis in Administration and Organizational Science**

### **From Crisis to Organizational Loss of Legitimacy**

**A case study of the European Commission during the European  
debt crisis**

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## Chapter 1- Introduction

After George Papandreou, the newly elected prime minister of Greece, in late 2009 revealed that Greek public debt and deficit figures for years had been massively misrepresented by his predecessor's government, the stage was set for a decisive new chapter in the history of the European Union (EU) (Pisani-Ferry, Jean, 2014:8). Greece was forced to request financial aid, and later they were followed by Ireland and Portugal. The situation dramatically worsened when the much larger countries Spain and Italy were proven to have similar debt problems. The European debt crisis<sup>1</sup> would abruptly evolve into a large-scale crisis beyond just the Eurozone countries, affecting the rest of the EU member states, as well as severely influencing global markets. The debt crisis would alter the European agenda for many years, with restructuring efforts, disagreements about the direction forward, bailouts, rising unemployment, growing interest rates and austerity policies stealing the headlines. As a consequence of this, the political implications were also substantial. Incumbent governments in many Eurozone countries would go on to lose subsequent elections, and public dismay, particularly in the member states where the austerity measures had the most devastating immediate effect, was widespread. This had a substantial effect on the European Commission (EC), as the leading organization of the EU. Instead of focusing its efforts on agriculture, trade and standardization, the agenda had to be turned around, in order for the EC to be able to extinguish the flames of the crisis.

Personally, my perception of the EU was forever altered after the crisis broke out. Of course, like most people, I knew what the EU was, roughly what its purpose was, where it was based, and that "those guys" managed the euro. But not much beyond that. Post-crisis? Overnight, the EU and the crisis was everywhere in the news. Abruptly, I heard about the European Central Bank (ECB), the Council of the European Union (the Council) and the (European) Court of Justice (ECJ). But it was one part of the EU puzzle that fascinated me the most, the European Commission. It might just have been the weight of the name, the commanding resonance, or simply just the structure of it all, but I was indeed fascinated. When I started to prepare for this thesis, I initially contemplated choosing the EC as a case, but then I chose to go bigger, I went with the EU itself as my case. However, eventually I

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<sup>1</sup> Many terms are applied to describe the crisis, i.e. the *Eurozone crisis* and the *European debt crisis*. It will be referred to as the *European debt crisis*, the *debt crisis* or simply, the *crisis*, in this article.

realized the EU would not be very feasible, and I returned to my initial plan of choosing the EC as a case.

As the debt crisis had such a devastating effect on the European continent for years, it would soon have consequences beyond the realm of finances and enter the political limelight. Soon enough, the EU, and the EC, would feel the effects of the crisis turn back on them. In light of this, one could ask whether – and to what extent – the EC might be viewed as suffering from a loss of legitimacy following the devastating economic effects the European debt crisis had on several of its member states. As a few years have passed since the height of the crisis, and as most European economies slowly are recovering, I think now is an excellent time to study the effects the crisis had on the EC’s legitimacy. The time is right because the dust has settled somewhat, and the debt crisis no longer is the subject of daily news coverage. I find it particularly interesting because a crisis of this magnitude in my view may have the potential to change many people’s view of both the EC, as well as the EU. Before the crisis most people would either be somewhat negative, somewhat positive or did not care or know too much about what the EC was. In the years following the debt crisis, people instead may have become more conscious about the EC, skepticism towards it could have become more widespread. As such, my formulation of the research questions (RQ) stands as follows:

*“What have been the effects of the European debt crisis on the EC’s legitimacy as an organization?”*

The research question will serve as the basis of the master thesis and will be examined through the lens of Hamilton’s model of ‘organizational loss of legitimacy’. This model provides a theoretical/conceptual framework for characterizing ‘organizational loss of legitimacy’ and can in my view be used to study the effect the crisis has had on the EU’s legitimacy. The model argues that when an organization faces loss of legitimacy, it can trigger events that lead to an organizational crisis, or organizational death (Hamilton, 2006:332-333). *Organizational death* will not be included in my application of the model. Instead, my emphasis will be on organizational loss of legitimacy, the precursor to a *legitimacy crisis*. Although Hamilton’s model is applied to private organizations in her article, I assess it to be general enough to be applicable to other organizations or institutions. I will expand on why I think that is, in section 3.3.

The structure of this thesis following the introduction is as follows:  
Chapter 2 will discuss the context and the background of the European Union, the European Commission, the euro, the European debt crisis, as well as introducing a number of established legitimacy issues the EC and the EU had been struggling with in the years prior to the crisis.

Chapter 3 will examine the theoretical framework of the thesis, first reviewing existing literature on the legitimacy of organizations, before going further into detail on Hamilton's model, as well as expanding on the four propositions. This will be followed up by a section where I will assess whether or not the model is applicable to public organizations as well as the private organizations studied by Hamilton. Additionally, the mentioned propositions are discussed in further detail, before I assess whether they are applicable to my study of the EC during the debt crisis. In addition, I argue whether or not the model can be restated, in order to better suit the study of the EC during the crisis. Finally, the chapter includes a section where I operationalize every proposition, in order to facilitate measuring them.

Chapter 4 reviews the methodological choices for the measurement of every proposition, in addition to assess which type of case study is best suited for the thesis. Moreover, the collected data for the thesis will then be presented and discussed. Next, the different potential methods best suited for the propositions are debated. At the end, questions of measurement issues, in addition to reliability and validity are discussed.

Chapter 5 analyzes all the findings for the different proposition, and the chapter is finished with a brief general discussion about the findings.

Chapter 6 answers every proposition, as well the research question. While the final section discusses how this work can be built upon, and discusses limitations to my study, as well as suggesting avenues for future research.

## Chapter 2 - Context

In order to fully grasp the scale of the impact the debt crisis had on the European Commission's (EC) legitimacy as an organization, the background of the crisis needs to be explored. This entails background on the EU and the EC, the Euro, as well as both the debt crisis and its precursor, the financial crisis of 2007-2008. These four topics are linked together. The Euro would naturally not be a phenomenon if the EU did not exist (at least as we know it), and several scholars would claim that the debt crisis could have been avoided had it not been for the Euro or if its participation criteria had been strictly managed. In addition, despite some observers' claim that a crisis within the Eurozone was inevitable (Blyth, 2013; Hall 2012), the financial crisis originating in the US ultimately triggered the debt crisis.

This chapter will shed light on the four mentioned topics, the EU, the Euro, the financial crisis and the debt crisis. First, I will give a brief overview of the EU and its history, with emphasis on key events that furthered European integration, and why such an expansion of its policy areas and size was seen necessary by the European leadership and key state leaders. In addition, I provide a short timeline for the EC's history from its inception until today and discuss how it has developed. Second, I will discuss the timeline of the implementation of the Euro, from the inception of the idea of a common currency, via the key events that lead to its creation during the late 1980s and early 1990s, and the implementation itself from 1999 until 2002. Furthermore, I will discuss why nation-states such as Greece were allowed to become a part of the Euro, without meeting the convergence criteria set by the Maastricht Treaty, and why European leaders viewed it as vital to include such countries (European Commission, 2019b). In the third part I will study the two crises, with a little background and what effects the financial crisis had on Europe and how it helped trigger the European debt crisis. The debt crisis will be discussed in detail, with a timeline, an overview and more a more in-depth look at some key events, as well discussing some of the responses the European leadership had to the crises. At the end there will be a discussion of how these various topics are connected to the legitimacy of the EU and EC (in section 2.6).

### 2.1 – The European Union

The research question of this thesis seeks to understand the connection between the European debt crisis and the legitimacy of the European Commission. Therefore, is it important to

understand the role, powers and structure of the European Commission, in addition to the background and the development of the EU as a whole. So, this section will discuss such topics as the early idea of European integration, some of the key people in the foundation of the early cooperation, the driving forces for further integration, expansions, legitimacy of the European project and a timeline of the European Commission's development.

### 2.1.1 – Ideas of Unity

The idea of a united Europe dates back long before the creation of the European Coal and Steel Community (ECSC) in 1951. Ideas of European unity were shared already following the American Revolutionary war by Marquis de Lafayette, a French military officer who fought the British alongside the Americans. He expressed interest in the idea of a United States of Europe based on the model of the American system of states. This idea was later repeated by novelist Victor Hugo and Italian politician Giuseppe Mazzini in the 19<sup>th</sup> century (Dinan, 2004, p. 3). However, it was not until the catastrophe of the First World War that visionaries *en masse* proceeded to truly put this idea on the agenda, right across the political spectrum. Furthermore, the devastating impact of the Second World War would fuel the support for such a union further. Europe had seen tens of millions of people lose their lives, and the prospect of another war of this magnitude or worse was something that had to be eliminated (Dinan, 2004, p. 9). During the war, the French diplomat Jean Monnet started discussing these ideas with Allied leaders and claimed that there would be no lasting peace in Europe if the states were constituted based on national sovereignty. He further claimed that the countries of Europe were too small to guarantee their citizens the necessary prosperity and development; thus, the states of Europe should work to become a federation. A united Europe, integrated in terms of economy and military, would strengthen prosperity and hinder their motivation for intercontinental war (European Union, 2020). Similar ideas were also shared by the Italian politician Altiero Spinelli, who during his years as a political prisoner in Mussolini's fascist Italy was the primary author of the Ventotene Manifesto<sup>2</sup>. This manifesto claimed that the only way to ensure a lasting peace in Europe was through a federation of states, which would help to counteract what Spinelli and his co-authors considered the destructive effects of

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<sup>2</sup> The manifesto took its name from the Italian island of Ventotene, where the prison camp they were incarcerated was located.

nationalism. What separated this manifesto from the writings of earlier thinkers was that this was not just seen as an ideal, but the optimal solution for a post-war Europe. Spinelli would later be the founder of the Federalist Movement of Europe and would remain an influential character serving for instance as political advisor to the Italian prime minister Alcide de Gasperi (European Union, 2018).

### 2.1.2 – Formalizing the Integration

As the ideas of an integrated Europe had started to formalize prior to, and during the war, European integration was seen as the antidote to the extreme nationalism that had led to the devastating wars of the early 20<sup>th</sup> century. Even Winston Churchill spoke in favour of a United States of Europe in a speech from 1946 (Churchill, 1946). Several efforts were made to include many of the European countries as members in a future union, but eventually the six countries of France, West Germany, Italy, the Netherlands, Belgium and Luxembourg created the ECSC. The idea behind this union was that as coal and steel were the two essential resources for waging war, tying these industries together would make a future continental war less likely. Although this was a step towards a more integrated Europe, it was still far below the ambitions of those who desired a federation of European states. Other European nation-states were invited to join, but had their own reasons not to, like Finland, Austria and Sweden, who wished to remain neutral with regards to the Soviet Union (McCormick, 2011, p. 54).

The six ECSC countries decided to take further steps towards integration at a meeting in Messina, Italy in 1955. This meeting formed the starting point for an agreement towards developing common institutions, creating a common market, and even harmonizing a larger portfolio of social policies (McCormick, 2011, p. 54-55). This meeting led to further negotiations that in 1957 would culminate in the treaties of Rome; creating the European Economic Community (EEC) and the European Atomic Energy Community (Euratom). The administrative structure of the EEC consisted of a Commission, a Council of Ministers and a Court of Justice. In addition, there was a Parliamentary Assembly, which covered all the three communities (EEC, Euratom and ECSC). One of the motivations for this increased integration among the Six was the development in the east. The Soviet Union was considered a threat, and a closer integration economically was believed to strengthen the countries. In addition, there was little doubt that the Six were relying on the support of the US in the event of

aggression from the Soviet Union, and a strengthened integration would make them a stronger unit in negotiations with the US.

### 2.1.3 – Expansions

The way forward for the EEC was to expand its membership beyond the Six. However, not much enthusiasm was present among the other countries at this point, though they did understand the value of tighter integration of markets. Therefore, the European Free Trade Association (EFTA) was created in 1960, which included the “outer Seven” (as opposed to the inner Six) of Austria, Britain, Denmark, Norway, Portugal, Sweden and Switzerland. This was not nearly as integrated and committing as the EEC. For instance, EFTA did not operate common external tariffs like the EEC, and the member states were free to negotiate these tariffs individually (Curzon, 1974, p. 104). The EEC member states had made impressive economic and political progress, and several of the outer Seven countries were eager to be a part of this prosperous union, especially British industry (McCormick, 2011, p. 56-57). Only a year later, four of the EFTA members, Britain, Ireland, Denmark and Norway<sup>3</sup> decided to apply for membership in the EEC. However, despite early success in the negotiations, French President Charles de Gaulle vetoed the decision to proceed, as it clashed with his vision of the EEC based on a Franco-German axis. Furthermore, he was sceptical about Britain’s sudden interest, as they had mostly been absent from the integration movement of the 1950s, as well the prospect of the UK giving the US too much influence in the EEC. As the four countries applied together, these countries were rejected as well. Britain applied again in 1967 with the same result. When de Gaulle eventually retired as President in 1969, the four countries once again decided to apply for membership. Britain, Ireland and Denmark joined the EEC in 1973, whereas Norway did not, as its people marginally rejected it in a referendum the previous year (Norman, 1989, p. 453; Pettersen et al., 1996, p. 257).

In the years that followed, another country, namely Greece, joined the EEC. Greece had been an associate member since 1961, but due to a military coup in 1967, further plans of accession fell through. However, with the return to a democratically elected government in 1974, they immediately applied for membership, eager to consolidate its fragile democracy.

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<sup>3</sup> Norway joined the process a year later, in 1962.

Greece became a full member in 1981. With the fall of the undemocratic political regimes of Spain and Portugal in the mid-1970s, they eventually joined the EU as full members in 1986. This marked the end of the first wave of enlargements (Strielkowski & Höschle, 2013, p. 618).

#### 2.1.4 - Tying the Knots

Now, the European Community<sup>4</sup> was abruptly becoming a substantial organization, with ever increasing influence. After the accessions of Spain and Portugal in 1986, it numbered 322 million people, and accounted for more than one-fifth of world trade. There were many positives to draw on with regards to the economic integration and progress. However, politically, the development had challenges. It was still not considered a very representative organization with regards to directly representing the European citizens. The Community, and in particular the EC as well as the whole European project, was by some regarded as an elitist top-down project initiated and developed by national government leaders and technocrats in the EC (Best, et al., 2012; Pausch, 2014, p. 1-2). However, Andrew Moravcsik (2002, p. 621-622) contests this claim, asserting that there is no evidence for a fundamental democratic deficit in the EU. The reason is that the decision-making processes in the EU do not diverge substantially from those of modern democracies. However, this issue of the democratic deficit has remained a vigorous academic and public debate over the years (see also below).

In addition to such democratic deficit concerns, there were also concerns about the functioning of the European Community's single market. The common market's further development was hindered by barriers to the free movement of people and capital, and other challenges linked with national differences in policy (McCormick, 2011, p. 59). Soon enough the controversial question was raised whether the single market could truly be completed without the creation of a monetary union. Consequently, this led the European leaders to launch two initiatives, namely the European Monetary System (EMS) and the Single European Act (SEA). The Euro and the EMS will be expanded upon in section 2.3.

The rationale for the signing of the SEA was the concern that member states prioritized protecting the national economies with subsidies, and not the full extent of the European

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<sup>4</sup> The EEC was by this time known as the European Community.



common market. Thus, it was considered necessary to fully reform the single market in order to stay competitive in world trade (particularly with regards to the recent economic growth of the United States and Japan) (Moravcsik, 1991, p. 23). The Act was signed in Luxembourg in 1986 and was the first major change the treaties of the European Community since the Treaty of Rome of 1957. The main goal of the act was to remove barriers between the member states, such as physical barriers (customs and passport controls), fiscal barriers (related to taxation) and technical barriers (i.e. standards, laws, qualification) (Moravcsik, 1991, p. 19-20). As extensive as the SEA was, it did not encompass common European policy in areas such as immigration, visa and asylum. Open borders were dealt with in the Schengen Agreement of 1985, where France, Germany and the Benelux signed early, and have in later years been joined by all member states in signing the agreement<sup>5</sup>, in addition to the remaining EFTA countries of Iceland, Liechtenstein, Norway, and Switzerland (Schutte, 1991, p. 549-50).

The SEA laid the groundwork for further integration within the Community and, with the fall of the Berlin wall in 1989 as well as the Soviet Union and the Iron Curtain in the early 1990s, led the way for further development of the Community. Steps to further political integration were taken and culminated in the signing of the Treaty of the European Union<sup>6</sup> in Maastricht in 1992. This major step towards a political union would – in addition to from now on being called the European Union (EU) – make it a more visible presence in the minds of the member state citizens (Moravcsik, 1991, p. 56).

#### 2.1.5 - Further Expansion and Present Standing

Following the Maastricht Treaty, Austria, Finland and Sweden became members of the EU in 1995, making all of Western-Europe (except the EFTA-countries of Iceland, Liechtenstein, Norway and Switzerland)<sup>7</sup> a part of the EU. Following this expansion was a few years marked by the implementation of the Euro (more on this in section 2.2). After that, the EU experienced the largest expansion of the European project yet when ten new countries,

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<sup>5</sup> The UK have excluded themselves from large parts of the agreement, due to them being an island nation-state. Ireland have followed the same path because of their previous passport agreement with the UK.

<sup>6</sup> Commonly known as the *Maastricht Treaty*.

<sup>7</sup> With exception of the latter, these countries became a part of the European Economic Area in 1994.

consisting of former Eastern Bloc countries, in addition to Malta and Cyprus, joined the EU. Up until this point, the EU had consisted of mostly wealthy west European countries. Now, however, many not so wealthy Eastern and Central European countries became a part of the Union and were promised a rapid rise in economic performance. This was also the first time former Soviet Union republics (the three Baltic states: Estonia, Latvia and Lithuania) would become a part of the EU. Despite the addition of ten countries, this was not a massive increase in terms of population or economy. The increase in population would only be around 20 per cent while all their combined economies would still be smaller that of the Netherlands. Three years later, they were joined by another two former Eastern Bloc countries, namely Bulgaria and Romania. Croatia became a full member in 2013, while countries such as Iceland<sup>8</sup>, Macedonia<sup>9</sup>, Montenegro, Serbia and Turkey are/or have been candidates to the EU since the 2004 expansion (European Commission, 2019b).

With its mass expansion since the 1990s, EU has been forced to evaluate its system, and potential reforms. A recurring theme is the need for more democracy within the system, in order to bring it closer to the citizens. A debate that has been prevalent in the later decades has been whether to go wider (enlarging the Union to include larger parts of Europe) or go deeper (increasing the scope and strength of the EU's powers) (Kelemen et al., 2014, p. 647). While some scholars and EU leaders would claim that one does not have to exclude the other, others claim the feasibility of the two in unison could have dire consequences of flawed development, and situations where the EC and member state governments push through policy and enlargements without considering the outcomes (Haynes & Pinnock., 1998, p. 424). However, followers of the 'hand-in-hand' approach defend this pursuit with the claim that widening can in fact facilitate deepening. This happens because widening can generate a legislative gridlock that increases the room for manoeuvre for supranational organizations such as the EC, and they can exploit their discretion to pursue their preferences for deeper integration. In addition, widening creates functional pressures for institutional reform that eventually facilitates deepening (Kelemen et al., 2014, p. 648-49). Therefore, it might not be so outlandish that the EC has been pushing for further widening.

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<sup>8</sup> Iceland revoked its candidacy in March 2015 and is no longer considered an EU Candidate Country.

<sup>9</sup> Since February 2019, Macedonia is formally known as the *Republic of North Macedonia*, in order to distinguish itself from the Greek region of Macedonia.

### 2.1.6 – The European Commission

The EC was founded by the Paris Treaty of 1951, and was at that point known as the ‘High Authority of the European Coal and Steel Community’. It was initially led by one of the EU’s founding fathers, Jean Monnet, from 1952-57. In the first few years its role was mostly administrative and co-ordinational, but with the Treaty of Rome in 1957 its influence grew, in addition to being named the Commission (of the EEC). France would initially be skeptical of the powers of this organization, as it was designed to be an independent institution. As the Commissioners would not officially serve the interest of their state, but the common good of the EEC and its member states, France would much rather see that the Council had proportionally greater powers. However, other member states such as Germany viewed it as crucial to have an organization that focused on the greater purpose of increased economic prosperity across the countries (Hooghe, 2001, p. 6). The incoming President of the Commission in 1957, Walter Hallstein, envisioned a Commission that would have power and influence, and have a strict hierarchical administration, in addition to full independence from the member states.

During the post-Hallstein years, the EC would remain a rather quiet and uncontroversial institution within the EEC. It was not until the ascent of Jacques Delors in the mid-1980s that the Commission would take the center stage. Delors would make sure that the Commission was a driving force in the European project, and not just a facilitator and administrative organizer. As will be expanded upon in section 2.2, one instance where the EC would take this role of driving force was when the monetary union became a serious topic. The EC needed a project where its expertise and leadership would be needed, and the Euro project had the potential to become that. The Commission would continue to increase its influence and power over the years in the form of increased powers to the President, culminating in the Commissions of Barroso (2004-2014) and Juncker (2014-2019). These developments reflected the hierarchical ambitions of Hallstein (Hooghe, 2001, p. 8).

Today, the political leadership of the EU is composed of 27 Commissioners (one from each country), led by the Commission President, who decides which policy area each individual Commissioner is responsible for. At the beginning of every new Commission term, which is every five years, the president determines the political priorities of the upcoming term of office. These priorities are further turned into concrete actions on a yearly basis through an annual work programme. The everyday running of Commission is conducted by

its staff, who are organized into Directorates-General (DGs), each of whom is responsible for one specific policy area. The DGs are led by a Director-General who reports to a Commissioner. Examples of such DGs are Economic and Financial Affairs (ECFIN), European Neighbourhood and Enlargement Negotiations (NEAR) and Research and Innovation (RTD). As of early 2020, there are 33 such DGs. In addition, there are six executive agencies, and 15 service departments, totaling 52 departments and agencies (European Commission, 2019a). Thus, the EC has developed into a sizeable institution, with a total staff of 32 000 people.

The role of the EC today is to act as the executive branch of the EU. It proposes legislation, manages EU policies and allocates EU funding, enforces EU law, and represents the EU internationally (European Commission, 2019a). Until the signing of the Lisbon Treaty in 2009, the EC shared the executive role with the Council, which officially held both legislative and executive powers. However, as the different Commissioners sit for five years at a time, and the Council presidency rotates between countries for six months at a time, the consistency and influence of the EC in terms of policy propositions can be considered to be greater. EU regulation and directives are customarily adopted through a legislative procedure called ordinary legislative procedure (OLP). OLP is ordinarily conducted in four steps (European Parliament, 2019, p. 11-24).

- 1) The EC submits a proposal to the Council and the Parliament.
- 2) The Council and the Parliament adopt a legislative proposal either at the first reading or at the second reading,
- 3) If the two institutions do not reach an agreement after the second reading conciliation committee is convened.
- 4) If the text agreed by the conciliation committee is acceptable to both institutions at the third reading, the legislative act is adopted.

As the EC holds the 'right of initiative' in OLP, which is manifested by Article 17 in the Treaties of the European Union (TEU), the notion that the EC is the chief executive institution in the EU is further strengthened (European Parliament, 2019, p. 11). Legislative initiative can according to the treaties in certain cases be submitted from a group of member states, on recommendation from the ECB, or at the request of the Court of Justice (ECJ). However, the vast majority of proposals are submitted by the EC. Therefore, a key part of the ECs day-to-day agenda is about formulation of legislative proposals.

Since a close relationship to the different member states is important for the EC to uphold its influence, the EC cultivates member state relationships using several different approaches. The most central ones are direct relations with individual member states, as well as attending European Council<sup>10</sup> meetings. The latter is attended by the President of the EC and the High Representative<sup>11</sup>, in addition to the heads of states or governments, as well as the President of the European Council. This is important, as the EC thus is present at the summits where key European issues are discussed, and thereby maintains a solid amount of influence.

Hence, the EC is a very central institution within the EU and has developed into a sturdy executive organization, and has during the years substantially increased its influence. It is now, in practice, the only EU institution that has the right of initiative and has assumed a leading role in foreign affairs. As I will discuss in more detail in Chapter 3, this justifies my focus on this institution in my empirical analysis.

## 2.2 – The Euro

In order to understand how the debt crisis could take place, it is vital to get a basic understanding of the Euro and what the motivations for its implementation were. In addition, the leading role the EC had in its inception is important, as they can be argued to have a responsibility for many of the misconstructions of the Euro and might thus partly be held accountable for the crisis that would emerge.

### 2.2.1 – Initial Stages

The idea of a monetary union was not an entirely new concept prior to the Euro. There were monetary unions in Europe in the nineteenth century, for instance the Latin Monetary Union<sup>12</sup> of 1865, and the Scandinavian Monetary Union of 1872 (Pisani-Ferry, 2014, p. 19). These were based on metallic currencies and were dissolved in the 1920s. Other examples are former empires that used a common currency and where the currency outlived the empire, like the Austro-Hungarian crown and the Soviet Union rouble. These did however not last for

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<sup>10</sup> Not to be confused with the Council (of the European Union).

<sup>11</sup> Official title: High Representative of the Union for Foreign Affairs and Security Policy.

<sup>12</sup> Comprised the countries of France, Belgium, Italy, Switzerland and Greece.

long. In fact, the Euro is the sole transnational currency issued and managed by a single common institution. While the idea of a common currency had floated since the beginning of the European project, it was not until the late 1980s that the idea manifested into a concrete plan, led by the European Commission president Jacques Delors. The idea of a common currency was considered the logical next step after already establishing a customs union, a common trade policy, and a common competition policy. In addition, regulatory barriers to trade within the EU were abolished, and a single market for goods, services and capital was in the process of implementation (1986-1993) (Pisani-Ferry, 2014, p. 20; Marsh, 2011, p. 14). While other initiatives of the EU have come at a cost of sovereignty for the member states, there has probably not been a more ambitious and radical proposal with regards to concessions of sovereignty than that of the Economic and Monetary Union (EMU) (Sandbu, 2017, p. 2).

One of the main motivations for pursuing a monetary union was the general dissatisfaction with the new system of floating exchange rates among European countries. France and Germany (and most of Continental Europe) were particularly negatively disposed to it. In their view, the prevailing system encouraged speculation and distortion, which conflicted with proper economic management and increasing welfare (Marsh, 2011, p. 14-15). Furthermore, the European stance was that the current system of fluctuating currencies eventually would lead to economic and political disorder, drawing on the lessons of the turbulent 1920s and 1930s. Therefore, the European countries had contributed in attempts to stabilize exchange rates globally and regionally following the Second World War, which culminated in exchange rate arrangements in the 1970s, most notably the European Monetary System (EMS) (Pisani-Ferry, 2014, p. 23). The goal of the EMS was to link the currencies among the core EC members in order to prevent large fluctuations relative to one another (Marsh, 2011, p. 15). In 1978 eight out of the nine<sup>13</sup> current EC members decided to join the Exchange Rate Mechanism (ERM) of the EMS, in many ways launching the long journey towards a common currency.

Eventually, the 1980s proved to be an era of increasingly volatile currency upsets, and the EMS would become gradually more dominated by the German mark (D-mark) as the EMS 'anchor-currency'. This was due to the growing strength of the German economy in addition

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<sup>13</sup> The UK decided against joining in 1978. They did join in 1990, only to leave once more in 1992.

to its steadfast and independent Bundesbank (Marsh, 2011, p. 15). With time, the European governments came to realise that the EMS system of fixed exchange rates was unfeasible in the long run, and the only way to truly avoid future exchange rate wavering was to eradicate all national currencies and generate a completely new common currency.

### 2.2.2 – From the ERM to the Euro

As many European countries by the late 1980s effectively already had given up their monetary autonomy to the Germans and the Bundesbank, the new European Central Bank was created to partly imitate the Bundesbank. Initially it would be France (through president François Mitterrand) that was one of the driving forces for the monetary project. This was because he had left his ambitious and radical idea of social transformation in France in the 1980s, and in his second term decided to let European integration take centre stage. This was both a pragmatic and idealistic manoeuvre. He was a firm believer in a unified Europe, but also saw a more integrated Europe as an arena where France could control the Germans (Pisani-Ferry, 2014, p. 25). In addition, it was an opportunity to end the franc's status as an inferior currency to the stable D-mark. For the newly joined member states of Greece, Spain and Portugal, the motivation to take part in the monetary unification was linked to leaving behind the days of feeble growth in productivity, cycles of inflation and depreciation, and finally catch up economically with the rest. Such a drastic move would benefit their status as prosperous, modern, and stable democracies (Sandbu, 2017, p. 13).

By the early 1990s, Mitterrand was not alone in working for a more unified Europe, and other national leaders, most notably German chancellor Helmut Kohl, were also open to further integration. However, incentives to get the project rolling were needed, and German reunification proved to be the push they required. German reunification would have a substantial impact on the entire Union, and Kohl was ready to speed the process up by showing his commitment to the process of integration. And thus, much was done. At least politically. Monetarily, the Germans also wanted increased economic firmness within the single market, and a shelter from fluctuating exchange rates (Sandbu, 2017, p. 13).

The design of the Euro was mostly being handled by economists and technocrats under Jacques Delors' leadership. A key aspect in the design of the new ECB, which it also inherited from its inspiration the Bundesbank, was the complete independence from political control, and the task of keeping inflation low and stable, at around 2 per cent (Dyson, 2010, p.

603). This was a condition set by the Germans, in order to keep domestic tensions at bay. The French were not very excited by these conditions, but the prospect of a less volatile exchange rate and a stable inflation rate, was something that many member states could like (Sandbu, 2017, p. 16). The anticipation was that this would increase productivity in all the member states in the long run, thus creating a stronger competitive advantage for the European economies on the global economic stage (Sandbu, 2017, p. 16-17).

One major concern for the Euro's founders was that there would be a large risk attached to the fact that all the national governments controlled their own fiscal deficit and debt, without any supranational instrument to chastise those who disobeyed the criteria. Such uncoordinated fiscal policy leads to the probable outcome that national governments will not be overly concerned about how their budget will affect other member states (Dyson, 2010, p. 604). A response from the Commission was that a principle of solidarity and joint responsibility among the member states should not be ruled out, possibly foreshadowing the events of the 2010s. The prospect of bailouts was not unheard of, and a severe concern for the Germans, as they expected they would be the main contributors in such an event. The Maastricht Treaty accommodated such concerns with some formal demands for future members of the EMU. This would be known as the 'stability and growth pact' (SGP). The rules of entry to the Euro included a ceiling of 3 per cent deficits, and public debt under 60 per cent of national income (Sandbu, 2017, p. 19). These rules would in the end not be too strictly upheld, as Belgium, Italy and Greece all were admitted with debt levels well beyond the 60 per cent limit. Greece barely made it past the deficit limit due to some leniency and creative calculation. In the years leading up to the implementation of the Euro, many economies did show signs of developing more balanced budgets, with reductions in deficits, decreasing public debts and stabilizing inflation in countries that had such struggles in the past. This effect pleased the markets, and many investors would be quick to deem the project a success. However, some of this praise would prove rather hasty.

### 2.3 – Crises Emerge

The two crises of the late 2000s and early 2010s would have a devastating effect on the EU member states and the EC as an organization. The financial crisis of 2007-2008 would initially strike the hardest in the United States. Yet, it would have ramifications on a global scale, including in the EU. In order to understand the Eurozone debt crisis, it is vital to grasp



what happened across the Atlantic in the years prior. One can question whether a crisis would have struck in the Eurozone sooner or later, but it is clear that the financial crisis sped up that process. In addition, the role the EC (together with the rest of the Troika) played is vital to understand. They made many choices that would have an instrumental effect on the affected countries, in addition to the whole Euro area and the Union in general.

### 2.3.1 – American Apprehension

As American banks began to collapse during 2007 and 2008, it was clear that something deeper was afoot. This would prove not to be just an ordinary recession and a general business cycle decline. When even giant corporations like the investment bank Lehman Brothers filed for bankruptcy, and other colossuses like Bear Sterns and Merrill Lynch had to be acquisitioned and sold, respectively, the mood changed from severely concerned to widespread panic. The effects of the crisis would have global impact. IMF reported that 91 economies, which represented two-thirds of the global domestic product in purchasing-power parity, experienced a decline in output in 2009. This constitutes the largest negative shock in the post-war era (Wolf, 2018a) – until the current Corona-crisis.

Initially the countries that suffered the toughest hits were western economies, particularly those with powerful banking sectors. However, it would not take much time before emerging economies would feel the heat, ultimately almost being affected to the levels of the western economies. One of the main direct explanations of the global decrease in output would be attributed to the low levels of investment (Wolf, 2018a). This had a tremendously negative impact on many EU and Eurozone countries, where countries like Greece and Ireland were hit especially hard (Ball, 2015). This in turn set the stage for the European debt crisis, which will be discussed in the next part.

### 2.3.2 – European Emergency

In November 2009 it became evident that the deficit of the Greek government budget in fact was twice what Greek government had previously presented. These harrowing revelations led to Greece no longer being able to borrow money in the international financial markets, which again led the Commission, the ECB and the IMF to initiate a program of financial help backed by an ‘economic adjustment programme’. This meant Greece could borrow indispensable liquid assets in order to pay off debt and disburse public wages, but in turn had

to abide by the rules set by the so-called Troika. They required extensive structural reforms and financial retrenchment. The immediate effect of this was that the deficit was severely reduced. However, the financial retrenchments (for instance public sector cuts) inevitably would reinforce the economic decline, eventually causing the unemployment rate to exceed 25 per cent (Pisani-Ferry, 2014, p. 85). However, the debt would only increase, and the prospect of Greece being able to repay its debt seemed ever more unlikely. The country appeared to be practically insolvent and was shut out of the bond markets. To add to the misery, a decade of large-scale wage and price increase had severely deteriorated Greek competitiveness, something that further complicated the matter of getting the economy back on track (Pisani-Ferry, 2014, p. 87-88).

For many independent economists, classic solutions, like devaluation, would make the most sense to improve competitiveness. This was however unfeasible, as the Greeks were unable to adjust the common currency, and a devaluation would impact all other Eurozone member states. Thus, there was no optimal solution. One basically had to pick the least painful one. For the Germans, debt restructuring was the only viable solution. For France and the ECB, this was still a detested choice, which led to heated debates during the core phase of the crisis (Pisani-Ferry, 2014, p. 88-89). As time went, a compromise was developed that no one and everyone could live with. In October 2010 at Deauville in Normandy, France and Germany came to an agreement that ten days later would get the support of the remaining national governments and lead to the creation of the European Stability Mechanism (ESM). The ESM was fully operational in 2012 and would become the Eurozone's lending arm.

It was not until July 2011 that European leaders realised something had to be done quickly, and they agreed to reduce Greek debt by 21%, which eventually would prove insufficient. Ultimately, half of the Greek's government's debt was removed. By mid-2011 not only Greece was on IMF-EU assistance programmes, but Ireland and Portugal as well, something that lead many European leaders to believe the worst days of the crisis were behind them. However, this temporary calm proved to be one before a storm. It would soon be evident that Italy was having great problems, and that the crisis had reached them as well. To make matters worse, fears were beginning to spread about Spain, which had a sizeable property bubble and its banks had accumulated many bad loans. As the crisis returned in force in the autumn of 2011 it became evident that global investors were reluctant to invest in southern Europe, and increasingly so in the rest of the Euro area (Pisani-Ferry, 2014, p. 12). This lead the new head of the IMF, Christine Lagarde, to express the urgent need of recapitalization in

the Euro area. The gloomy prospect of Spain and Italy needing the same level of assistance as Greece, would make European leaders, as well as the Global economy, tremble. They represented 11 per cent and 17 per cent, respectively, of the Euro area GDP. A potential Spanish-Italian Euro exit would more than likely mean the end of the monetary project. This prospect would alert who were yet to realise the perils. Too much prestige was attached to this. In the eyes of the Euro-area leaders, the Euro simply could not fail (Pisani-Ferry, 2014, p. 12-13).

### 2.3.3 – The Crisis Response

A key part of the EC's (and the Troika's) response to the debt crisis has been the implementation of so-called *austerity* measures. Austerity is defined by Mark Blyth (2013) as “the deliberate deflation of domestic wages and prices through cuts to public spending”. Thus, in addition to reducing the state's debt and deficit, the intended long-term effect of these policies is to increase economic competitiveness and restore what advocates of such policies would refer to as “business confidence”. In the view of the “austerians”<sup>14</sup>, cuts in public spending will lead to private investment, as they can be assured that the market will not be crowded out by governmental stimulus efforts. Due to this, the proposed effect is that consumers and producers will become confident about future prospects, thus spending more, consequently helping the economy back to growth (Blyth, 2013; Dymski, 2019, p. 671). The term *austerity* is often applied by adversaries of such policies, while advocates put more emphasis on terms like fiscal consolidation and fiscal adjustment (Alesina & Ardagna, 2009, p. 8-9). As austerity is the most commonly used term to describe such means of financial restructuring, it will be the preferred term in this thesis.

The concept of austerity dates back centuries to British political and economist theorists such as John Locke, David Hume and Adam Smith (Blyth, 2013). Hume and Smith concluded that government debt would be poisonous to the economy in the long run, and thus had to be avoided, despite its appeal as a short-term funding mechanism for the state (Blyth, 2013). Throughout the nineteenth century British liberal thinkers started approaching the issue of governmental debt in two different ways. One of these was economist David Ricardo whose

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<sup>14</sup> A term coined the American economist Rob Parenteau to describe advocates of austerity policies.

solution was to exclude the state from getting involved in the economy, as the state's intervention would only be counterproductive to a market that would regulate itself. The other approach was the one of John Stuart Mill, who argued that government debt would not necessarily lead to a country going bankrupt and may well even be used to fund various social investments. Today, two famous representatives of each view are non-interventionist Friedrich Hayek and the proponent of state spending John Maynard Keynes (Skidelsky, 2006, p. 87-88).

In order to understand why the Germans have been such proponents of austerity, one must understand how its economy differs from other economies. First, the economic growth of Germany has always been export-led, and after the devastations of the Second World War the Germans prioritized rebuilding their capital stock (thus keeping a lid on domestic consumption), and recover export markets (which meant keeping costs, and thus wages, low) (Blyth, 2013). Between 1950 and 1959 the German GDP grew by almost 8% per year, a sensation known as the "Wirtschaftswunder" (The Economic Miracle), and by the early 1960s Germany had restored its position as the largest economic power in Europe (Eichengreen & Ritschl, 2009, p. 191-192). By looking at Germany's explosive growth, there is no wonder that many would want to copy the German approach. A stable, low inflation, competitive industry would tempt many a nation-state.

So, would the German austerity model be suitable for other economies? For certain economies, yes. According to Blythe (2013), this is most suited for supply-side, export-led economies, with strong monetary authority, in addition to having very competitive product (Blyth, 2013; Krugman 2012). However, due to basic logic, this can obviously not work for every single country. Not every country can run a surplus, and for one country to run a surplus another has to run a deficit. Hence, with regards to applying austerity for the entire Eurozone, this is according to Wolf (2014) not a realistic scenario, especially since many other of the industrialized Asian countries are running surpluses. Had the Eurozone been a small monetary union of export-led, highly competitive member states, success might have been possible. Yet, the composition of the Eurozone is not based on these criteria, and the 19 member states also have vastly different economies, thus making challenges likely.

## 2.4 – Legitimacy Issues

Over the years, critical voices have raised questions over the EC's (and the EU's) legitimacy and democratic deficit (Thomassen & Schmitt, 1999, p. 4-5; Tsakatika, 2005, p. 194).

Especially in the years following the Maastricht Treaty, there has been a stronger focus on whether or not the EC can be considered to be a legitimate organization, seeing as it has such an influence on policy affecting millions of European citizens. So, who does the EC draw its legitimacy from? A nation-state would draw its legitimacy from its people through elections, which would be formulated in a constitution (Hirst & Thompson, 1995, p. 76-77). In terms of where the EC draws its legitimacy, the European Union does not have a proper constitution. While one was developed and presented to voters in the member states, it was rejected in France and the Netherlands.<sup>15</sup> This was a great setback for the integration process, and opposition to the perceived elite project (known as Euroscepticism) was becoming more widespread on the continent (Hooghe & Marks, p. 120). Some of this could potentially be explained due to misinformation about the scale and the role of the EU, while some of it could simply be due to legitimate disagreement about the principles of for instance the common market.

In order to understand some of the legitimacy issues the EC has faced over the years, a plunge into the existing literature on the topic is required. While this section briefly discusses legitimacy issues directly relating to the EC, a general discussion of legitimacy and organizational legitimacy follows in section 3.1 of the next chapter.

The main literature on the legitimacy of the Commission is based around distinct types of legitimacy, namely *input legitimacy* (Scharpf, 2003, p. 2), *output legitimacy* (Scharpf, 2003, p. 2) and *throughput legitimacy* (Schmidt, 2013, p. 2-3). The most well-known of the three is input legitimacy. This can be considered legitimacy through participation and builds on the notion of politics and governance by the people. Increase in input legitimacy can be achieved if more people are able to take part in the decision-making process, through for instance elections or referenda. The second type, output legitimacy, applies to the legitimacy of the outcomes, and assesses whether the performance of the organization contributes to its

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<sup>15</sup> However, other treaties like the Treaty of Nice (signed in 2001, in force by 2003) and the Treaty of Lisbon (signed in 2007, in force since 2009) have subsequently served as de facto constitutions for Europe (Binzer Hobolt & Brouard, 2011, p. 309).

legitimation. In this case, legitimacy is increased if more people (of those governed) benefit from the actions of the organization. An organization such as the EC should ideally have high levels of both input and output legitimacy, but in the event the former is lacking, it can compensate by performing to a satisfactory standard in the eyes of the stakeholders (the governed), by for instance introducing policy that will benefit large portions of the population. A third type of legitimacy is throughput legitimacy, which focuses on the political process that shapes how decisions are made. This looks at the procedures of decision-making within the organization, as well as covering the degree of its transparency. This includes how the organization is scrutinized by the other institutions, such as the Council, Parliament and the ECJ. As noted by Schmidt (2013, p. 32), having maximum levels of all three types of legitimacy is not feasible, as too much input legitimacy can diminish the efficiency of the political process, while excess levels of output legitimacy can disenfranchise minority groups not positively affected by policy that benefits the majority.

Since the full implementation of the Euro in 2002, the EU and EC have had its fair share of challenges. These include the global financial crisis of 2007-2008, the subsequent debt crisis in the Eurozone, the migrant crisis beginning in 2015, and the United Kingdom's withdrawal from the European Union. These incidents have taken a prominent position on the EC's agenda for more than a decade and one could argue that this has pushed other important reforms and policies to the backbenches, at least in terms of media attention and general focus in the public. While some have criticized the EC for being a rather weak organization (in terms of actually achieving breakthroughs), others have criticized the EC for being an organization that is comprised of very pro-integration staff and having little room for employees that have different views. Thus, it may not be very representative of the citizens it is supposed to represent, as the support for further integration is more mixed among the citizens (Hooghe, 2001, p. 24-25). This is important since such representation has been linked in much academic research to issues of legitimacy (Gravier, 2013; Meier & Capers, 2013).

Today, critical voices remain, and significantly so, among citizens and prominent European political parties. The question therefore is whether the EC has legitimacy as organization, which is a necessity for it to continue evolving into what the founding fathers envisioned. This is the question I will ask with regards to the debt crisis: i.e. how this crisis affected the legitimacy of the EC. If the results would indicate that the EC as the 'face' of the EU has lost legitimacy due to this crisis, this can have profound implications for its functioning and ability to instigate major reforms. This question of legitimacy will be further

discussed in the following chapter.

## Chapter 3 - Theoretical framework

Research on the legitimacy of the European Union and the European Commission is a well-established field of research, and there is a great deal of existing literature on the topic (see also Chapter 2). In this section, I will define – and review literature on – key concepts for my master thesis such as legitimacy and legitimacy crises. I will then discuss Hamilton’s (2006) theoretical model of organizational legitimacy underlying my empirical analysis and apply it to the EU and the Commission.

### 3.1 – Literature Review

As I am studying whether the EC is suffering from a legitimacy crisis following the European debt crisis, the definition of *legitimacy* is important. In his article ‘Managing Legitimacy: Strategic and Institutional Approaches’, Mark C. Suchman (1995:573) points out that legitimacy often is discussed, but to a lesser degree described, and to an even lesser degree defined. He further points out that many of the definitions that do exist are focusing too much on the cognitive rather than the evaluative side of legitimacy. In his own broad-based definition, he incorporates the cognitive and the evaluative dimensions, in addition to explicitly acknowledging “the role of the social audience legitimation dynamics” (Suchman, 1995:573). *Legitimacy* is defined by Suchman (1995:573) as a “generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions”. In short, in order to be considered legitimate, the entity’s (or organization’s) actions must be considered acceptable, to the standard of what its relevant publics deem as acceptable behavior (Franck, 1990:24; Hurd, 1999:387-388; Stephen, 2018:99). Thus, with regard to IOs, as the principles and structures of the IO must be in line with social beliefs, its legitimacy is bound by the beliefs of both its internal participants and external constituents (Hurd, 1999:388; Stephen, 2018:99). It is argued that IOs are more powerful when they have legitimacy. They do, however, need to adapt to the demands of their audiences in order to retain it (Cox, 1983:172; Hurd, 2007:128-31; Stephen, 2018:99-100). As Buchanan & Keohane (2006:407) state it “[t]he perception of legitimacy matters, because, in a democratic era, multilateral institutions will only thrive if they are viewed as legitimate by democratic publics.”



The field of legitimacy crises has its origins from Jürgen Habermas' Legitimation Crisis (1975:46), where he divides political crises into an input crisis (legitimacy) and an output crisis (rationality crisis). A legitimacy crisis occurs if the legitimizing administrative system "... does not succeed in maintaining the requisite level of mass loyalty ..." (Habermas, 1975:46). In his view, a legitimacy crisis is a prolonged rationality crisis. A rationality crisis occurs when decision makers are no longer able to produce the outcomes that are expected of them. This then leads to a legitimacy crisis, where followers revoke support and loyalty to the decision makers and replace it with questioning the current social structure and institutions (Habermas, 1975:46-47; Pearson & Clair, 1998:64). If this happens, the audience and the stakeholders become ungovernable, and the organization will no longer have meaningful control over events (O'Connor, 1987:106-107; Pearson & Clair, 1998:64).

### 3.2 - Hamilton's Model

In her article (2006), Hamilton develops a theoretical model that aims to define, delineate and characterize organizations' loss of legitimacy. Within this model, she more specifically develops four propositions about what it means for an organization to lose legitimacy. These propositions are: *Management inability to maneuver* (P1), *severing of external ties* (P2), *disruption of critical resource flow* (P3), and *tainting of organizational reputation* (P4). This section sets out these four propositions, which will in the next section be applied to IOs as a theoretical basis to address my Research Question.

The first proposition (P1) states that "*organizational loss of legitimacy will impair management's ability to maneuver in terms of defending, repairing or maintaining the organization's viability*" (Hamilton, 2006:334). If the organization's management is struggling to respond to societal expectations, this will contribute to an organization's loss of legitimacy. If the organization leadership is not able to meet the performance expectations of societal actors, they will not give their future support (Ashfort & Gibbs, 1990:178). If the management is limited, for instance due to increased scrutiny (i.e. after a crisis, such as the debt crisis) it may experience weakened flexibility in its ability to respond to this and may feel that its hands are tied. Due to their weakened ability to respond to a crisis, management may choose to defend the status quo, by for instance denying the problem, rather than trying

to solve the problem, or making the necessary reforms (Hamilton, 2006:345).

The second proposition (P2) states that “*organizational loss of legitimacy will sever an organization’s external ties*” (Hamilton, 2006:334). An organization is conferred or attributed legitimacy by its audience, which means there is a relationship between the organization and its audience, rather than legitimacy simply being in the organization’s possession (Hamilton, 2006:334). In plain language, this would mean that the organization’s loss of legitimacy would imply decreasing support from its audience. Other previously loyal allies could potentially distance themselves from the organization to avoid suffering from reduced status themselves, or “guilt by association”. This negative contagion could lead the organization to be excluded or even scorned by other previously allied organizations.

The third proposition (P3) states that “*Organizational loss of legitimacy will disrupt an organization’s critical resource flows*” (Hamilton, 2006:334). Legitimacy is seen as essential for organizations to be able to bring in resources like capital and personnel (Hamilton, 2006: 334). Legitimacy affects the organizational audience’s conduct towards the organization. These organizational audiences are assumed to prefer supplying resources to trustworthy organizations, rather than undesirable and dishonored organizations.

The fourth proposition (P4) states that “*Organizational loss of legitimacy will taint an organization’s reputation*” (Hamilton, 2006:335). According to the literature, “legitimacy serves as a prerequisite to reputation”, and that organizational reputation is a socially constructed outcome of an organization’s legitimation process (Rao, 1994:30; Zyglidopoulos, 2003:70; Hamilton, 2006:334). The reputation of an organization is a good indicator of aggregate perceptions and judgments of the citizens toward the organization. Both legitimacy and reputation are linked to “stakeholders’ thoughts and feelings about organizations”. However, these two constructs are considered separate (Hamilton, 2006:335). Legitimacy is linked to “acceptability” of the values and actions of the organization, while reputation is linked to “favorability” of organizations compared to competition and peers. This means that organizations need to adhere to the norms of social acceptability, before an organization’s action can be considered favorable, and thus be considered legitimate. In other words, the organizations need to have a favorable reputation for it to be legitimate.

### 3.3 - Application of the Model

The propositions from Hamilton look at several aspects of organizational loss of legitimacy and allows me to examine whether or not an organization has legitimacy. The model has proven to be effective in a private-sector setting. However, to the best of my knowledge, this model has not been previously applied to examine loss of legitimacy in a public organization such as the EC. From this perspective, it is important to note that Hamilton's model is not created specifically for private organizations, but consistently relies on a more general language. The model is based on general organizational legitimacy literature. Therefore, I anticipate that Hamilton's model will be applicable to an organization such as the EC. In this section, I will examine each proposition and assess whether it can be applied to not only private organizations, but also other types of public institutions or organizations. Furthermore, I will discuss whether they more specifically are applicable to the EC.

In addition to verifying the model's applicability to public organizations, I will also propose to restate part of Hamilton's model. In her model, the four propositions brought forward in the previous section describe what can be expected to happen when an organization loses legitimacy. Her model does not propose a causal relationship (i.e. loss of legitimacy causing specific outcomes), but instead highlights consistent patterns in the relationship between legitimacy loss and the characteristics included in the four propositions. Hence, I suggest that the model can be read in both directions. That is, the propositions can be utilized to describe both the consequences of loss of legitimacy (Hamilton's model) and to indicate the characteristics that signify the presence of a loss of legitimacy (my model). I will expand on this at the end of this section.

*Proposition 1: Organizational loss of legitimacy will impair management's ability to maneuver in terms of defending, repairing or maintaining the organization's viability.* The language in this proposition is general. Hence, it could be applied to public organizations as well as private ones. Similar to private organizations, public organizations have a hierarchical management structure, and this management is – like in private organizations – responsible for the organizations' viability over time (Kaufman, 1976:9; Barnett & Finnemore, 2004:2-3). As such, the role of management is similar in at least some characteristics across private organizations and public organizations, which suggests that this proposition is applicable to organizations in general.

*Proposition 2: Organizational loss of legitimacy will sever an organization's external ties.*

This proposition is also general in character. Nothing in the proposition's definition would apply only to private companies. Public organizations also have external ties, allies and partners, who could be hesitant to offer support when the organization in question is suffering from loss of legitimacy (Hamilton, 2006:334; Ashfort & Gibbs:180). The issue of "guilt by association" could prove to be potentially damaging for public organizations' partners or allies as well, if they for instance utter public support. If the organization in question is experiencing loss of legitimacy, partners or allies might choose to remain silent, or even become critical themselves, to avoid any spill-over effects (Hamilton, 2006:334; Suchman, 1995:574). Thus, if in case of the EC close global partners like the IMF would distance themselves, this would be an indication of a loss of legitimacy.

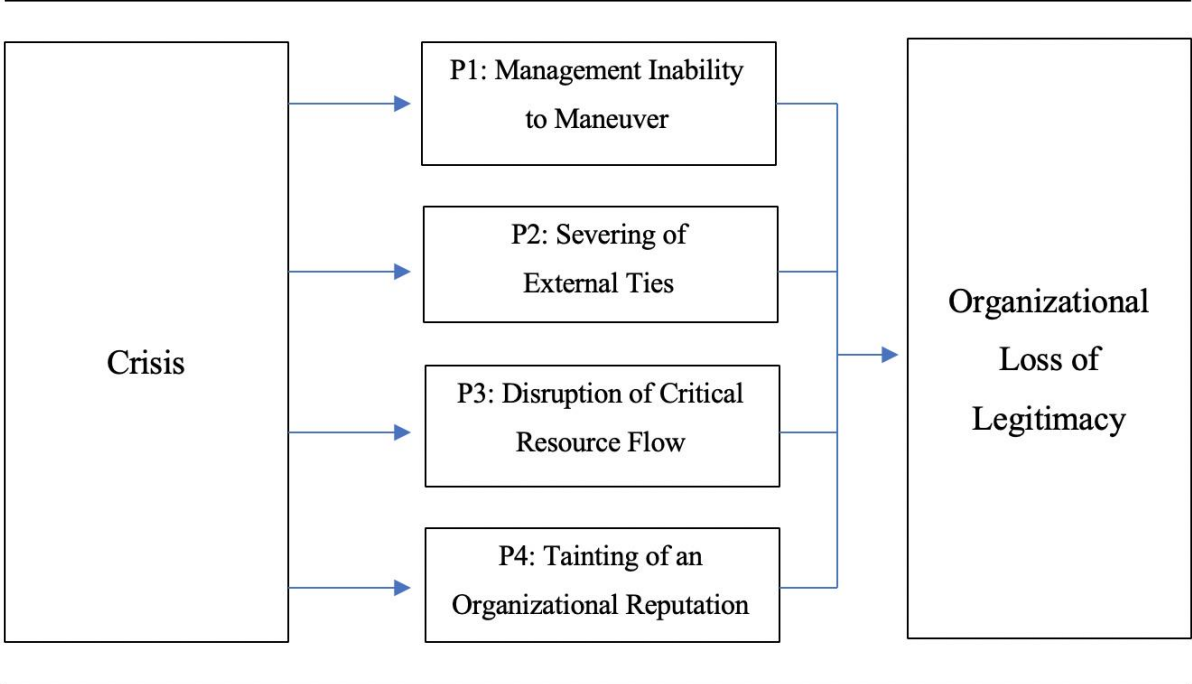
*Proposition 3: Organizational loss of legitimacy will disrupt an organization's critical resource flows.*

This proposition is also general in character, as there is nothing here that could limit the proposition's applicability to private companies. A public organization is also dependent on resources, both personnel and capital (Rao, 1994:29; Suchman, 1995:574-575). For instance, the EC is dependent on highly skilled administrative staff, and lack of qualified applicants for these positions could hurt both the performance – and the legitimacy – of the EC (Gray, 2018:5). Although these resources might be acquired from different sources than private organizations, that is not specified in the proposition and so I find it to be fully applicable to a public organization.

*Proposition 4: Organizational loss of legitimacy will taint an organization's reputation.* The language in the proposition by itself is general enough to be applicable for all types of organizations. Relating this proposition to the EU setting, EU citizens can be referred to as the organization's stakeholders, and they are the ones the EU – and, in turn, the EC – needs legitimacy from (Fombrun & Shanley, 1990:241; Hamilton, 2006:334-335). The EU is directly – and indirectly – accountable to citizens through the European Parliament and elected member state governments (who propose their Commissioners) (McCormick,

2011:88). Therefore, I would argue that it is of crucial importance for the EC – and any organization – to have an untainted reputation among its citizens.

Based on my arguments above, I suggest a restated model, based on Hamilton’s:



**FIGURE 1 - THE RELATIONSHIP BETWEEN A CRISIS AND ORGANIZATIONAL LOSS OF LEGITIMACY**

Figure 1 shows the proposed relationship between a crisis and an organization’s – in this case the EC – loss of legitimacy. Note, however, that this model again does not aim to depict a causal relationship. Rather, it depicts a proposed set of connections between a crisis and organizational loss of legitimacy. The main idea is that a crisis may affect any – or all – of the characteristics described in the four propositions. If more of these elements become weakened under a crisis affecting the organization (e.g., more limited possibility to maneuver, reduced resource flows, tainted reputation,...), then in line with Hamilton’s (2006) argumentation this offers more indications that there is indeed a loss of legitimacy suffered by the organization at hand. In other words, my model suggests that if the data is consistent with what the propositions bring forward, it supports the claim that there is a loss of EC legitimacy.

### 3.4 - Operationalization of the Propositions

As I have argued that each proposition is general enough to be applied to a public organization, the next phase will be to operationalize each proposition. This is particularly important, as I will be dependent on these operationalizations in finding empirical data for measuring each proposition (P1-P4).

#### 3.4.1 - P1: Management Maneuver

How can management's inability to maneuver be measured? This question requires two aspects to be addressed: a) Identifying which actors the 'management' consists of, and b) measuring their ability to do things. In order to answer a), I first had to find out who is managing the EU, or which actors make up the EU leadership. The leadership of the EU in general is rather complex, as no institution is the sole hierarchical leader of the Union. The EC has independent commissioners, although they are chosen by the national governments (McCormick, 2011:80-81). The European Parliament is also independent, and the Members of European Parliament (MEPs) are elected directly by the citizens to the Parliament (McCormick, 2011:88-89). The European Council is somewhat like a board of directors, where the national governments meet and discuss large-scale issues (McCormick, 2011:78). Also, the Council of Ministers and the European Central Bank are key actors.

Hence, pin-pointing the EU leadership is a complex matter, and the EU institutions themselves are not almighty, as they are dependent on the willingness of the member states to make major reforms and take important decisions. However, as the EC is the closest the EU has to a government (McCormick, 2011:80-81) and it controls the largest bureaucracy of the EU, I argue the EC can be assessed as the management in this case. The EC also has a hierarchical management structure (its structure is described in detail in 2.1.6), with the 27 Commissioners at the top, known as 'the College', which in turn is led by the President of the EC. However, the college tends to act in a very unified manner, thus I consider the College, and not just the President, the EC's leadership.

In order to answer question b) about management's ability to maneuver, I therefore need to measure the College's success rate in performing what is expected of it in terms of leadership and general management. One of the main functions of the Commission is to outline the EU's overall strategy (European Commission, 2019a), which is important with regards to finding a

way out of the debt crisis. However, it would be challenging to measure the degree of success or failures in a long-term strategy. Therefore, I consider their success in terms of another of the Commission's core functions, which is to propose new EU laws and policies (European Commission, 2019a). This is operationalized by looking at the amount of proposals sent by the Commission to the Council and the Parliament, then assessing the amount of proposals that were rejected or passed. I can then compare this success-rate over time: i.e., before, during, and after the crisis. Naturally, a respectable success-rate does not mean that the implementation of the policy lead to the desired results or lead to any meaningful improvement of the overall situation. What I seek to measure is the 'management's' potential inability to maneuver, i.e., whether the Commission was hindered in performing its duty in the period of crisis and uncertainty. If a significant number of their proposals in this period were rejected, this represents an indicator that the Commission was not able to lead in an efficient manner.

In addition to observing data on the success-rate of the EC's data, a second operationalization I rely on considers how the power and influence of the EC has been affected by the debt crisis. If the Commission has lost ground relative to the other institutions of the EU, it arguably indicates the EC's weakening ability to manage. Luckily, through personal communication with Professor Sara Connolly and Professor Hussein Kassim of the University of East Anglia, I have gained access to survey data on EC power relative to other EU-institutions, which they collected in two surveys of EC staff and General Secretariat Staff of the Council (more details in section 4.2 below). This allows measuring the EC's power relative to other institutions of the EU and gives more weight to the argument of whether or not the EC has lost power.

### 3.4.2 - P2: Severing of External Ties

The idea in this proposition is that allied organizations want to avoid guilt by association, and distance themselves from the EC (Hamilton, 2006:334). To operationalize this, I look at the positions taken by the EC's global partners with respect to (the activities of) the EC during the crisis. Who are the ECs partners, and which positions have these partners taken with regards to the EC during the crisis?

First, who can be considered EC partners? Clearly, harsh criticism from i.e. an Australian Human rights nongovernmental organization (NGO) would not strike the EC leadership as

hard as, for instance, criticism from a closer and more influential allied organization. One such ally is the International Monetary Fund (IMF). The IMF and the EC “are longstanding partners, inside and outside the European Union”, particularly since “supporting macroeconomic and public finance institutions and policies in the EU partner countries has long been a common objective of the EU and IMF”.

The ECB is also a part of the European troika, and can thus be argued to be a close ally of the EC. An objection here could be that the ECB and EC both are part of the EU. However, the ECB is (as detailed in 2.3) a very independent organization, based on the principles of the German Bundesbank.

Another ally is the World Trade Organization (WTO). The EU is a member of the WTO. In addition, all the 28 member states of the EU are members of WTO. The EU and WTO have mutual interests with regards to free trade and the removal of tariffs, in addition to close overall cooperation, and as such is considered an ally.

Another global partner is the World Bank. The World Bank and the EC have close ties, and work together on a number of projects, including the *Europe 2020 Programmatic Trust Fund*. This was launched to allow the Commission to benefit from the World Bank’s technical assistance and analytical and policy work for reaching the goals of *Europe 2020*, the EU’s growth strategy until 2020 (The World Bank, 2019). The World Bank frames their relationship in the following manner, “In the European Union, we have a strong operational partnership with several EU Member States and with the European Commission” (The World Bank, 2019). Therefore, I argue that the World Bank can be considered a global ally of the EC.

Finally, the EC works together with numerous UN bodies, and according to the EEAS they work together closely on several programmes, including sustainable development, climate change, human rights, peace building & conflict prevention, and humanitarian assistance. As well as the EU having permanent observer status at the UN, the EU and its member states contributes to 30% of the UNs regular budget, and 33% of its peacekeeping budget, thus collectively being the UNs largest financial contributor (EEAS, 2020). Therefore, it can be argued that the UN too is a close ally and partner of the EC, and I include it in my measurement.

I did consider other global partners like the United States as well. Before Donald Trump was elected President, the United States were a close ally of the EU and considered to be supportive of the European project. The influence the US has had as an ally of the EU and a



supporter of European integration should not be underestimated. However, the proposition does imply that these “allies” are organizations, and I find it more accurate when the allies I am assessing all can be classified as organizations. Moreover, if I had included the US, it would be natural to include other nation-states, which would have become too unbalanced. Furthermore, adding the US – or any other nation-state – would require defining who exactly is the relevant partner to the EC. In the US, this could be the US Department of State. Yet, since the President often quite heavily is involved in foreign policy and foreign relations, the Department of State might not be an accurate representation of all potential US support or criticism with regards to the EC as a global ally. Therefore, I choose to exclude the US – or any other nation-state – as an ally.

After selecting the five mentioned organizations (the IMF, the ECB, the WTO, the World Bank and the UN) as my chosen “allies”, I need to observe if previously allied organization have “distanced themselves” from the EC. I believe a suitable way to do this is to measure (changes in) the tone of official organizational statements, like communiques and other formal documents. By doing this in a careful and transparent manner (which I document in Chapter 4 below), I can achieve an indication of whether there was a sharper tone from the allies in the years of the crisis than before, and whether this sharper tone persisted.

### 3.4.3 - P3: Disruption of Critical Resource Flow

As discussed in the theoretical argument in the section 3.2, organizations require legitimacy in order to bring in resources like capital and personnel (Hamilton, 2006:334). Therefore, it makes sense to examine to what degree the financial crisis has affected ECs accumulation of resources, either in terms of *capital* or *personnel*. Even though capital in general would seem like something that is reasonably straightforward to measure, it brings a bigger challenge with regards to the EC’s capital flow. This differs quite a lot from private organizations, which have different sources of income than EC/EU (i.e. mostly fixed transfers from the member states). However, one aspect of interest is the EC’s budget negotiations. Observing whether the crisis made budget negotiations more difficult or not would indicate more skepticism, especially from a member state point of view. My first operationalization of critical resource flow disruption thus is whether it has become easier or more difficult to negotiate a budget following the debt crisis. This is done by conducting a descriptive statistical analysis of documents related to the budget negotiations from the EC and uncovering potential

negotiation obstacles or issues (more details in section 4.3).

When it comes to personnel, Murdoch et al. (mimeo) show that many member states became more reluctant about sending out their seconded national experts to work in Brussels following the European debt crisis. This meant the EC would be missing out on a lot of expertise it could otherwise count on. According to numbers of SNEs working in the Commission, there was a drop by about 20% from 2010/2011 to 2017 (Murdoch, et al. mimeo). This drop could suggest a connection between the debt crisis and the decreasing numbers of SNEs and constitutes a good measure for disruption of critical resource flow.

SNEs are not the only personnel the EC recruits. EPSO's EU Concours program receives a large amount of applications annually, well above the number of vacancies advertised (so they are likely able to fill those vacancies). However, these data were ultimately not available to me. I was however provided with some great data of staff composition of the EC by prof. Gravier and prof. Roth. This data could prove very useful in order to study the changes in EC staff composition. I thus operationalize access to personnel resources via the staff composition data for the EC and observe these numbers over time to get a sense of the variation around the crisis period under analysis.

Staffing figures have gone noticeably down in the pre-2004/2007 member states, which in part could be explained by decreasing interest among potential applicants (Gravier, M & C. Roth, 2019:35) There are also findings that suggest that certain member states have a much lower ratio of EU staffers as their population should suggest, for instance the UK, who's ratio has been in a steep decline since 2004 (corrected for 2004 and 2007 enlargements) (Gravier & Roth, 2019:20:21). It would be interesting to see if these numbers correlate with declining legitimacy in the UK in the same timeframe. Other contributing factors could be that the British civil servants who joined the EU bureaucracy in the first few years of the UK joining the EU/EC, were retiring or nearing retirement, and the amount of (and recruitment of new) junior staffers were not sufficient to compensate for the departing senior staffers (House of Commons, 2013:3). More on this in 4.2.3.

#### 3.4.4 - P4: Tainting of Organizational Reputation

To find out about the EC's reputation, one key group of interest are EU citizens. Of course, other actors could be interesting to observe (like big private companies, other countries and such), but a key issue is whether the EC's reputation among its people became tainted

following the European debt crisis. I rely on Eurobarometer survey data to operationalize this potential tainting of the EC's reputation. The Eurobarometer is a series of public opinion surveys conducted regularly on behalf of the European Commission (Nissen, Sylke, 2012, p. 713-714). It contains a number of questions that are directly relevant to operationalizing the reputation of the EU and EC. Using the standard Eurobarometer 84 from the autumn of 2015 as a reference, several relevant questions were identified. Among them was a question about the *image of the European union*. The question is formulated as: "*in general, does the EU conjure up for you a very positive, fairly positive, neutral, fairly negative or very negative image*". This question directly asks about the opinion of respondents about the EU, which I argue is a good indicator for its reputation among respondents.

Another question in the Eurobarometer I rely on to operationalize EC's reputation in proposition P4 enquires whether the people's voice in the EU counts. This is a good indicator of measuring how democratic citizens find the EU. If they simply consider the EU to be some complex system they are unable to influence, or that voting in the European Parliament elections generally will not have any influence on the policy process or policy outcome in the EU system, this reflects a low reputation of the EU among its citizens. The question is formulated as: "*Please tell me to what extent you agree or disagree with each of the following statements*", where they respond or disagree to several statements about voting in the EU.

Finally, two comments should be made. First, when the crisis still loomed large in 2013, Croatia joined the EU. The challenge here is that as Croatia never experienced a pre-crisis EU as a member state, it is not eligible for a longitudinal study. Therefore, I simply exclude Croatia from this measure, as I will only have data from after the crisis, not before. Second, several of the questions included in my analysis observe public opinion on the EU in general. The reason is that after browsing the Eurobarometer surveys from the early 2000s to the late 2010s, I noticed that there are only few questions that are related directly the EC. I therefore concluded that it is better to also include questions about the EU more generally, in addition to the question in the Eurobarometer about the citizens trust in the EC. The underlying argument is that, as established in P1 earlier in this section, the EC has a government-like role within the EU and can be seen as its management. Thus, the reputation of the EU reflects opinions on the EC as well. A potentially weakened EU reputation would indicate a weakened standing of the EC as well.

## Chapter 4 - Methods and Data

As I now have established the theoretical basis for my thesis by showing the applicability of the theory as well as operationalizing Hamilton's propositions, I will in this section describe the methods I have chosen for the thesis. A researcher's design is usually either quantitative, or qualitative, or both (in a mixed methods design). My design will utilize both qualitative and quantitative methods depending on the proposition under evaluation. In the remainder of this chapter, I will describe the methods and data I use, as well as discussing potential measurement issues. In addition, questions of validity, reliability and generalizability will be deliberated. In the following section, however, I will first argue for why this research is best suited as a case study.

### 4.1 - Case Study

In this thesis, I study how the legitimacy of the EC evolved around the debt crisis. As such, I engage in a case study of one specific institution (the EC) at one particular period in time (the debt crisis).

A *case* is identified as a "spatially and temporally delimited phenomenon of theoretical significance" (Gerring, 2017, p. 27). These cases could be states, organizations, or social groups etc. This means that this research will be conducted as a case study, which Gerring (2017, p. 28) defines as "an intensive study of a single case or a small number of cases which draws on observational data and promises to shed light on a larger population of cases". If the case is regarded as representative of a greater population of cases, it also places the study into a theoretical and academic context. The case is then set up to be analyzed through the lens of existing terms and theories of the field of study (George & Bennett, 2005, p. 21). Case studies are highly focused, and the researcher spends a lot of time studying, analyzing, and ultimately, presenting the case at hand (Gerring, 2017, p. 28). It is also vital to argue why one's case is good for one's proposition – not because it necessarily will confirm the proposition, but because it is a good representation of the type of cases one would like to study (which provides it with generalizing value for the research) (George & Bennett, p. 28). I will discuss and defend my choice of case at the end of this section.

There are many varieties of case studies. The most important distinction is between a

focused study that reflects upon a larger population and a study aimed at explaining a single case, the former being nomothetic and the latter being ideographic (Gerring, 2006, p. 707). As I will examine the legitimacy of the EC around the debt crisis in light of four propositions, my design will be more of the ideographic nature, rather than a nomothetic design. My approach thus is also more in line with a *single-outcome study*, where the aim is to “investigate a bounded unit in an attempt to elucidate a single outcome occurring within that unit” (Gerring, 2006, p. 707). Even though such studies aim to explain the given case, generalizing to other similar populations or cases (i.e. other international organizations) is to some degree unavoidable, especially if they are similar in nature (Gerring, 2006, p. 712). An alternative approach would be to rely on *cross-case* studies, which is a case study of several cases. Studying several cases has clear positives, as one gets the chance to compare and assess the different cases, in addition to the study potentially becoming increasingly representative. However, the cost of this is (in the event one spends the same amount of time and resources on the study) the depth of the study. Specifically, with this design, one will not be able to study the cases as intensively as an in-depth study of a single case will allow for (Gerring, 2017, p. 20). Although the theoretical model I base my study on, Hamilton’s model (2006), could be appropriate in a larger cross-case study including different organizations relevant to the debt crisis (such as the IMF and the ECB), I abstained from this approach. As I would rather intensively study the EC and the data requirements for a cross-case study would be very substantial (and beyond the possibilities for a single master thesis), I chose to avoid using a cross-case study. This is left for future research.

There are several reasons I selected the European Commission during the debt crisis as my case. This is first of all because I found it interesting. My starting point was to study the EU in the present day, and I was interested in finding out why it had become such a controversial organization in the eyes of increasingly more people. Then, reading about how a devastating crisis can affect the legitimacy of the organizations involved, I thought the time was ripe for an application of these ideas to the EU setting. As I realized the EU could prove to be a too large and complex of a case given that there are several different institutions to take into consideration, I ended up with a focus on the EC. This institution represents the EU, but to a larger degree also acts like a unified organization – both of which elements are important in light of my theoretical argumentation.

## 4.2 - Data

In the following section all relevant data for the analysis are examined. This is important in order to get a clear overview of what data I have collected, and thus better elucidate the reasons for choosing the method approaches for the analysis. In addition, listing the data facilitates a more fluent, precise and concise analysis chapter, and allows for more time discussing the results in the next chapter. Data considered significant for the propositions, discussed in chapter 2, will be listed, and occasionally quoted, and their inclusion will be defended. Accordingly, the section will follow the propositions chronologically, starting with the relevant data for proposition 1, ending with proposition 4. Finally, there will be a section with additional comments and a short general discussion about the data.

### 4.2.1 - P1: Management Maneuver

The data was found at the European Union Open Data Portal ([ec.europa.eu](http://ec.europa.eu), 2020). This provides a large directory of reports, policy proposals and other datasets, which can be utilized to find overviews of all the policy proposals from the Commission. I extracted information about the amount of policy proposals sent from the Commission to the Council and the Parliament, as well as looking up the number of approved and rejected proposals. This was done for a ten-year period, from four years before the crisis, 2006-2009, to six years into the crisis 2010-2015. However, one complicating issue is that the average review time for a proposal is 15 months ([europarl.europa.eu](http://europarl.europa.eu), 2019). Thus, many legislative proposals will not be processed during a given year. However, as the last year of my analysis is 2015, all proposals are as of today (June 2020) either approved or rejected.

This presented me with a dilemma. The first approach would be to analyze the data as they were, year by year. Meaning, I simply look at how many proposals were submitted by the EC in a given year, and how many were rejected, and thus formulate the success-rate from those numbers. A potential problem with this approach is that it does not properly reflect the timing of the proposals. Rejected or approved proposals from the first few years were in many cases proposals from years prior to the timeframe of 2006-2015. Therefore, there would be proposals from before 2006 being approved or rejected in 2006. Likewise, there would be proposals from the later years of my timeframe (say, from 2014), that would still not be approved or rejected at the end of my observation period. The second approach would be to look at every proposal from 2006-2015 and observe whether or not they got approved at some

point. This likewise has a potential downside since this could involve some of the proposals being proposed in 2015 becoming approved only after my timeframe – which would be reflecting Parliament and Council sentiments from *after* the time I intend to measure.

A perfect approach is difficult to come by, and arguably the only way it would be completely perfect would be when proposals were processed within the year. Still, this would entail the unrealistic scenario that all proposals from the EC have to be submitted early in the year, thereby giving the legislative branches a chance to review the proposals within the course of that year. Clearly, this cannot work. Although both of the outlines of the approaches above have potential downsides, I choose to pursue the former approach, and look at proposals, acceptances and rejections year by year. I believe this still is a good way to measure the EC's success as a managing organization. The number of proposals they submit in any given year says something about their level of activity, while the number being approved or rejected says something about their legitimacy in a given year among the MEPs in the Parliament and the member state representatives in the Council. Thus, I found this approach to be most fruitful.

All of the data I collected for the timeframe were available at a subsection of the Publications Office of the EU, the EUR-lex (2020b)<sup>16</sup>. Here, all the proposals submitted by the EC are listed in yearly tables, as well as all the actual documents sent from the EC to the Parliament and the Council. The proposals are branded *legal acts* and are listed in several categories: *adopted acts* – the proposals that are adopted – and *repealed acts* – the proposals that are rejected. Both of these subcategories are further divided into different types of acts, including *legislative acts*, *other legislative acts*, *non-legislative acts*, *implementing acts* and *other acts*. I restrict attention to legislative acts that are processed through the OLP (further details in 2.1.6), because these are most directly relevant to the proposition. These legislative acts are then further divided into three types of acts, namely: *regulations*, *directives* and *decision*. Regulations are acts that are binding in all member states, from a certain date. Directives are acts that set a goal for all member states to accomplish. However, the form and content of this is chosen by the member states, as long as they reach the aforementioned goals. Finally, decisions are binding acts for those member states the decision concerns, and may include a single or several member states, in addition to for instance corporations. All

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<sup>16</sup> For more information, see Annex 1.

three types of legislative acts are included in my analysis, independent of whether they are *basic acts* or *amending acts*. Basic acts are standard new legislative proposals, whereas amending acts are amendments, revisions of existing EU law. Thus, the main data used for the analysis of this proposition is listed in table 1 (data.europa.eu).

**TABLE 1 - ADOPTED ACTS THROUGH OLP (2006-2015)**

	<b>Basic Acts</b>	<b>Amending Acts</b>	<b>Adopted Acts</b>
<b>2006</b>	82	19	101
<b>2007</b>	35	18	53
<b>2008</b>	58	63	63
<b>2009</b>	106	41	147
<b>2010</b>	34	23	57
<b>2011</b>	44	33	77
<b>2012</b>	41	28	69
<b>2013</b>	77	37	114
<b>2014</b>	107	40	147
<b>2015</b>	25	35	60

*Source: Legal acts – statistics (EUR-Lex, 2020b).*

Table 1 displays basic acts and amending acts for the ten-year timeframe of 2006-2015, in addition to listing the adopted acts, which is the sum of basic and amending acts. These data were, as mentioned above, collected from the EUR-Lex website of the EU’s Publication Office, under *Legal acts – statistics* (EUR-Lex, 2020b). This is the complete list of adopted acts every year, adopted by the OLP.

Then I also collected information about the legislative proposals from the EC. The numbers listed in table 2 are the total number of the EC’s annual legislative proposals. The data is from the same online location as table 1, the EUR-lex, under *Commission proposals – Basic overview* (EUR-Lex 2020b).



**TABLE 2 - PROPOSALS FROM THE EC (2006-2015)**

	<b>Basic Acts</b>	<b>Amending Acts</b>	<b>Total acts</b>
<b>2006</b>	60	51	111
<b>2007</b>	68	35	103
<b>2008</b>	77	45	122
<b>2009</b>	45	22	67
<b>2010</b>	63	42	105
<b>2011</b>	148	17	165
<b>2012</b>	73	20	93
<b>2013</b>	80	51	131
<b>2014</b>	52	23	75
<b>2015</b>	38	11	49

*Source: Legal acts – statistics (EUR-lex, 2020b).*

Finally, table 2 presents the number of proposals from the EC that were rejected through the OLP by the Parliament or Council in 2006-2015. The data was extracted from the same website as the two previous tables, the EUR-lex (2020b), under *repealed and expired acts*.

**TABLE 3 - REJECTED OR EXPIRED LEGISLATIVE PROPOSALS (2006-2015)**

	<b>Expired acts</b>	<b>Repealed acts</b>	<b>Total acts</b>
<b>2006</b>	34	20	64
<b>2007</b>	10	3	13
<b>2008</b>	6	6	12
<b>2009</b>	28	26	54
<b>2010</b>	22	17	39
<b>2011</b>	3	15	18
<b>2012</b>	5	15	20
<b>2013</b>	18	97	115
<b>2014</b>	7	29	36
<b>2015</b>	11	50	61

*Source: Legal acts – statistics (EUR-lex, 2020b).*

The data presented in tables 1-3 is analyzed in detail in the following chapter (chapter 5).

#### 4.2.2 - P2: Severing of External Ties

For the second proposition, the data consists of official organizational statements, like communiques and other formal documents, as well a limited number of news documents. As established in section 3.4.2, the chosen allied organizations are the IMF, the ECB, the WTO, the World Bank and the UN. It was important to find as many relevant public documents from each organization as possible. Obviously, it would not be feasible to expect that there would be documents for each organization where they explicitly described their opinion on the EC every year. Thus, some of the documents merely mentioned the EC or the EU briefly, while not being the main topic of the document. However, other documents were more straightforward, and more directly communicated support, neutrality or criticism. This is something that will be taken into consideration in the analysis. Below, table 4 lists the number of collected documents for each allied organization per year.

**TABLE 4 - COLLECTED DOCUMENTS**

	<b>IMF</b>	<b>ECB</b>	<b>WTO</b>	<b>World Bank</b>	<b>UN</b>	<b>Total</b>
<b>2006</b>	1	1	1	-	1	4
<b>2007</b>	1	1	1	-	-	3
<b>2008</b>	1	-	-	1	1	3
<b>2009</b>	1	1	1	1	-	4
<b>2010</b>	1	1	-	1	1	4
<b>2011</b>	1	1	1	1	-	4
<b>2012</b>	1	1	-	1	1	4
<b>2013</b>	1	1	1	1	-	4
<b>2014</b>	1	-	-	1	1	3
<b>2015</b>	1	-	1	1	1	4
<b>Total</b>	10	7	6	8	6	37

*Source: Various documents<sup>17</sup>*

As evident in table 4, an extensive number of documents have been accumulated, totaling 37 documents. I had initially planned to have one document per ally for every year, but it was challenging to find communiques or other formal documents mentioning the allied organizations relationship to the EC for every year. In a few instances, due to lack of official documents mentioning the relationship, I looked for media sources interviewing executives of the organizations. Although this required taking extra steps to ensure the quality and validity of the sources, as well as only sticking reputable news organizations, I believe these additions to be important to maintain a solid amount of coverage of every ally through of the years.

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<sup>17</sup> Further details in Annex 2.

#### 4.2.3 - P3: Disruption of Critical Resource Flow

The third proposition is – as established in section 3.4.3 – divided into two critical resources: *capital* and *personnel*. The budget portion will be based on documents from the yearly budget negotiations in the EU, observing whether the EC experienced any potential challenges getting the budget approved before, during or after the European debt crisis, in the same ten-year timeframe as the other propositions. Documents related to the budget negotiations are available from a subsection of the Publication Office, the EUR-lex (2020a)<sup>18</sup>. I have obtained documents regarding the budget negotiations from 2006-2015 under the *budgetary procedure* section. Here, all the documents ranging from budget proposals from the EC, to objections from the legislative branches, and budget adoptions, are located.

With regards to the personnel portion, my ideal data would be application numbers for the Concours-programs, as I intended to observe the variation in the application numbers, potentially disclosing a negative impact of the European debt crisis on the application numbers. However, as these application numbers were not available online, I tried gaining access by contacting European Personnel Selection Office (EPSO). Unfortunately, I was not able to gain access. However, I did fortunately get access to data sent by professor Magali Gravier and professor Camille Roth. This data concerns the staff composition of the EC by country in any given year. The data Gravier & Roth (2020, p. 7) uses were obtained from the EC, and cover the period from 1980 until 2013. I was sent data from 2003 until 2013, allowing me to study a ten-year period that is very close to the other timelines used for my other propositions. The data for both personnel and capital will be further explored in chapter 5.

#### 4.2.4 - P4: Tainting of Organizational Reputation

To measure the effect the European debt crisis had on the reputation of the EC, I analyze changes in responses to specific questions in the Standard Eurobarometer surveys over time. The Standard Eurobarometer surveys are published biannually, and all the questions employed in my analysis – discussed in detail below – are included in every wave of the survey (with one small exception I will return to later). Hence, I can observe the general trend

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<sup>18</sup> For more details on links, see Annex 3.

from 2006 through 2015. The relevant Eurobarometer publications are listed in table 4.6 below (European Commission, 2020).

**TABLE 5 - EUROBAROMETER PUBLICATIONS**

	<b>Issue nr.</b>	<b>Edition</b>	<b>Publication date</b>
<b>1</b>	65	Spring	March 2006
<b>2</b>	66	Autumn	Sept. 2006
<b>3</b>	67	Spring	April 2007
<b>4</b>	68	Autumn	Sept. 2007
<b>5</b>	69	Spring	March 2008
<b>6</b>	70	Autumn	Oct. 2008
<b>7</b>	71	Spring	June 2009
<b>8</b>	72	Autumn	Oct. 2009
<b>9</b>	73	Spring	May 2010
<b>10</b>	74	Autumn	Nov. 2010
<b>11</b>	75	Spring	May 2011
<b>12</b>	76	Autumn	Nov. 2011
<b>13</b>	77	Spring	May 2012
<b>14</b>	78	Autumn	Nov. 2012
<b>15</b>	79	Spring	May 2013
<b>16</b>	80	Autumn	Nov. 2013
<b>17</b>	81	Spring	May 2014
<b>18</b>	82	Autumn	Nov. 2014
<b>19</b>	83	Spring	May 2015
<b>20</b>	84	Autumn	Nov. 2015

As table 5 shows, the Standard Eurobarometer are published in the spring and the autumn, usually around the same months every year. The first eight issues were published in the months of March, April or June (Spring) and September or October (Autumn), whereas the latter twelve issues were published in May (Spring) and November (Autumn). The questions

my study focuses on are included in all the Eurobarometer editions, providing the analysis with consistent data for every year.

So, how are these Eurobarometer surveys conducted? Every survey is comprised of around 1000 face-to-face interviews in every member state. It is important to note that there have been changes to EU membership status during the ten years I analyze. Most notably, Croatia joined during/after the crisis (which is discussed in more detail in section 3.4.4). In addition, Bulgaria and Romania joined the EU in January 2007. However, as noted in issue 65, these two countries were already destined to join the EU at the date of publication and are included in the Standard Eurobarometer 65 and 66 as *acceding countries*. They are naturally included as *member states* in issues 67-84. Hence, no major problem exists for them for the data collection period.

For my analysis of the EC's reputation, I have (as mentioned briefly in section 3.4.4) chosen three of the questions found in the Standard Eurobarometer<sup>19</sup>. The first question (Q1) is related to the image of the EU in the eyes of the EU citizens. The question is formulated as follows:

Q1: *“In general, does the European Union conjure up for you a very positive, fairly positive, neutral, fairly negative or very negative image?”*

Respondents answer one out of five alternatives: “very positive”, “fairly positive”, “neutral”, “fairly negative” or “very negative”. In addition, the respondents can choose to express that they “don't know”.

The second question (Q2) is related to whether the EU citizens feel that their voice in the EU counts. The question is formulated as follows:

Q2: *“Please tell me for each statement, whether you tend to agree or tend to disagree? My voice counts in the European Union.”*

Q2 measures whether or not people feel voting in the European elections has any substantial value and impact. It is formulated in a different manner to Q1. This question is part of section of statements being read to them, where they share whether they agree with the statements or not. The alternatives are thus: “tend to agree” or “tend to disagree”, or if they are unsure/do not know: “don't know”.

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<sup>19</sup> For the question formulations, I used the Eurobarometer 65 (2006) as reference.

The final question (Q3) is related to the EU citizens' trust in the EC. The question is similar in its formulation to Q2, as respondents are asked whether or not they trust the different institutions of the EU, such as the Parliament, the Council, the ECJ and the ECB, in addition to the Commission. Q3 is formulated as follows:

Q3: *“And for each of them, please tell me if you tend to trust it or tend not to trust it?”*

The question follows up on another two questions in the Eurobarometer surveys asking whether respondents had heard about the mentioned institutions. This explains the formulation of Q3, which was a follow-up question. The alternatives for the respondents were: “tend to trust” and “tend not to trust”, or unsure/do not know: “don't know”.

### 4.3 - Quantitative Descriptive Analysis

A first methodological approach employed in my thesis is quantitative descriptive analysis. This will be used with respect to theoretical propositions P1 and P4, as well as the part of P3 dealing with personnel. As explained in more detail in the previous section, for these propositions I collected quantitative datasets (e.g., Eurobarometer data for P4 and statistics on EC staff composition for P3). Descriptive statistics are therefore useful to summarize the data collected and emphasize potential variation within the timeframe under study. By using STATA and Excel, I compare developments in the acquired datasets during a ten-year period, well before and after the debt crisis. This is a good tool to measure the potential variation in time, even when you do not intend to locate causal relationships (George & Bennett, 2005, p. 80). In the remainder of this section, the details of the approaches employed with respect to propositions P1, P3 and P4 will be expanded upon.

#### 4.3.1 - P1 – Management Maneuver

For P1 I use data from the EUR-Lex (2020b) (Detailed in section 4.2.1) to study the share of policy proposals that were rejected or approved in the Council and the Parliament during the 2006-2015 timeframe. More specifically, I calculate a success-rate for the Commission's policy proposals before, during and after the crisis and plot these success rates over time. The amount of accepted or rejected proposals will thus be summarized year by year. This cross-temporal information allows me to form an image of whether the EC was able to perform its role during the crisis, and whether it was able to succeed with the proposals they presented to

the legislative chambers of the EU. The variation is studied graphically as well as using a simple comparison of mean success scores across different periods of time, the years before the crisis (pre-crisis) 2006-2009 versus the years after the crisis 2010-2015, (post-crisis). Any notable differences during the timeframe are then discussed in further detail.

#### 4.3.2 – P3 – Disruption of Critical Resource Flow – Capital

For this proposition, I use descriptive statistical analysis of data found at EUR-Lex (2020b), related to the EC budget negotiations (i.e., annual budget draft proposals from the EC, and final adoption document). The aim is to measure whether it has become easier or more difficult to negotiate a budget around the debt crisis. I do this by measuring the time it took for the budget to be adopted (from budget draft to adoption), as well as measuring how many *steps* it took to get it adopted. By steps I mean how many amendments, positions etc. were taken by the Council and Parliament before it would eventually be adopted by the Parliament. This will be conducted in the same timeframe as all previous propositions, 2006-2015. Naturally, any potential change in problematic negotiations can be difficult to measure properly.

Were there protests or objections to the proposal? Did they overstep the deadline (18 December of each year)? Did the EC have to draft a completely new budget? The more steps, the more amendment and changes will naturally occur. And while some changes are merely democratic and positive, severe changes to the budget the EC originally envisioned, does raise doubts about their ability to convince the partners in the Parliament and the Council (and of course the member states, who are the ones who ultimately fund the budget, and get a say in the process through the Council, as well informal inquires). This process is fortunately very transparent, as every step is documented, which helps me in this measurement.

#### 4.3.3 - P3 - Disruption of Critical Resource Flow – Personnel

For this proposition, a descriptive statistical analysis will be conducted in order to see the variation in the EC staff composition over time. The variation will be studied, and several points in time will be discussed to trace when there were substantial changes around the European debt crisis. Here the main focus will be addressing differences between EU15 (the member states from before the 2004 enlargement) and EU12 (the new member states of the



2004 and 2007 enlargements), as well as noting significant variances between specific member states.

#### 4.3.4 - P4 – Tainting of Organizational Reputation

In order to measure changes in the EC's reputation over time around the European debt crisis, I analyze Eurobarometer survey data over the period 2006 to 2015. As mentioned in section 4.2, I specifically rely on three questions directly relevant to operationalizing the reputation of the EU and EC. To measure the effect the European debt crisis had on the reputation of the EC, I will calculate summary statistics for each year available in the data and graphically depict the result. As for P1, any variation over time is studied graphically as well as using a simple comparison of mean responses across different periods of time (i.e. five years before the crisis, 2006-2010, versus five years into the crisis, 2011-2015).

#### 4.4 - Qualitative Text Analysis

A second method that will be utilized in this study is qualitative text analysis. This method will be used for the assessment of proposition P2. In qualitative text analysis, the content in the available documents is examined systematically in order to acquire relevant information about the issues under study (Kuckartz, 2019, p. 193). I consider it the most appropriate method given the amount of documents/newspaper articles/communiqués I have accumulated as well as the need to engage in in-depth reading and evaluation of the textual sources. Particularly the importance of accounting for the exact context in which particular words might appear in each document under analysis involves a level of detail in the coding beyond what would be the case in a quantitative text analysis. The standard of quantitative text extraction has been to rigidly use smaller parts of the texts, such as single words or smaller bags of words. A strength of the qualitative text analysis I employ is that it allows the use of longer paragraphs and bodies of text in interpreting the statements (Krippendorff, 2004, p. 788). This approach does sacrifice some reliability for increased relevance, which will be discussed further in 4.6.1.

#### 4.4.1 - P2 – Severing of External Ties

The second proposition, severing of external ties, is assessed via qualitative document analysis using official organizational statements, like communiques and other formal documents. By systematically analyzing the documents, I assess the tone in allied organization's statements using a three-option coding scheme: 'supportive' (1), 'neither supportive nor critical' (I use the term "neutral" for the most part) (2), and 'critical' (3). I do this for the five chosen allied organizations with a timeline stretching from 2006 until 2015 (like the P1 and P3 timelines mentioned above). As there are not that many formal organizational statements about the EC, I took time to carefully go through each of those I recovered in detail and coded word extracts from the documents into the above-mentioned categories by looking for indicators of sentiment. Some of these are easily found, especially in documents that are meant to simply discredit or criticize a policy, whereas others are more veiled. For instance, the presence of words like "disagree", "not convinced" or "not seeing eye to eye" were interpreted as indicative of a critical tone. Reversely, words like "[we] stand by...", or simply "support" or "agree" allow me to more easily argue for a supportive tone. If there are no real words of proper support or criticism, or if the document is very objectively presented, the document was regarded as neutral.

As mentioned, this analysis first of all demands that I balance my selection of sources. It is crucial to not only look for sources that might support my proposition, but to the best of my ability find documents that represent the actual opinions of the organizations at each given time. Moreover, a key part of qualitative text analysis is interpretation (Kuckartz, 2019, p. 196). While every document and statements can be interpreted differently, this method aims to reach a degree of consensus on the subjective meaning of the statements, and define the categories formed in the statements so "precisely that an intersubjective agreement can be achieved" when applying these categories (Kuckartz, 2019, p. 196). Hence, it is key that the documents are interpreted as objectively as possible. In order for the reader to verify this, all the documents used in this part of the analysis are listed at the end of this thesis and will be made easily available.

#### 4.5 – Questions of Measurement Issues

It is important to be aware of potential measurement issues, which helps avoid the risk of biased conclusions. In this section, I therefore discuss a number of potential concerns that

could be raised with respect to the operationalization and measurement of my theoretical propositions – and how I tried to deal with these during the analysis (as well as during the development of my research design).

For my first proposition, one potential source of measurement bias is that my definition of the EC's 'management' is imprecise. It would be tempting to simply put the entire EC as the management in the EU setting, as I assess the EC to be the closest thing the EU has to a leading organization (or at least the only proper executive branch). However, as mentioned in section 3.4.1, I chose the College as the leadership, instead of only the president or for instance the department heads. This allows for the responsibility to rest with the appointed leaders, the Commissioners, who all wield power in an often unified manner. Another potential concern is related to the data available. Measuring the success-rate of the College and the EC in this period requires there to be enough data documenting the legislative process in the ten-year timeframe. This requires access to *all* the relevant documents, and that important documents are not being unavailable due to, for instance, confidentiality issues. However, as the EU has taken steps to increase transparency in the latest decades, this concern is at least partially mitigated.

As the data from the second proposition are made up of different documents, communiques and media articles, there will be a high degree of importance put on the validity of the sources (e.g., is the criticism directly from the partners or is there speculation involved?). This could be figured out by carefully assessing the sources of the article. This is discussed further in section 4.6.2 below.

The third proposition measures the EC's struggle to recruit personnel. I do this by measuring recruitment numbers of seconded national experts (SNEs), and I hoped to also include the number of applicants for the EUs Concours program. As I did not get the numbers directly from EPSO, I had to find an alternative data source. This turned out to be data on staff composition (obtained from prof. Gravier, as mentioned above) rather than application numbers. The obvious issue here is that the data did not disclose too much information as to *why* these changes in the staff composition happened. Was it only disinterest from the different nationalities? Was it lack of funding due to austerity measures? This is something I have to discuss, and also admit as a weakness in my data for P3.

The fourth proposition is measured using survey data about EU citizens. The Eurobarometer-data is a good data source, and they are using sophisticated methods to gather data. One potential issue could be linked to the phrasing of the questionnaires. As I am going

to measure the reputation and standing of the EC among its citizen, I need to be very confident that these numbers are representative and that there is no implicit bias in how the questions (and potential values) are formulated. Since there are no references in the questions I employ to distinct historical events that may guide respondents' thoughts in a certain direction (such as the debt or migrant crisis), I consider the question formulations sufficiently general and free of bias. The Eurobarometer surveys also always rely on a representative sample of the population in every country, such that the data are of high value for my kind of research.

#### 4.6 – Reliability and validity

When conducting any kind of analysis, it is imperative that the quality of the data that is being analyzed is assessed in a proper manner. This means that it is possible to verify and retest the data. The quality of the data is often discussed together with the terms *reliability* and *validity*. To test the validity and reliability in quantitative research is often considered more straightforward than in qualitative research, as it is easier to conduct these tests in for instance a large-N statistical analysis than in in-depth research with a smaller number of units (Gerring, 2017, p. 195). However, it is still important to assess the data in qualitative research as well as quantitative research, and one wants to assess whether the analysis is understandable, such that it may be more easily repeated (which relates to reliability), whether it is transferable (which is related to its external validity) and whether it is credible (which relates to internal validity) (Thiel, 2014, p. 150).

##### 4.6.1 - Reliability

The reliability of a research project deals with the dependability of the data and its interpretation. It should be a central goal for any kind of research to facilitate replication by future researchers. In projects with a low degree of reliability, variation in the data and findings can be caused by the methodological conditions instead of actual differences in the phenomena being researched (George & Bennett, 2005, p. 142). On the other hand, high reliability provides a great degree of accuracy in the way the data is used, how it has been collected and how it has been processed. Therefore, by reducing potential weaknesses in the data collection and processing, the reliability of the study will increase (Kvale & Brinkmann,

2009).

I have taken a few measures to increase the reliability of the thesis. The first step is to accurately depict all the data I am using in my analysis, as well as describing the process and methods I have used to collect the data in detail. This will facilitate the process for future researchers who want to replicate the research. In addition, I have kept my research quite transparent and open, presenting drafts to fellow students, my supervisor and other academic personnel quite frequently, which hopefully has contributed in removing any inconsistencies. As much of my data is available from open EU sources online, and the rest of the data will be accessible without too much struggle, I consider my research to be retestable. If someone were to conduct the same research in a few years, using the same data and timeframe, I believe it would likely have the same outcome. For these reasons, I consider the reliability of my study to be fairly high.

With regards to questions of reliability in qualitative text analysis one advantage of said analysis is that it does not influence or disturb events, conditions or situations. This type of analysis can be considered a stable method, as one can analyze the same documents at different moments (Marshall & Rossman, 2010, p. 160). However, a weakness with qualitative text analysis is that the researcher's selection and interpretation of the material could influence the findings in the study. As I mentioned in section 4.3.2, qualitative text analysis does sacrifice some reliability for relevance since the interpretation is more in the hands of the researcher, and the method is less rigid in how it measures the content of the documents. As I do a fair share of interpretation, I at times took a step back to consider the possibility that I did not observe the data with 100% objectivity but was trying to get the finding I had anticipated. It should be noted that the extent of this risk differs between the propositions, which will be clarified and expanded upon in the sections below. However, this should always be kept in mind when reading my analysis and results.

As pointed out at the start of the chapter, the reliability of the source is important to assess, and official statements from organizations may be more dependable than remarks from uncertain sources in the media. However, an objection to this is that official communiques from an organization would likely have a more diplomatic tone and would not be critical unless the organization intended for it to be so. This would in my view only strengthen the data, as the proposition is measuring potential intentional distancing from the organization in question, the EC, as a way of avoiding guilt by association. Potential negative (or positive, for that matter) media remarks that were not permitted by the allied organization management are

not what I am hoping to use. Hence, although a few media sources have been used, these were submitted to very strict inspection. First step in evaluating the source is to see if these are supplemented or confirmed by other media sources. The second step involved control for any denial of such claims by the organization. Thus, only after a thorough investigation were they used to support claims in my analysis.

#### 4.6.2 - Validity

Validity is an indication of how sound the research is. Validity applies to the research design, the methods used, and the validity of the data collection. Thus, the validity of the data with regards to the research question (Gerring, 2017, p. 196). This means that the validity in terms of my thesis' data, is an assessment of how well the data I have collected represents the phenomena I study, the EC's legitimacy during the debt crisis. Validity is furthermore divided between internal and external validity. Generally, internal validity relates to whether the researcher has measured and investigated what he or she intended, while external validity is centered around what degree a study can be generalized to other similar phenomena (Gerring, 2017, p. 219; van Thiel, 2014, p. 49).

For the internal validity in the thesis to be high, I need to make sure that I choose the right operationalizations, the right data, and exclude data that is not relevant for the research question. The data I have chosen for the research question has been chosen meticulously for almost a year, and I have spent a lot of time dismissing irrelevant and inaccurate data, while locating and selecting relevant data that answers the research question and the propositions. Another factor that was vital in increasing the internal validity, was to operationalize the propositions such that it was very clear what I was measuring and what I was analysing. Uncertain and inaccurate language would decrease the chance of an accurate measurement. This was addressed by staying close to the original formulation of the propositions in Hamilton (2006) as well as cross-referencing the operationalizations with peer feedback at multiple stages during the development of my research design.

In terms of the external validity, I assess this to be present. First of all, as I draw my model from different research studying private organizations (Hamilton, 2006), there is already a level of external validity in my theoretical framework. As I use the same propositions and a similar analysis, I would assert that the external validity is high. The framework I further

developed is also sufficiently general, such that in my view it can be utilized to analyze loss of legitimacy in other public organizations.

## Chapter 5 – Analysis

This chapter analyzes the empirical data I have accumulated in light of the theoretical framework detailed in chapter 3, where the four propositions are the most essential parameters. To reiterate, the four propositions (P1-P4) are, *management inability to maneuver* (P1), *severing of external ties* (P2), *Disruption of critical resource flow* (P3), *tainting of organizational reputation* (P4). The chapter goes through the data for each of the propositions, thereafter the findings are discussed and analyzed. Finally, the findings of the four propositions are discussed together, and the larger picture relating to the research question is elaborated upon.

### 5.1 – Is Management Able to Maneuver?

The first proposition handles the question of whether or not the management of the EC is able to maneuver in times of crisis. The data presented in 4.2.1 chiefly illustrated the annual number of proposals being submitted by the EC, the number of proposals being rejected by its legislative counterparts (the Parliament and the Council), and the number of proposals being accepted. In this section, I analyze the EC's success-rate in proposing new EU laws and policies (usually formulated as regulation, directives and decisions in the EU system). The success-rate is formulated simply by dividing the number of adopted proposals (a potential high number of both would be considered positive for the EC's performance rating) by the sum of adopted and rejected proposals, and finally multiplying the number by 100 to obtain a percentage. The result of this is listed in table 6 below:



**TABLE 6 - SUMMARY OF PROPOSALS, ADOPTED, REJECTED AND SUCCESS-RATE (2006-2015)**

<b>Year</b>	<b>Proposals</b>	<b>Adopted</b>	<b>Rejected</b>	<b>Success-rate</b>
<b>2006</b>	111	101	64	61,2
<b>2007</b>	103	53	13	80,3
<b>2008</b>	122	63	12	84,0
<b>2009</b>	67	147	54	73,1
<b>2010</b>	105	57	39	59,4
<b>2011</b>	165	77	18	81,1
<b>2012</b>	93	69	20	77,5
<b>2013</b>	131	114	115	49,8
<b>2014</b>	75	147	36	80,3
<b>2015</b>	49	60	61	49,6
<b>Median</b>	<i>104</i>	<i>73</i>	<i>37,5</i>	<i>75,3</i>
<b>Mean</b>	<i>102,1</i>	<i>88,8</i>	<i>43,2</i>	<i>67,2</i>
<b>Mean (2006-09)</b>	<i>100,8</i>	<i>91</i>	<i>35,8</i>	<i>74,7</i>
<b>Mean (2010-15)</b>	<i>103</i>	<i>87,3</i>	<i>48,2</i>	<i>66,3</i>

*Source: EUR-lex (2020b)*<sup>20</sup>

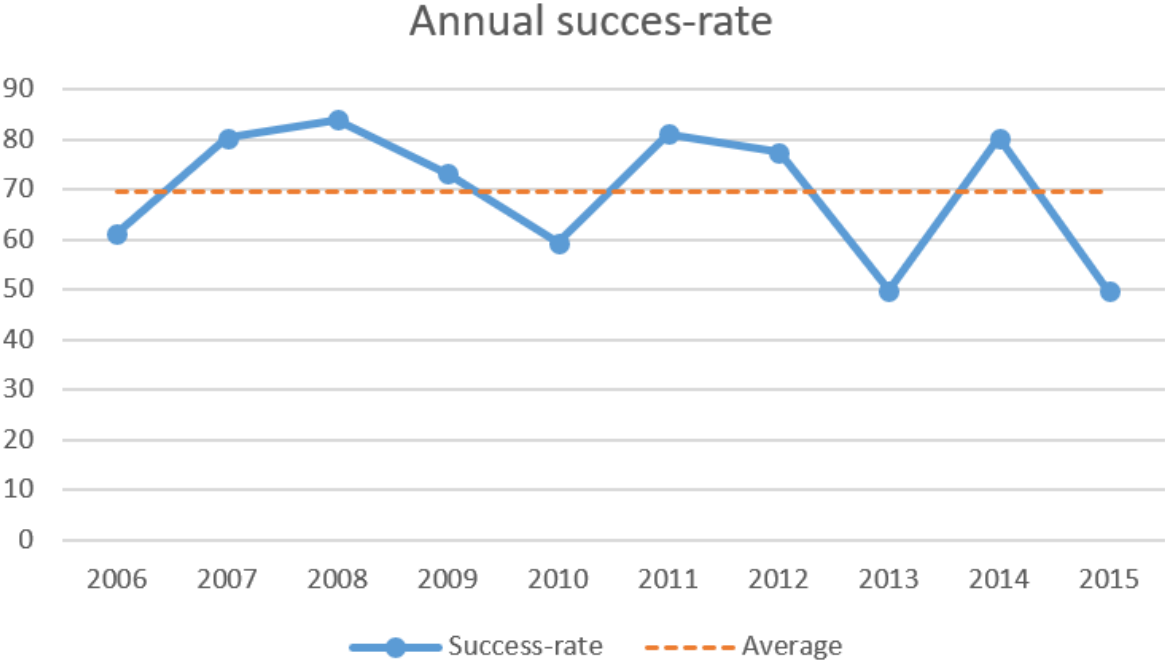
Listed in table 6 is the number of EC proposals, the adopted proposals through OLP, the rejected proposals<sup>21</sup>, as well as the success-rate for every year (2006-2015). In addition, the table also includes the median and the mean of all the categories. The reason both of these are listed is to demonstrate for the reader that while there is a slight variance in between the mean and the median, the disparity is not too extreme, which shows that there are not any immense outliers affecting the mean. In the following tables, the numbers for every year will be posted together with the mean to illustrate how far over or under the average the result for each year is. As this not a massive dataset with a huge number of units, I find the mean for the 10 years to be a more adequate base of reference to compare the different results.

<sup>20</sup> For further details, see Annex 1.

<sup>21</sup> Note that the ‘rejected proposals’ include expired proposals as well, which is why I do not formulate it as “rejected through OLP”.

To better observe the changes between the years, figure 2 below provides a better overview of the success-rate for each year:

**FIGURE 2 - ANNUAL SUCCESS-RATE**



Source: EUR-lex (2020b)<sup>22</sup>

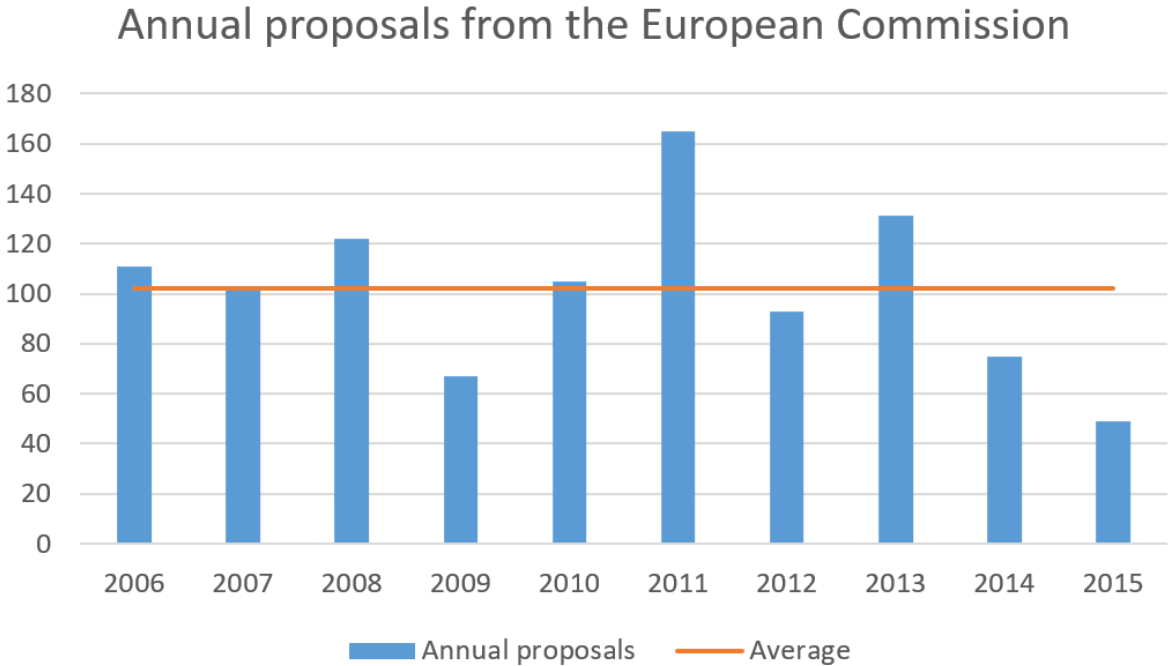
Figure 2 illustrates the development of the success-rates listed in figure 2. During the pre-crisis years (2006-2009), the success-rate averages at 74,7. Although the success-rate fluctuates year-by-year and does not remain too stable, the overall success-rate of the pre-crisis years is significantly more robust than the post-crisis years. The post-crisis years only averages at 66,3 making it more to 8 below. While it may seem peculiar that the success-rate was so low in 2010, to then rise considerably the following year, it does make sense, as the full scope and potential disastrous consequences of the debt crisis was becoming more evident for everyone, as established in section 2.3.2. Meanwhile, the rate does increase incrementally for the two years (2011 and 2012), which was a period where the crisis still was in progress, before falling and rising throughout the remaining years of the sample years. I would expect was a period when EC still worked actively to formulate legislation that could hinder future

<sup>22</sup> For further details, see Annex 1

potential devastating effects of the crisis, as well taking steps to halt the current crisis, which did not show signs abruptly ending. Furthermore, if such legislative proposals were deemed satisfactory by the Council and the Parliament, I would expect them to aim to adopt them if they had the trust in the EC's ability and judgment. For the last year in the timeframe, the most drastic drop in the rate is observed. With a success-rate at only 49,6 it is by far the lowest success-rate in the timeframe, with the closest being 49,8 in 2013 and 59,4 in 2010, all within the post-crisis years. This is not a positive development for the EC's performance, and while these success-rate numbers are only indicators, it must be disheartening for the EC that the three lowest success-rate values are located in the post-crisis period (2010, 2013 and 2015). However, it must be noted, that the *highest* success-rate value is found in the latter part of the timeframe (2011), thus, painting a more complex picture. However, one value, is not something I am too concerned about, as the focus of the study is the trends. This, of course, is further analyzed by looking more closely at the proposal, adoption and rejection numbers in the next paragraph.

The success-rate numbers in table 6 and figure 2 illustrated an interesting development over the years. It did however not show any consistent decrease or increase in the success-rate over time. The first four years showed signs of a stable rate of success, while the last six have the four lowest values and the two highest. Thus, in order to better understand these rates, graphs for the three constituting indicators are presented below.

**FIGURE 3 - ANNUAL PROPOSALS FROM THE EUROPEAN COMMISSION**



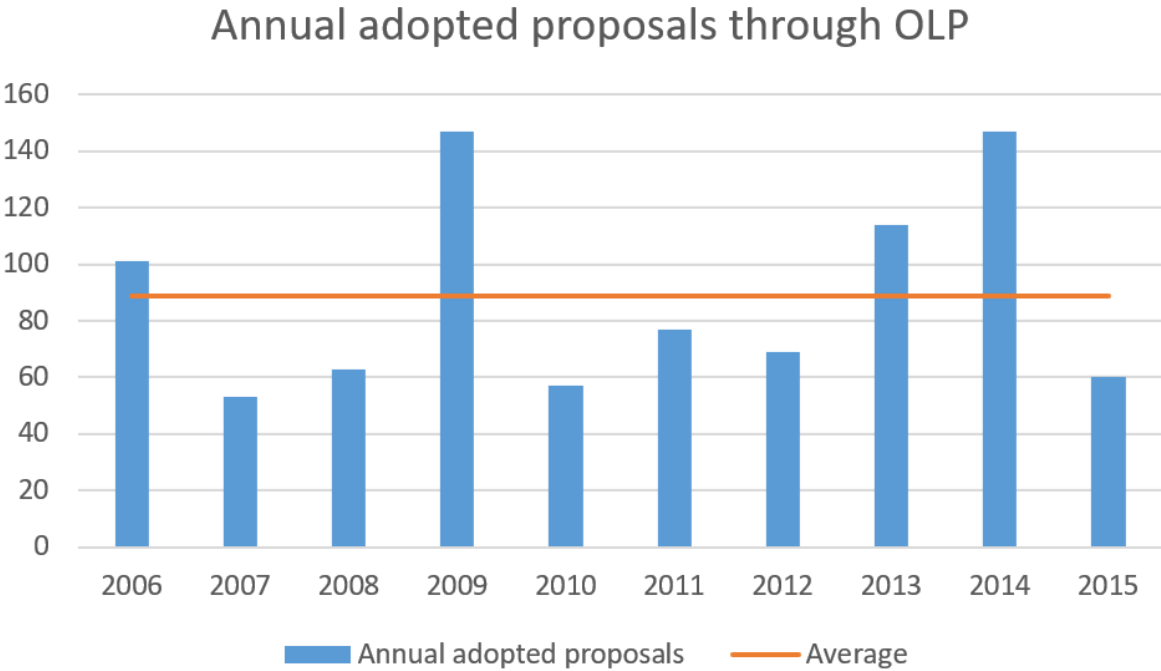
*SOURCE: EUR-LEX (2020B)*

Figure 3 shows the number of legislative proposals from the EC for every year in the timeframe (2006-2015), represented by the blue columns. The intersecting orange horizontal line represents the average number of proposals (the average is 102,1). Interestingly, the numbers somewhat correspond to the trend in figure 2. Starting out, the first few years (2006-2008) are somewhat similar, in the 100-120 range. In 2009, the number of proposals dropped considerably, from 122 to 67, a fall of 55 proposals. The number of proposals in the following year (2010) increases to slightly above the average number, while the amount of proposals in 2011 (165) was the highest amount in the entire ten-year timeframe, which is a somewhat positive sign for the EC, showing they remained active at least at the start of this devastating crisis, which corresponds well with the success-rate number from 2011. Yet, the 2012 numbers are well below average, while the 2013 (131) numbers increase to the second highest number of proposals in the timeframe. However, in the following years the EC proposal decreased to well below average in 2014 (75) and 2015 (49).

While the amount of proposals submitted by the EC during the timeframe (2006-2015) is a solid way to measure the activity of the EC during the period, it is not sufficient on its own. I

also need to analyze the number of proposals that were adopted through OLP. The EC could have submitted three or four times the number of proposals, but if none of these were adopted, it would have been of no use, and no real display of leadership and actual ability to get things done. In figure 4 below, the number of adopted proposals is presented.

**FIGURE 4 - ANNUAL ADOPTED PROPOSALS THROUGH OLP**



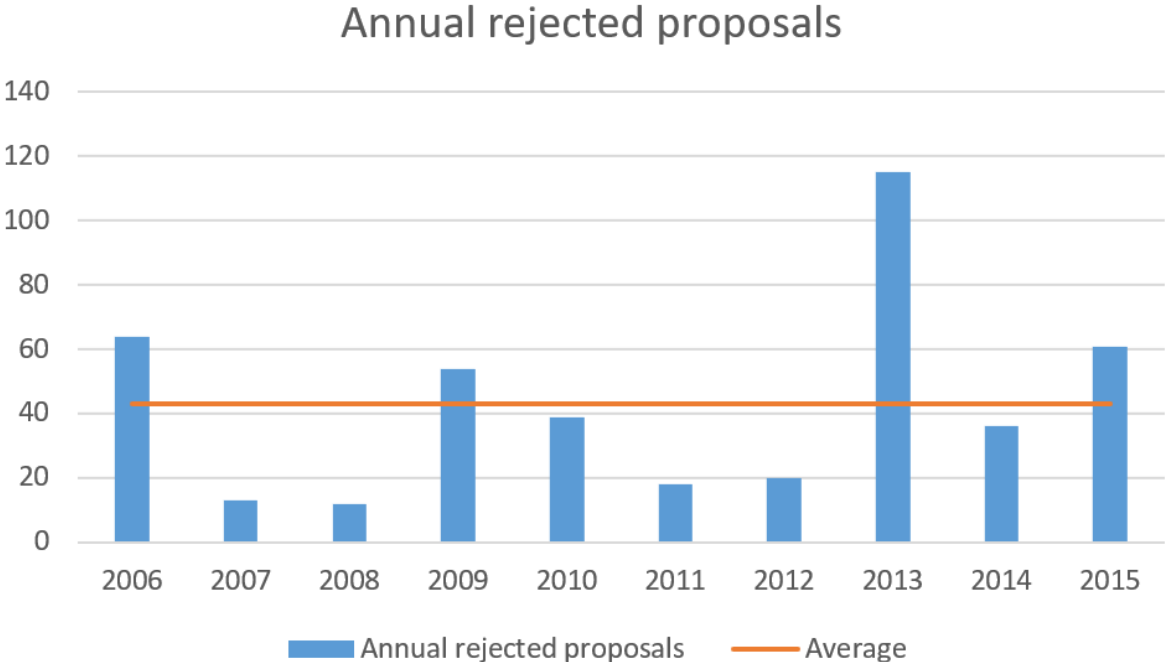
*Source: EUR-lex (2020b)*

Figure 4 shows the annual number of proposals adopted through OLP. Basically, this is the number of proposals adopted by the EC’s legislative counterparts, the Council and the Parliament. The blue columns represent the number of proposals being adopted, while the intersecting orange horizontal line represents the average number of proposals adopted during the ten-year timeframe (2006-2015). When looking at the different years, it becomes clear that there is a great deal of variety. From a high of 147 adopted proposals in both 2009 and 2014 to a low of 53 adoptions in 2007, the former two years having close to three times the amount of adopted proposals. From the perspective of my research question, there is no clear pattern before and after the crisis kicks in. Still, in 2013 the number of adopted proposals increases to a number well above the average, up to 114. In the following year, 2014, the

number is 147. These higher numbers of adopted legislation are likely to be linked to the high number of proposals submitted by the EC in 2011 and 2013 (see table 5.3). As the average amount of time for a proposal to be adopted on the first reading in the 2009-2014 legislative term was *17 months*, this appears quite consistent with finding an increased number of adoptions in 2013 and 2014 (eurparl.europa.ec). I would personally expect that urgent matters would be moved to the front of the legislative line, but that appears not to have been the case here (although this is naturally very hard to judge based purely on the numbers observed here). Finally, the last year of the timeframe, 2015, only had a mere 60 adopted proposals.

The last piece of the puzzle is the rejected proposals. These numbers are an important part of the success-rate as they give a good indication of how the legislative branches regard the EC, and in the case they do not trust its ability to lead effectively, it will reflect in the how they treat the legislation submitted to them by the EC. Thus, a low level of rejection would be a good indicator in the EC’s eyes, whilst a high level of rejected proposals would be bad news. These numbers are presented in figure 5 below. The blue columns represent the annual rejected proposals, while the orange horizontal line represents average annual rejected proposals.

**FIGURE 5 - ANNUAL REJECTED PROPOSALS**



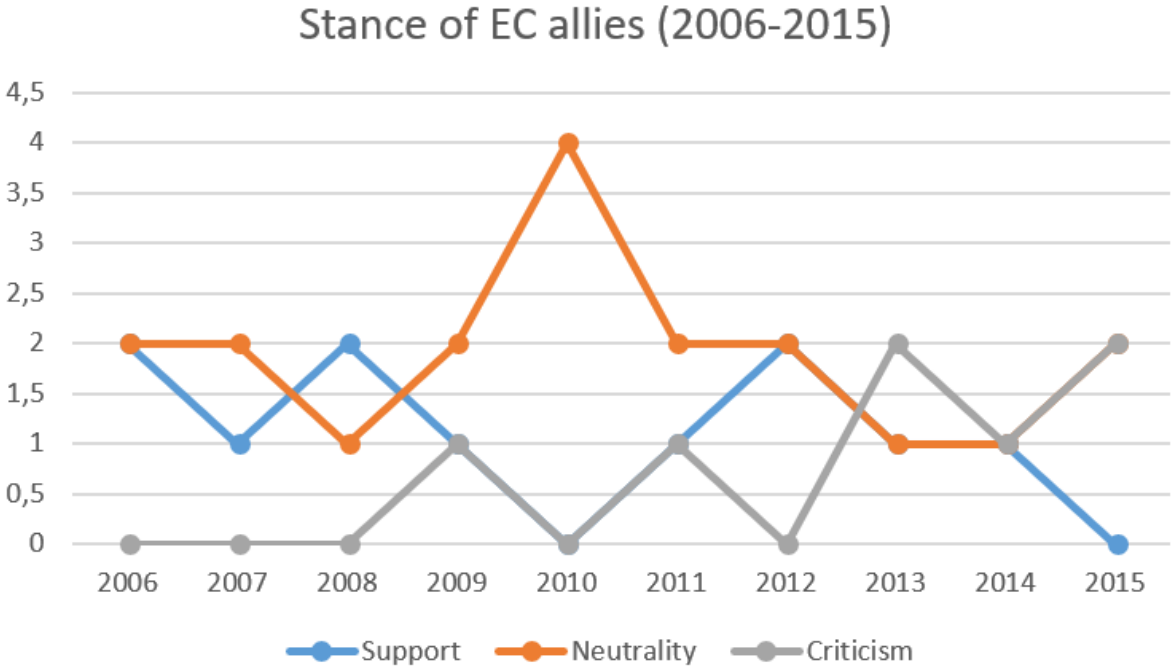
Source: EUR-lex (2020b)

At first glance, it is evident that there are major differences between the years, and it is hard to determine what would be considered a ‘normal’ year. The first year few years in the timeframe goes from 64 rejected proposals in 2006 to 12 and 13 in 2007 and 2008. As mentioned, low values here would be considered positive for the EC, so in addition to 2007 and 2008, the early debt crisis years of 2011 and 2012 can be considered quite successful, with only 18 and 20 rejected proposals every year. This indicates that the EC had decent amount of room to maneuver in the crucial first years of the crisis. However, in 2013, a year still considered within the crisis years, 115 number of proposals were rejected, which is definitely substantial when taking into consideration that only 18 (2011) and 20 (2012) proposals were rejected in the two previous years. The number decreased to the below average 36 in 2014, and 61 in 2015. It is definitely a concern for the EC that the year with the highest number of rejected proposals was during the crisis years. However, the following two years did improve somewhat. These numbers are further discussed in the overall discussion in section 5.5.

## 5.2 – Severed Ties

The second proposition states that a crisis can lead to allied organizations distancing themselves from the EC, which from a theoretical perspective can signal a potential loss of legitimacy. As detailed in 4.2.2, I thus assess whether allied organizations have taken a different position towards the EC during and after the crisis. I have done this by obtaining documents in which the allied organizations position themselves relative to the EC, and code these documents as expressing either support, criticism or takes a more neutral stance. The findings are summarized in figure 6 below:

**FIGURE 6 - STANCE OF EC ALLIES**



Source: Various documents

Figure 6 presents the findings from the text analysis. As evident, the early years of the timeframe show signs of the allied organizations mostly being either neutral or supportive. Criticism appears to be largely absent especially in the first three years of my sample period. The first critical statement from the allies was not found before 2009, when the leader of the World Bank, Robert Zoellick, criticized the EC and EU for their passiveness with regards to helping the eastern European countries during the global financial crisis, (“Mr. Zoellick...needed more backing from Brussels”). An instance of a supportive statement, came the previous year, in 2008, from then Managing Director of the IMF, Dominique Strass-Kahn, praising the EC for its independence and success (“...Mr. Strauss-Kahn said that Europe already had *very successful* institutions, such as the Commission, the Parliament and the European Central Bank”). The neutral statements are those that mention the EC or the EU, but do not fall within the codes for *support* or the codes for *criticism*. There were some neutral statements in the early years of the timeframe, but they did increase considerably after 2008, and in 2010, the first year of the crisis, all of the statements simply mentioned the EC, but did not express any support or criticism.

The first years of the timeframe did not show signs of any large-scale criticism from the



EC's allies, as the statements were mostly neutral in character. However, the number of neutral statements did slowly decrease during the post-crisis years. In 2011, there was one recorded instance of criticism, once again from the World Bank. However, the true watershed moment came in 2013. That year marked two critical statements, the first one was from the WTO which criticized the EC for lack of necessary reform ("Among the causes of the crises were *lack of appropriate* fiscal reforms..."). WTO was allied organization which had previously been either supportive or neutral. In addition, criticism came from the IMF which likewise had expressed support and had been a close partner with the EC as a part of the Troika. The IMF now expressed concerns with regards to the austerity measures the Troika had been pushing on Greece, which they meant had the opposite effect of what was intended. As the crisis had now ravaged the European continent for several years, more of the allied organizations seemed keen to voice their concern at what they saw as either mismanagement or missed opportunities. IMF, who had previously voiced doubts about the austerity measures (detailed in 2.3.3), were especially vocal during the later years of the timeframe. And kept up its criticism during the sample years. It culminated in outright disapproval in 2015, criticizing the 2015 bailout deal given by the EU ("highly unsustainable...well beyond what was been under consideration to date"). It must be noted, that the ECB remained either neutral or positive towards the EC throughout the sample years. However, as they are both a part of the EU, and had to work closely together during the crisis years, it makes sense that they kept disagreements to a minimum, at least superficially. Also, the UN remained relatively unchanged during the crisis years, and did not comment on the EC's performance.

The overall trend for the EC is not particularly positive. Most of the statements early on were either neutral or supportive in character, and the number of critical statements remained low until the debt crisis commenced. While the statements were generally neutral or positive during the early years of the crisis, it did turn towards the negative in the latter part and the aftermath of the crisis. In the post-crisis years, a total of six critical statements were voiced, as opposed to only one in the pre-crisis years. This observed pattern could indicate that a few of allied organizations to a degree did distance themselves from the EC towards the end of the debt crisis, as it became apparent to them that the EC had not done enough, had chosen the wrong path, or (as we saw when analyzing proposition 1 in section 5.1) perhaps was not powerful enough to counter the crisis to a satisfactory degree, or not strong enough to counter the opinions of strong member states (such as Germany). It could suggest that some of the allies did not want to be associated with the EC, or at least not with the policies they pursued.

## 5.3 – Disrupted Resources

The third proposition claims a crisis causes a disruption in the organization's resources, which is considered a vital aspect of the potential loss of organizational legitimacy. As discussed extensively first in section 3.3 and later in the operationalization in section 3.4.3, this proposition consists of two parts, namely *capital* and *personnel*. As further discussed in 4.2.3, the data used to measure the capital has been collected from the EU budget negotiations from 2006-2015. The data used to measure the personnel part was collected by Gravier and Roth (2020) for their study on the European Commission's staff composition. Due to their generosity, I was able to attain the data, which I am incredibly appreciative of.

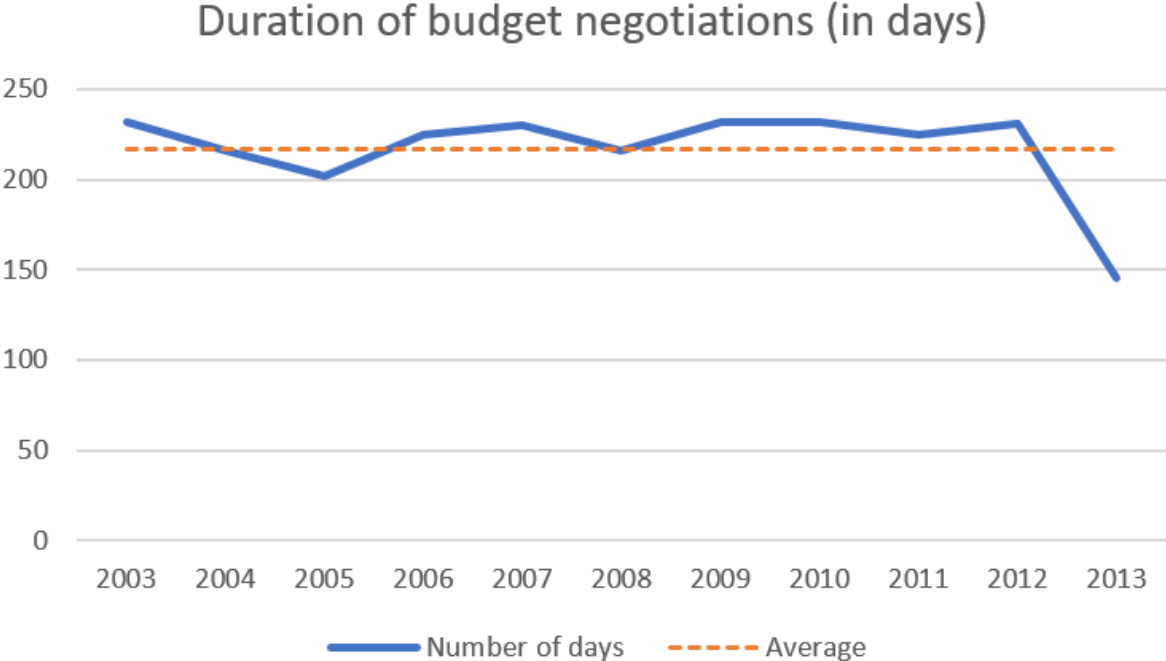
### 5.3.1 – Capital

This section looks into the capital part of the proposition. I should note that this study focuses on the annual EU budget, instead of the long-term EU budget, which covers a period of five to seven years. How the process of budget negotiations is structured, is discussed in more detail in 2.1.6. As described there, the EU has a *treaty timetable* for the budget, which proposes certain deadlines for every step in the process. From the time a draft budget is submitted by the EC to the adoption of the budget (without any amendments) it should take 42 days. However, with a potential Conciliation Committee convening, it could take up to 77 days<sup>23</sup>. If the budget is not adopted by then, the EC is required to submit a new draft budget. Given this framework, I first look at the time it took for the annual budgets to be adopted. Second, I more generally investigate whether there was a trend of increased member state objections, especially during and after the crisis. Thus, the tables below present the amount of time it takes for the negotiations to be finalized, and the number of phases in the negotiations (which directly reflects the amount of effort it takes to EC to get its budget approved). I consider a shorter time period and fewer phases in the budget negotiations to be advantageous to the EC, as this implies fewer modifications to their original budget draft.

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<sup>23</sup> Note that this is the number days from the official deadline for the EC to submit its budget proposal. In effect, the EC usually submits the budget proposal a long time before, allowing for more days of negotiation.

**FIGURE 7 - DURATION OF BUDGET NEGOTIATIONS**



Source: Various documents from EUR-lex (2020a)<sup>24</sup>

Figure 7 illustrates the duration of the budget negotiations for every year within the proposition 3 timeframe (2003-2013). Note that the specific years in the table are for the next year’s budget. For instance, 2003 is not the budget for 2003, but the budget for 2004. As the budget for every year was negotiated the year before, and finalized in either November or December, the years in the table represent the year the budget negotiation took place. The blue line represents the number of days of budget negotiation for every year, while the dotted orange line represents the overall average of days.

As evident in the figure, there are not any significant variations to observe during the period 2003-2012. There is some variation in the exact number of days for each budget negotiation, but they are all in the narrow range of a minimum of 202 and maximum of 232 days. As mentioned, one reason the number of days is so high, is that the EC usually submits their draft budget a lot earlier than the deadline on 1 September of every year, thus leaving a lot of time for thorough negotiation. The Council tends to submit its position early as well,

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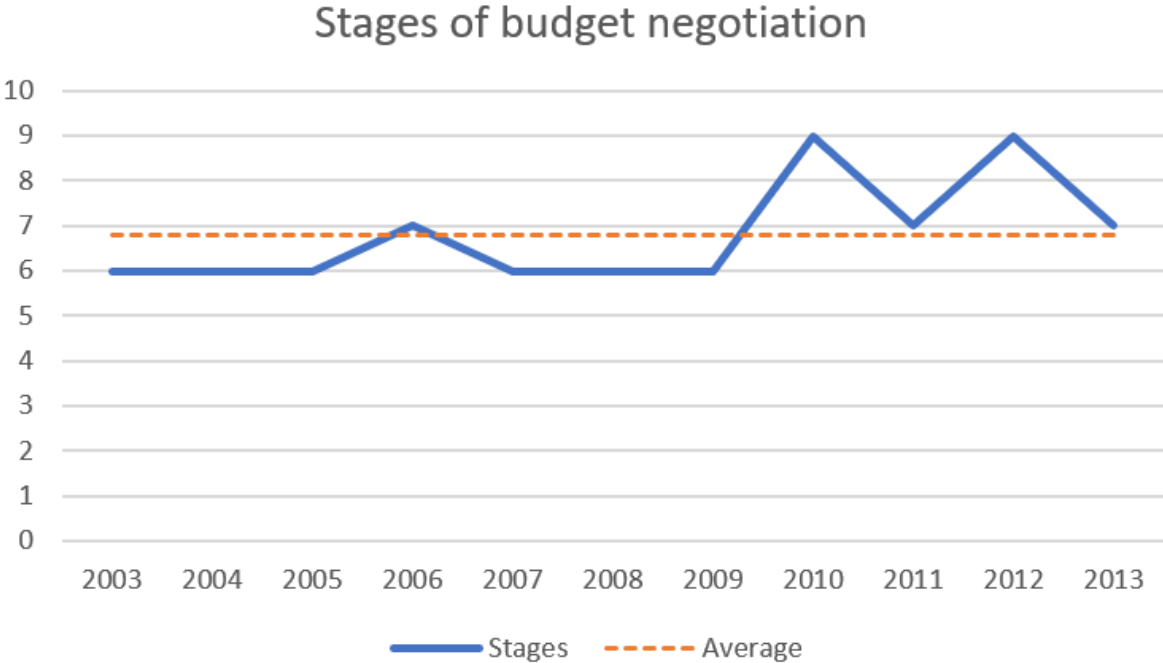
<sup>24</sup> Further details in Annex 3.

usually around June-July-August, which leaves a lot of time for the Parliament to suggest adjustments to the budget proposal. The only time the number of days drops significantly is in 2013, where duration of the negotiations lasted 145 days, a drop of 86 days from the previous year. The reason for this drop is simply because the EC did not submit its draft until 28 June, 32 days later than the second latest submission in 27 May 2005, and an astounding 69 days later than the earliest submission in 20 April 2011. Interestingly, 2013 was also the year of the earliest budget adoption, on 20 November, the only year where the budget was adopted prior to December.

On the whole, there is not much to draw from these numbers, at least on their own. Yes, there was some variation in the first ten years, but no consistent developments. Of course, the last year is interesting, as it indicates that the budget negotiations were sped up substantially. However, a single observation is not enough to draw any conclusions from, and it also does not represent any obvious trend in the data. Hence, I prefer to see this as an outlier rather than an indication of any underlying reflection with respect to the EC's legitimacy. Overall, these results reflect that the EU system has strict deadlines for every submission and position in the budget process, such that the amount of time in practice cannot be a major factor in the budget negotiations.

I am more curious about the results presented in table 5.8 below, where the number of stages in the budget negotiations is illustrated. This provides a better picture of the potential challenges of the EC's task of getting its budget proposals accepted. More specifically, figure 8 shows the number of stages required for every year, in order to get the budget adopted. The blue line represents the number of stages per year, while the dotted orange line represents the average amount of stages in the timeframe (2003-2013).

**FIGURE 8 - STAGES OF BUDGET NEGOTIATION**



*Source: Various documents from EUR-lex (2020a)*

The initial trend (from 2003 to 2009) is the that it takes around six stages for the budget to be adopted. The only exception is the year 2006, where seven stages were required. As mentioned in 2.1.6, the minimum number of stages for a budget to be adopted, is three. First, the EC’s budget draft must be submitted (by 1 September); second, the Council must give its position; and finally, the Parliament must state its position on the Council’s position. Thus, if the Parliament approves, and a majority of votes are cast (or they do not take a decision by 13 November), the budget is adopted. During the timeframe, such effortless negotiations do not occur. The standard procedure during the timeframe is that all the institutions make modifications to the initial budget proposal, and in this case a Conciliation Committee (CC) is convened. So, during the first half of the timeframe, the stages include the 1. EC draft 2. The Council’s position. 3. The Parliament’s position. 4. CC convening<sup>25</sup>. 5. The CC agreeing on a Joint Text. 6. Approval of the Council and the Parliament. In 2006, there was required an additional round of CC meetings before they could agree on a join text.

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<sup>25</sup> In the event of the Conciliation Committee accepting the Parliament’s amendments within 10 days, the budget gets adopted.

Interestingly, during the days of the crisis in 2010, there are alterations to the virtual status quo. In this year, the CC could not agree on a Joint Text within the required 21 days, which forced the EC to suggest a new draft budget. When the new budget draft was submitted, however, it was adopted by both the Council and the Parliament without further amendments. The following year, now well into the crisis, the situation improved slightly. However, the CC negotiations were still stretched to the last minute, but they did manage to produce a Joint Text that subsequently was approved by the Council and the Parliament, sparing the EC the hassle of once again returning to the drawing board. In the ensuing year, the EC experienced similar problems to 2010 during the budget negotiations. Once again, the CC could not produce a Joint Text, requiring the EC to create an entirely fresh draft. The legislative branches adopted the new budget draft without further CC intervention. In 2013, the final year of the timeline, the negotiations mirror those of 2011, where the CC convened, and managed to present a submit a Joint Text, which was subsequently adopted.

The results in figure 5.8 suggest that the budget negotiations clearly always are a tricky affair in the timeframe. This is by itself not a negative phenomenon. Conversely, it is positive that all three institutions get a say in such a crucial matter that is the annual budget of the European Union. It should thus not be considered a harmful situation for the EC to be challenged during the budget negotiations. However, this does become a different matter when the EC cannot get its budget approved, despite heavy negotiation and major amendments to the EC's original draft. Of course, in the two occurrences (2010 and 2012) the draft eventually was rejected, they did submit new drafts, that ended up being adopted. However, this required a lot of negotiations and larger changes, which reflects the weaker position of the EC relative to the other European institutions. This is related to the proposition's assertion, that the organization will lose ground if it is hindered in drafting the budget the sees fit. If the proposals are rejected, this does ultimately affect the legitimacy of the organization. Although the budget negotiations during the timeframe were always concluded prior to the 18 December deadline (in three instances, *on* the deadline day), this at least on part reflects the EC submitting their draft budgets a long time before the deadline for submission, allowing time for a potential situation where they have to submit an entirely new draft budget.

### 5.3.2 – Personnel

As capital only makes up one half of this proposition, the personnel numbers are equally important. Fortunately, I was given access to data on the staff composition of the European Commission. With this data, I am able to observe the trends of staff recruitment before and during the crisis, as well as tracing differences in recruitment between the different member states.

Table 7 presents the composition of officials employed in the European Commission for every given year in the timeframe, by country. As seen, all 28 member states (as of 2013) are included in the table. Therefore, there are not any values for those member states that joined during the expansions in 2004, 2007 and 2013 in the years before they joined. Note that the values are in percentages. The reason I post the percentages instead of the absolute numbers, is that this is to get an overview of the general trend of the staffing composition over the years.

**TABLE 7 - OFFICIALS IN THE EUROPEAN COMMISSION (2003-2013)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>AT</b>	2,1	2,1	2,0	2,0	1,9	1,7	1,7	1,7	1,7	1,8	1,7
<b>BE</b>	23,8	23,1	22,3	22,1	21,3	19,3	18,8	18,5	18,2	18,2	17,9
<b>BG</b>					0,4	0,6	0,9	1,2	1,8	2,0	2,1
<b>CY</b>		0,1	0,2	0,3	0,3	0,4	0,4	0,4	0,4	0,4	0,4
<b>CZ</b>		0,2	0,8	1,0	1,3	1,3	1,5	1,6	1,8	1,9	1,9
<b>DE</b>	9,4	9,7	9,4	9,2	8,9	8,2	8,1	8,0	8,1	8,1	8,2
<b>DK</b>	2,7	2,6	2,4	2,3	2,1	1,9	1,8	1,7	1,6	1,6	1,6
<b>ES</b>	8,6	8,6	8,3	8,1	7,9	7,1	6,9	6,9	6,8	6,9	6,9
<b>EE</b>		0,1	0,3	0,4	0,6	0,6	0,6	0,7	0,7	0,8	0,8
<b>FI</b>	2,8	2,9	2,9	2,8	2,7	2,3	2,3	2,2	2,2	2,1	2,1
<b>FR</b>	11,2	11,4	11,1	11,0	10,7	9,8	9,7	9,7	9,4	9,4	9,2
<b>GR</b>	4,4	4,5	4,3	4,2	4,0	3,7	3,6	3,5	3,6	3,6	3,7
<b>HR</b>											0,0
<b>HU</b>		0,2	1,0	1,4	1,8	1,8	1,9	2,0	2,2	2,3	2,4
<b>IE</b>	2,7	2,6	2,6	2,5	2,4	2,1	2,1	2,0	1,9	1,8	1,8
<b>IT</b>	13,0	12,6	11,9	11,5	11,1	10,0	9,9	9,9	9,8	9,8	10,0
<b>LT</b>		0,1	0,3	0,4	0,7	0,7	0,8	1,0	1,1	1,1	1,2
<b>LU</b>	1,7	1,5	1,4	1,2	1,1	1,0	0,9	0,8	0,8	0,7	0,7
<b>LV</b>		0,1	0,2	0,3	0,4	0,5	0,6	0,7	0,8	0,8	0,8
<b>MT</b>		0,0	0,1	0,2	0,3	0,3	0,4	0,4	0,4	0,5	0,5
<b>NL</b>	3,6	3,6	3,5	3,4	3,2	2,8	2,8	2,7	2,6	2,5	2,5
<b>PL</b>		0,2	1,6	2,5	3,2	3,4	3,7	4,1	4,4	4,6	4,6
<b>PT</b>	3,9	3,7	3,5	3,3	3,2	2,9	2,8	2,8	2,7	2,6	2,6
<b>RO</b>					0,5	0,8	1,0	1,8	2,8	3,2	3,3
<b>SE</b>	2,9	2,9	2,8	2,7	2,6	2,3	2,3	2,3	2,2	2,2	2,1
<b>SI</b>		0,1	0,2	0,3	0,4	0,5	0,6	0,7	0,8	0,8	0,9
<b>SK</b>		0,1	0,4	0,6	0,9	0,9	1,0	1,1	1,2	1,2	1,3
<b>UK</b>	7,0	6,9	6,6	6,3	5,9	5,3	5,0	4,8	4,6	4,4	4,3
<b>Other</b>	0,2	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1

Source: Gravier & Roth, 2020



The general trend here is that the 2004 enlargement countries all start out with a very small share of officials in the EC in 2004, thus the numbers for the EU15 countries are still mostly the same, and remarkably, in a few cases, slightly higher than in 2003. However, over the years, there is naturally a move towards a new equilibrium, where the larger of the new countries take up an incrementally larger space in the administration. This, naturally, means that officials from the EU15 countries decrease their share over the years. However, around the middle of the timeframe, the changes do in most cases slow down, and the composition changes are not especially significant in the following years. Nevertheless, some member states do still continue the decline, an example being the UK, which drops in every single year of the timeframe, from 7 per cent in the first year, to 4,3 per cent in the final year (suggesting this decline is not only connected to the influx of new member states taking an incrementally larger share of the staff positions).

Table 8 shows the staffing figures for the EU-15 countries in the timeframe 2003-2013.

**TABLE 8 - STAFFING FIGURES FOR THE EU15 MEMBER STATES**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>AT</b>	392	415	426	427	431	428	427	437	410	417	408
<b>BE</b>	4451	4632	4663	4756	4749	4764	4711	4647	4372	4334	4230
<b>DE</b>	1763	1945	1956	1972	1982	2023	2022	2007	1932	1934	1936
<b>DK</b>	503	512	502	486	470	458	444	427	392	383	379
<b>ES</b>	1600	1717	1726	1742	1761	1757	1730	1734	1628	1630	1639
<b>FI</b>	533	587	601	605	593	578	570	548	516	510	509
<b>FR</b>	2094	2277	2320	2367	2398	2432	2429	2436	2255	2236	2184
<b>SE</b>	539	590	593	591	582	569	564	568	524	515	509
<b>GR</b>	831	902	907	902	899	903	891	891	855	851	872
<b>IE</b>	506	527	542	544	533	527	517	501	457	431	427
<b>IT</b>	2435	2517	2482	2467	2475	2481	2476	2484	2352	2334	2357
<b>LU</b>	317	303	290	263	249	238	219	209	196	176	169
<b>NL</b>	680	718	723	724	710	702	702	677	614	594	597
<b>PT</b>	721	736	723	717	722	726	711	696	649	626	615
<b>UK</b>	1316	1372	1382	1366	1324	1304	1258	1215	1092	1052	1011
<b>EU15</b>	<b>18681</b>	<b>19750</b>	<b>19836</b>	<b>19929</b>	<b>19878</b>	<b>19890</b>	<b>19671</b>	<b>19477</b>	<b>18244</b>	<b>18023</b>	<b>17842</b>

*Source: Gravier & Roth (2020)*

Table 8 reveals that staffing figures in the EU-15 countries overall increased in the early part of the timeframe, even though their share of the Commission staff declined in this time period

(see table 5.9 above). This increase was in fact the trend until 2008, after which the absolute figures reveal that the trend in general is negative. What the reason for this general decline in the EU15 staffing figures are is not certain. Nevertheless, the first sign of decline occurred during 2008-2009, which coincides with the Global Recession. However, the first significant fall in EU15 staffing figures transpired from 2010 to 2013. This does correlate well with the initiation European debt crisis and could imply that the image of the EC among its staffers was impacted, especially the staffers of the ‘old’ EU15 countries.

Table 9 below contrasts the numbers EU15 numbers with the new member states. It presents the absolute numbers for the EU12 member states in the 2003-2013 timeframe. Note that Croatia is not included in this table, as only four staff members had joined by 2013.

**TABLE 9 - STAFFING FIGURES FOR THE EU12 MEMBER STATES**

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>CY</b>		12	35	54	73	90	93	103	100	94	96
<b>CZ</b>		43	163	219	300	330	370	410	427	448	439
<b>EE</b>		18	61	96	125	147	155	174	176	184	184
<b>HU</b>		49	211	298	397	438	465	514	535	556	580
<b>LT</b>		19	58	86	147	180	204	239	262	273	275
<b>LV</b>		13	38	57	99	115	141	170	180	186	192
<b>MT</b>		6	19	44	68	78	92	102	106	116	115
<b>PL</b>		42	343	534	721	849	929	1042	1053	1090	1093
<b>SK</b>		19	78	129	198	225	246	281	290	294	298
<b>SI</b>		15	44	71	94	116	144	172	182	197	207
<b>BG</b>					82	145	216	292	430	481	499
<b>RO</b>					105	207	325	442	668	756	<b>793</b>
<b>EU12</b>	<b>0</b>	<b>236</b>	<b>1050</b>	<b>1588</b>	<b>2409</b>	<b>2920</b>	<b>3353</b>	<b>3941</b>	<b>4409</b>	<b>4536</b>	<b>4771</b>

*Source: Gravier & Roth (2020)*

The trend of the EU15 member states is not mirrored in the EU12 numbers. The rapid increase in staffing figures for these countries is of course very palpable, as they all start from scratch. As they are nearing an equilibrium in the last years of the timeframe, the rate of expansion does slow down, most noticeable for the 2004 member states, who had a three-year head start on Bulgaria and Romania. During the last years, the increase is only trivial for the 2004 member states, with Malta and Czechia actually falling slightly. Interestingly, the Bulgaria and Romania numbers only increase a little during the last two years of the

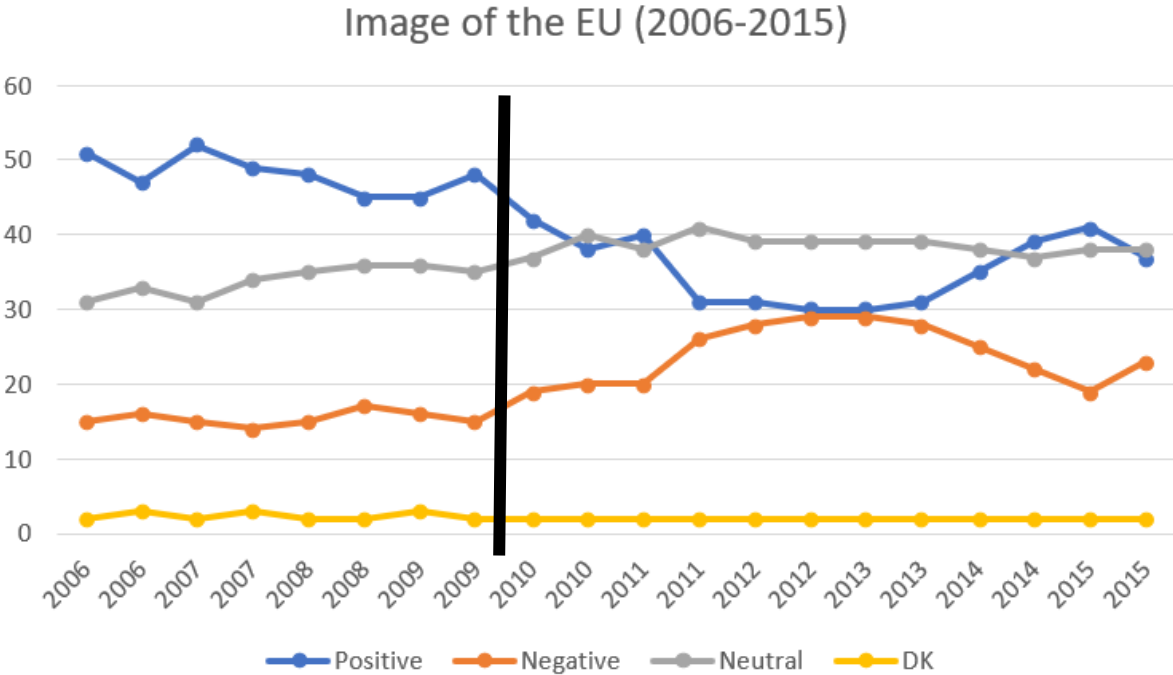
timeframe.

All the numbers present some interesting trends. Overall, the findings suggest that the EC is struggling to attract enough talent in the EU15 member states in the later years on the time period under analysis, while this is clearly not the case in EU12 countries. This undermines any interpretation of these trends as being reflective of a general austerity drive due to the debt crisis. Rather, it suggests that the EC is struggling to attract staff in a specific subsection of its population. Whether this is due to a reduction of its legitimacy and a decline in applications numbers from these countries is very hard to say based on these numbers, but it arguably is not a good sign.

#### 5.4 – Tainted Reputation

The fourth proposition relates to how the EU citizens view the EC and the EU. To find out whether the EC's reputation has withered following the European debt crisis, I use data from three survey questions from the Eurobarometer 63-84 publications, covering the timeframe of 2006-2015. Further details about this in sections 3.4.4 and 4.2.4. The first question concerns the EU citizens' image of the EU. In figure 9 below, a graph presents development from question 1 (Q1) 2006-2015.

**FIGURE 9 - IMAGE OF THE EU**



Source: The data has been extracted from the Eurobarometer 65-84 (2006-2015).

Figure 9 illustrates how the EU citizens from all the EU member states assess the image of the EU. The blue dotted line represents “positive” opinions (very positive + fairly positive), the orange line represents the “negative” opinions (very negative + fairly negative), the grey line represents “neutral” opinions, while the yellow line represents “don’t know” (DK). The Y-axis numbers are in percentages. The black vertical bar indicates the start of the debt crisis. As mentioned above, I included the data from Bulgaria and Romania in the first two issues (2006 spring and autumn), even though they were only *acceding members states*, and did not attain full membership until January 2007. In addition, the numbers from Croatia were not included in the years 2013-2015, as they did not become a member state before 2013.

As evident, the respondents that had a positive view of the EU were fairly strong in the early years of the timeframe. Around half of the respondents had a positive view of the EU the first years, with only dipping to about 45 per cent in in 2008-2009. Another positive for the EU was that only around 15 per cent of the respondents had a negative image of the EU in

the early years of the timeframe.<sup>26</sup> As the global recession gained a foothold across Europe, this is reflected in the graph with the positive image of the EU slowly decreasing after the Spring of 2009. As the debt crisis emerged in 2010 and onwards, the positive numbers take a further 10 per cent dive, stabilizing at around 30 per cent from 2011 through 2013. Mirroring this trend are the negative numbers. Every time the positive numbers dip, the negative numbers increase. From around 15 per cent in 2006, the numbers increase to the upper 20s from 2011 through 2013. Reaching a high of 29 per cent in late 2012 and early 2013. This time would prove to be rock-bottom with regards to the image of the EU, with neutral numbers at the same time at 39. As 2012-2013 this period can be considered the apex of the crisis, it does make sense that this is when the numbers were at their worst, with high unemployment numbers, unprecedented media coverage and a general sense of uncertainty across the European population. The latter part of the graph does however show some encouraging signs. During 2014 and the first half of 2015 the number of those with a positive image gradually increased to 40 per cent, while the negative number fell to 19 per cent, with the gap between the negative and positive up from a 1 per cent difference to 21 per cent.

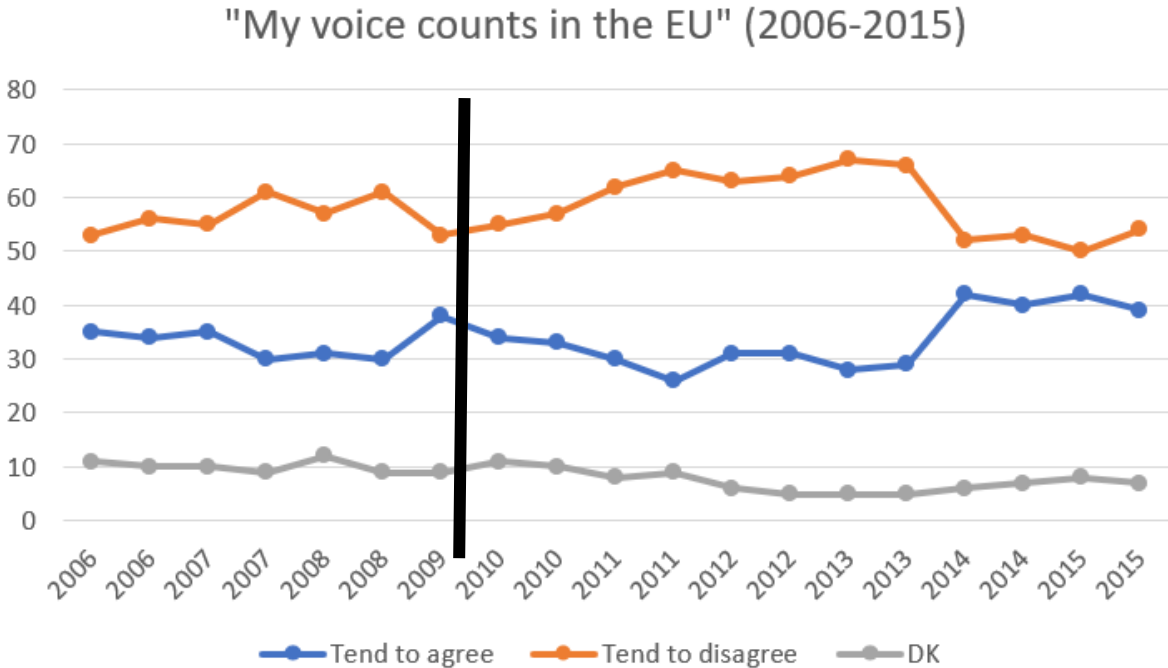
The trend thus displays a massive decline in the EU's image from the early years to the middle of the crisis. This is in line with what I expected, as people can be influenced by their personal economic situation, the general economic situation and uncertainty during times of crisis. Nevertheless, the image of the EU did improve in the latter years of the crisis, and the positive numbers in 2015 had increased by 10 per cent since the worst numbers in late 2012 and early 2013. That being said, these numbers did not recover to the same level as in the years before the crisis. The highest positive numbers the EU had in the post-crisis years was around 40 per cent. That is still more than 10 per cent less than the highest results in pre-crisis years. These numbers do indicate that the EU image took a massive hit after the crisis, and the trend is not that these numbers are on a speedy recovery, although the curve was positive until the first half of 2015.

Figure 10 presents the data for question 2 (Q2) in the graph below:

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<sup>26</sup> The number of respondents who had a neutral view of the EU, was around 30 per cent, and gradually increased to around 40 per cent in 2010. Some of this high share of neutral responses is likely because knowledge about the EU was not too widespread, and many simply did not have strong positive or negative associations to the EU.

**FIGURE 10 “MY VOICE COUNTS IN THE EU”**



Source: The data has been extracted from the Eurobarometer 65-84 (2006-2015).

Figure 10 illustrates the opinions on whether or not the respondents agree with the statement: “my voice counts in the EU”. The blue dotted line represents those who “tend to agree”, while the orange line represents the ones who “tend to disagree”, and the grey line represents “don’t know” (DK). The Y-axis numbers are in percentages. The black vertical bar indicates the start of the debt crisis. In contrast to the two other questions, the Q2 is missing in the 72nd edition (Autumn 2009). I do, however, not see this as a major problem, as the general trend over time is what I am studying. Hence, it is not my intention to observe and study every single time point individually.

As opposed to Q1 presented in figure 9, the development throughout the timeframe is not as substantial. However, there is some interesting variation during the e crisis years. As the graph visibly illustrates, the EU citizens were never really confident in the value of their influence in the EU system. In the first year, 2006, over half of the respondents expressed that they did not agree with statement “my voice counts in the EU”. Only around 35 per cent believed that their vote counted. Thus, this was clearly a challenge for the EU even long

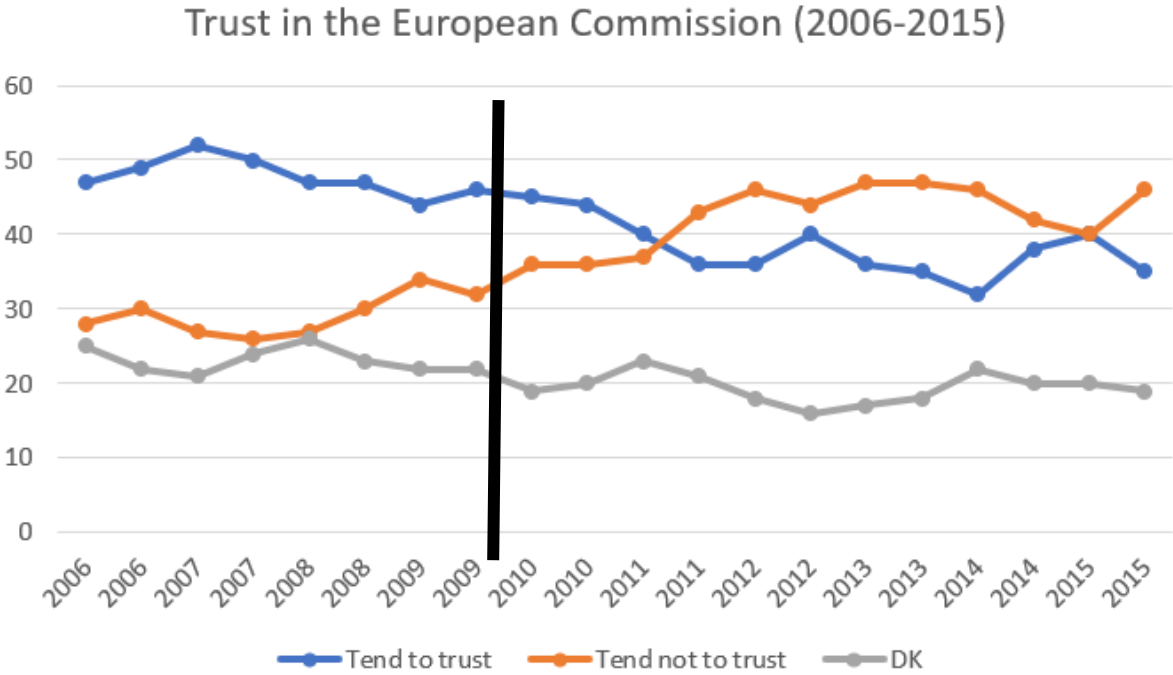
before the crisis years.<sup>27</sup> In 2009 these numbers changed slightly, with the those disagreeing with the statement falling to 2006-levels of around 50 per cent, and the number of those agreeing reaching a then high of almost 40 per cent. This is likely coinciding with the 2009 European Parliament elections, where EU citizens had the opportunity to vote in the election, and thus probably feeling more confident about their voice counting. However, as this was at the dawn of the crisis, the numbers gradually deteriorated afterwards, with the disagreement numbers reaching almost 70 per cent in early 2013. The numbers of those agreeing fell to below 30 percent, while the DK fell to around 5 per cent. However, in a very interesting turn of events, the 2014 numbers improved considerably. Similar to 2009, the impact of being an election year likely played a major part in this. Those who agreed with the statement now numbered a little over 40 per cent, while those disagreeing had sunk to slightly over 50 per cent. However, unlike 2009, the numbers would remain more stable for the rest of the timeframe, with only a slight negative dip in late 2015. While having around half of the EU citizens considering their vote ineffectual should not be considered a positive result in the eyes of the EC, it is definitely a step in the right direction compared to 2011-13. As the EC has targeted making the EU more accessible to the general body of EU citizens, and less of a perceived elite project, this is at least a facet of that process they can look to with some encouragement. However, there remains a long way to go.

Figure 11 presents the data for question 3 (Q3) in the graph below:

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<sup>27</sup> Another interesting observation is that the level of “don’t know” (DK) are fairly substantial for Q2. In Q1, the DK was at 1-2 per cent - in other words, rather insignificant. However, in Q1 the respondents had the option of responding that they had a neutral image of the EU, which likely accounted for many of those who did not know too much about the EU.

**FIGURE 11 - TRUST IN THE EUROPEAN COMMISSION**



Source: The data has been extracted from the Eurobarometer 65-84 (2006-2015).

Figure 11 illustrates the EU citizens level of trust in the EC. The blue dotted line represents those who “tend to trust” the European Commission, while the orange line represents the ones who “tend not to trust” it. The grey line represents “don’t know” (DK). The Y-axis numbers are in percentages. The black vertical bar indicates the start of the debt crisis.

The graph illustrates that the EC did enjoy a considerable amount of trust in the early years of the timeframe. Around half of the respondents expressed that they tended to trust the EC, while around 30 per cent tended not to trust it. Interestingly, the number of “don’t know” (DK) were very substantial. This indicates that many did not know much about the EC, or at least they did not know what they should expect of the EC. The DK numbers remain fairly high throughout the timeframe, rarely dipping far below 20 per cent. Around 2007-2008 the trust number gradually starts to decrease, and the pivotal moment occurred between early 2011 and late 2011, when the number of respondents expressing distrust exceeded the number of respondents trusting the EC. The number of those expressing distrust gradually increased, eventually stabilizing at close to 50 per cent during the crisis years. The worst measure for the EC’s level of trust was early 2014, when level of distrust was around 15 per cent higher than the level of trust. During late 2014 and early 2015 the numbers did improve slightly, and the



level of both distrust and trust was at 40 per cent by early 2015.

In the eyes of the EC, looking at this graph must be very concerning. They started out as an organization with a fairly high level of trust, but eventually became more distrusted than trusted. Of course, that the trust numbers decreased somewhat during the crisis is not unexpected. However, not being able to recover to similar heights after the crisis is problematic. That they in the eyes of the citizens became more distrusted than trusted, speaks to how people perceive the EC's handling of the crisis.

## 5.5 – Overall Discussion

As the four propositions in the previous sections have been analyzed independently, it is time to discuss the results together. When looking at the data for all the propositions, the findings did not present a general proposition-wide negative or positive trend. Some of the results did show that the trend was negative, that the debt crisis indeed did seem to affect the EC, while other results suggested fewer observable changes during the crisis years and beyond. However, overall, the trend is that the EC has to some extent struggled in all four propositions. One area the development truly took a turn for the worse is in the fourth proposition, predominantly in Q1 (the image of EU) and Q3 (trust in the EC). Here, there are signs that the EC truly have struggled with their reputation throughout the crisis. The majority of the respondents had a positive view of the EU, while the EC maintained a high level of trust in the years before the crisis, a trend that for both Q1 and Q3 reversed completely during 2010-2011. It should be noted that Q2 (voice counts in the EU), has a different curve. While the number of respondents that did not agree that their voice counts in the EU increased in the crisis years (2010 and onwards), this number actually decreased in the latter part of the timeframe, while the number of those who agreed with the statement increased, culminating in a better outlook for the EC with regards to the citizens' impression of how much their vote counts than before the crisis. However, the majority still disagrees with the statement, and the number of those who agree has not come close to the number of those who disagree during the timeframe, signaling that this is a major issue for the EC, despite the positive, yet minimal, improvement in the numbers.

Another instance of a proposition that did not attest to a glowing positive trend for the EC is proposition 1. The fact that the mean success-rate of the EC decreased significantly in the crisis years and after, is not the development that is to be expected from the management in a

crisis. The EC should be able to still submit legislation that would efficiently hinder the crisis from expanding further, and not face increased opposition from the legislative branches. This trend is also evident in proposition 2, where the criticism towards the EC from its allies indeed increased during the crisis years. It did not help that the number of supportive statements decreased in the later stages and the aftermath.

While, the three mentioned propositions mainly suggest a negative trend for the EC during and after the crisis, the findings in proposition 3 are less negative. The capital part of the proposition shows that while it displays a slightly negative trend, with the EC having to submit an entirely new budget draft twice in the crisis years, the budgets were all adopted before the annual deadline, which can in part be attributed to the EC, because the budget drafts were always submitted a long time before the draft deadline. As to the personnel part, the trend is that the new EU member states (of the 2004 and 2007 enlargements), quickly gained ground within the EC administrative staff, the development showed that a great deal of the older member states (those from before 2004, EU15) increased their number of staffs in the early years of the timeframe, prior to the crisis, but their numbers started to decrease during and after the crisis, in many cases rapidly. With regard to how many inhabitants these EU15 countries represent (about 3/4 of the EU population in 2007), this is a discouraging development. However, the decline is not large enough to make it a convincing argument for a general struggle for the EC to be able to recruit personnel.

Overall, the trend is clearly not a positive one for the EC. Most of the data does point in a negative direction, while some of the data do not show any clear pattern of decline. However, none of the data presented in this chapter exhibit any strong positive trends. In chapter 6, the results of the analysis are further discussed and concluded.

## Chapter 6 – Conclusive Discussion

This study has examined how the European Commission's legitimacy has been affected by the European debt crisis of 2010. It started with the introduction of the topic and the research question in chapter 1, as well as introducing the model this thesis would be based on. Chapter 2 discussed the context and the background of the European Union, the European Commission, the euro, the European debt crisis, as well as introducing a number of established legitimacy issues the EC and the EU had been struggling with in the years prior to the crisis. Chapter 3 examined the theoretical framework of the thesis, first reviewing existing literature on the legitimacy of organizations, before going further into detail on Hamilton's model, as well as expanding on the four propositions. This was followed up by a part where it was assessed whether the model was applicable to public organizations as well as the private organizations studied by Hamilton. Additionally, the propositions were discussed in further detail, in addition to assessing their applicability to my study of the EC during the debt crisis. In addition, it was argued whether or not the model could be restated, in order to better suit the study of the EC during crisis. Finally, the chapter included operationalizations of every proposition, in order to facilitate how they could best be measured. Chapter 4 reviewed the methodological choices for the measurement of every proposition, as well as discussing the why the single-outcome study was the most suitable type of case study for the thesis. Furthermore, the collected data for the thesis was presented, and discussed. Next, the different methods utilized in the thesis were conferred. Finally, questions of measurement issues, as well as reliability and validity were deliberated over. In chapter 5, all the findings for the different propositions were discussed, concluding the chapter with a short overall discussion about the findings. The remaining part of this chapter answers every proposition, as well the research question. The final section will discuss how this work can be built upon, and discuss limitations to my study, thus, hopefully motivating other scholars to carry on the torch, investigating aspects this study was unable to.

### 6.1 – Answer to the Research Question and the Propositions

As all the propositions have been analyzed thoroughly in chapter 5, this section provides an answer to said propositions. First, every proposition is answered independently, then the overall conclusion and answer to the research question follows.

### 6.1.1 – Answer to Proposition 1

The first proposition seeks to measure the relationship between a crisis and the management's ability to maneuver in response to the crisis. The proposition states that:

*A crisis will impair management's ability to maneuver in terms of defending, repairing or maintaining the organization's viability.*

In this proposition, I have analyzed the findings in the data related to the leadership's performance. The leadership is defined as the College of Commissioners (as mentioned in 3.4.1), which is thus the body responsible for leading the EU, as well leading and coordinating the important task of proposing and submitting legislation.

Looking at the mean success-rate of the pre-crisis years (2006-2009), the number is significantly higher than that of the post-crisis years (2010-2015). It should be noted that there are large variations in the success-rate of the pre-crisis years, from 61,2 in 2006 to 84,0 in 2008. This is evident in the post-crisis years as well, as the success-rate ranges from 49,6 (2015) to 81,1 (2011). However, this does not hide the fact that the post-crisis years over time ends up with a mean of only 66,3, as opposed to the pre-crisis years mean success-rate of 74,7, which is 8,4 over that of the post-crisis years. The findings related to this proposition suggest that there is a change from the pre-crisis years to the crisis and post-crisis years. This is consistent with the statement of the proposition, that the management's ability to maneuver indeed was impaired by the crisis.

### 6.1.2 – Answer to Proposition 2

The second proposition seeks to measure the relationship between a crisis and the estrangement of allied organizations. The proposition states that:

*A crisis will sever an organization's external ties.*

The second proposition was measured by observing statements by a number of organizations that I assessed to be considered as allies of the organization in question, the EC. The chosen organizations are, the IMF, the ECB, the WTO, the World Bank and the UN. The proposition suggests that the crisis will eventually lead allied organizations to distance themselves from the organization in question, in order to avoid "guilt by association".

The findings suggest that while the pre-crisis years show signs of support and neutral

statements by the EC's allies, the post-crisis years change to an increased number of critical statements. Whereas, the early crisis period (2010-2012) show signs of continued support and neutrality, the latter part of the timeframe exhibits more a larger number of critical statements by the allies. Particularly, the fact that only one critical statement is found in the pre-crisis years, while six critical statements are found in the post-crisis years, makes the case for increased allied distancing stronger. In addition, the strong negative turnaround from an originally close ally like the IMF, due to converging opinions related to the austerity measures, is a blow for the EC. Thus, I find the trend of the statements is consistent with the proposition's statement, that a crisis leads to a severing of external ties.

### 6.1.3 – Answer to Proposition 3

The third proposition seeks to measure the relationship between a crisis and a decrease in the organization's ability to acquire necessary resources, such as capital and personnel. The proposition states that:

*A crisis will disrupt an organization's critical resource flows.*

This proposition is separated into two parts, namely capital and personnel. The capital part is measured by analyzing the budget negotiations of the EU, while the personnel is measured by looking at the staff composition changes of the EC. It must be noted that timeframe of this proposition is slightly different to the other propositions. As detailed in 4.2.3, this is due to the fact that I was only able to acquire staff composition data from 2003 until 2013, as opposed to the other timeframes, which span from 2006 to 2015. Therefore, I also choose to analyze the EU budget negotiations in the timeframe 2003-2013, to remain consistent within the proposition.

The trend of the budget negotiations is generally that the number of budget negotiation stages (lower is better) of the pre-crisis period (2003-2009) is lower than those of the post-crisis years (this equals the actual crisis years of 2010-2013). The post-crisis years show an increase to an average of 8, as opposed to the pre-crisis years average of 6.1. This is definitely not an encouraging trend for the EC. However, as noted in 5.5, the EC was able to get the budget adopted before the 18 December deadline during all of the years in the timeframe. Still, the fact that the EC had to formulate entirely new budget drafts in both 2010 and 2012, reflects rather badly on them, as this suggest that their initial proposals were so far from being acceptable to the Council and the Parliament, that the budget negotiations had to be

completely restarted for there to be a viable budget to be adopted. While I do not find the capital trend to be as strong as the other propositions, the trend is however consistent with the propositions statement.

Turning to the personnel part of the proposition, things are not very convincing. As addressed in 5.3.2 and 5.5, there is a decrease in staffers from the EU15 member states during the timeframe. However, the decrease started in 2009, a year before what is considered the first full year of the crisis. Nevertheless, this decline in staffers from the EU15 member states did endure throughout the post-crisis years. Also, the EU12 numbers kept increasing, even in the years after 2010. As I briefly touched upon in 5.3.2, it could be argued that this is a general austerity issue. In general, the austerity measures intended for cuts in public wages/personnel in certain member states, which would in turn ultimately affect staff employment within the EC. While the numbers in the EU15 are declining, I do not find it to be the most significant changes. In addition, the EU12 members staff numbers do increase slightly as well. Hence, I find the proposed effect of the crisis to be too weak to definitely find a consistent trend.

I do not find any of these two parts to be particularly supportive of the proposition's statement. However, the capital part does definitely indicate a trend of increased budget negotiation issues in the post-crisis years. As for the personnel part, I find this even less convincing. Thus, it is somewhat of a tie, which is to say I cannot reject the proposition fully, but I cannot state it is consistent with the data. Accordingly, I would define it as an undecided proposition.

#### 6.1.4 – Answer to Proposition 4

The fourth proposition seeks to measure the relationship between a crisis and a staining in the organization's reputation among its stakeholders, being the EU citizens. The proposition states that:

*A crisis will taint an organization's reputation*

This proposition was operationalized in order to be measured by the three questions from the Eurobarometer surveys during 2006-2015, Q1, Q2 and Q3. The first, Q1, is a question asking the respondents whether they find the EU has a positive, neutral or a negative image. These answers do mark a clear trend. The pre-crisis years marked a positive period for the EU, where around half the respondents had a positive image of the EU, while only around 15 per

cent had a negative image of the EU. This trend remains pretty stable until the crisis years in 2010 and onwards, and there is little doubt that the image of the EU suffered immensely during these years. In 2010, the image of the EU started to decline, and would continue to do so many years. It should be noted that this trend did go in a slightly positive direction during the last years of the timeframe. However, the EU's image would never return to the pre-crisis levels. There is no doubt in my eyes that the EU's image took a big hit during and after the crisis years. As discussed in 5.4, there are likely numerous reasons for this, although I believe the EC's (as well as other leading actors, like the ECB) lack of responsiveness and resolve played a large part. In addition, the controversial measures of austerity discussed in 2.3.3, likely played a large part in damaging the EU's and its leader's reputation.

The next question, Q2, asked the respondents whether or not they tended to agree with the statement: "My voice counts in the EU". This was an issue the EU was struggling with well before the crisis, namely, citizens largely did not believe their voice counted. During the pre-crisis years, the answers remained relatively stable, between 50 and 60 per cent of the population did not believe their voice had any real value in the EU, and thus, their input, usually voting, could be considered hollow. At the same time, around 30-35 per cent tended to believe that their voices did count. This was alarming for the EU, and very damaging to its legitimacy, as in part required the citizen's input and participation. This trend would only be exacerbated during the crisis years and would later reach a considerable number of respondents disagreeing with the statement, nearly 70 per cent in early 2013. By 2014 the numbers had improved massively and would remain roughly the same for the rest of the timeframe. This drastic improvement in the numbers is, as mentioned in 5.4, something I attribute to the European Parliament elections of 2009 and 2014, as the positive correlation is apparent in both years. What separates these years, is that 2009 is followed by a mass decline in positive responses, while the 2014 responses remain stable in the following years. Thus, as those who disagree with the statement still outnumber those who agree, it is still a step in the right direction, as the last years of the timeframe are the best numbers recorded during the ten-year period.

The third question, Q3, largely mirrors the trend in Q1. The EC's trust among the citizens was fairly high in the pre-crisis years, and it did suffer a substantial fall in the post-crisis years. As mentioned in 5.4, the pivotal moment in the decline of EC trust happened between early 2011 and late 2011, when the number of those who tended not to trust exceeded the number of those who tended to trust the EC. In the post-crisis years, the level of trust did not

recover (albeit there is a slight positive spike in early 2015). As the number of those who tended to trust the EC in the early years of the timeframe exceeded those who tended not to trust the EC by roughly 20 per cent, this fall can be considered to be significant.

Therefore, as I find Q1 and Q3 to be clearly a negative trend for the EU and the EC, I do assess the findings to be consistent with the propositions statement that the European debt crisis has tainted the EC's reputation. It is not forgotten that the Q2 did show encouraging signs, with the final years of the crisis actual improving the numbers from the pre-crisis years. It is however, only slightly, and it is not significant enough to outweigh the more drastic negative results of Q1 and Q3.

#### 6.1.5 – Answer to the Research Question

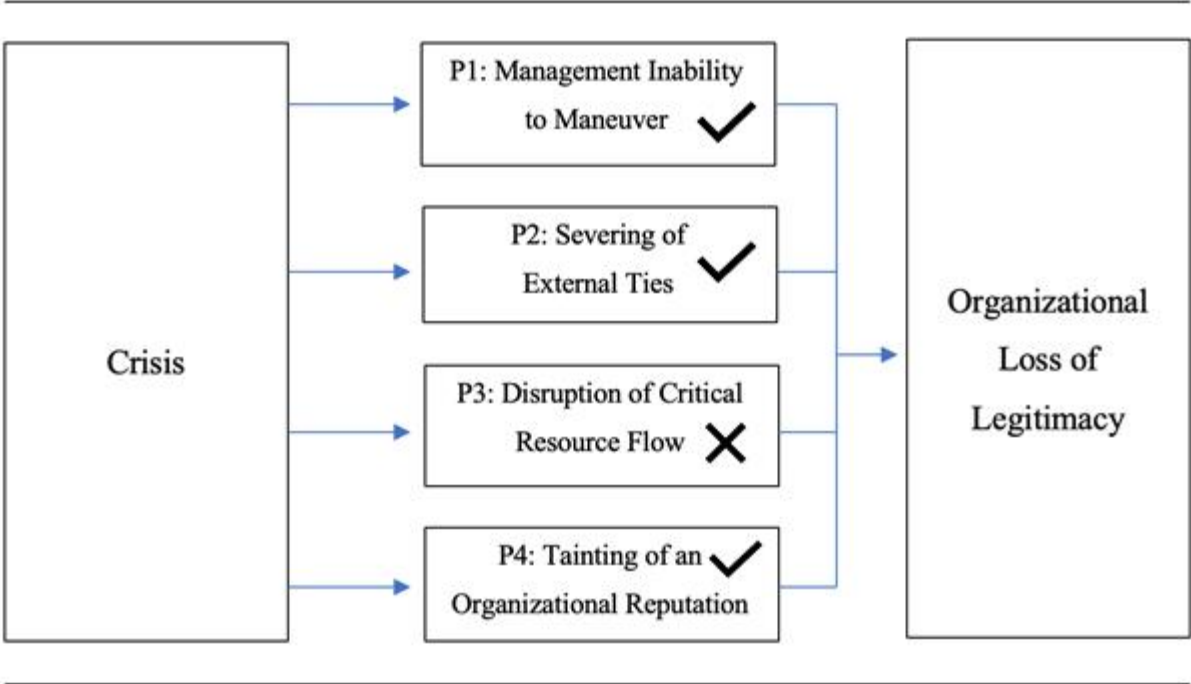
The research question of this thesis has been the guiding line for my study on the European Commission, and how its legitimacy has been affected by the European debt crisis. To reiterate, the research question stands as follows:

*“What have been the effects of the European debt crisis on the European Commission's legitimacy as an organization?”*

To answer the RQ plainly: The effects on the European Commission's legitimacy following the debt crisis have overall been negative. By looking through the lens of the propositions, there is no doubt the crisis has taken its toll on the EC. In the previous sections, I concluded that in three out of the four propositions, the findings were consistent with the propositions' assertions. These were proposition 1, proposition 2, and proposition 4. So, what about proposition 3? As mentioned, I assess it to be *undecided*, rather than *not consistent*, as the proposition is split into two parts, namely *budget* and *personnel*, where the budget part is consistent with the proposition's assertion, while the findings in the personnel part is not entirely convincing, as I believe the decline in personnel is not significantly large (the number



even increased in the EU12<sup>28</sup> member states after the crisis). However, for the undecided proposition 3 to outweigh the conclusions of proposition 1, 2 and 4, the trends in the proposition would have to be a large step in a positive direction for the EC, and that cannot be found. In figure 12 below, the restated model of Hamilton’s (2006) model, updated with answers to the propositions is listed.



**FIGURE 12 - THE RELATIONSHIP BETWEEN A CRISIS AND ORGANIZATIONAL LOSS OF LEGITIMACY – WITH RESULTS.**

Figure 12 shows the model presented in 3.3 (figure 1), updated with the answers to the propositions. The model basically asserts that the debt crisis has led to organizational loss of legitimacy, measured through the four propositions. So, can it be claimed that the European Commission has suffered from an organizational loss of legitimacy following the debt crisis? Yes. The data is consistent with the propositions, and in the one proposition I deemed not convincingly consistent, it was certainly not any positive trend to measure, it was just not a

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<sup>28</sup> As mentioned in 5.3.2, the EU12 consists of the countries of the 2004 and 2007 enlargements, while the EU15 are the members states from before 2004.

definitive as the other three propositions. So, what does it mean for the EC to experiencing a loss of legitimacy? It is not positive, and according to theories of legitimacy, if the downward spiral does continue, it could ultimately end up in a legitimacy crisis. Sadly, this thesis is not able to do any further research on the potential quest towards a legitimacy crisis, however that is definitely something that could be considered for future studies, which is elaborated upon in the following section.

## 6.2 – Future Research

I consider there to be several avenues of which this study can be built upon in the future. First of all, I think the model can be applied to studies on different regional or international organizations. As I demonstrate in section 3.3, the model, which was used to study private organization in Hamilton's paper, is very much applicable to public organizations. A similar study, for instance, assessing the legitimacy of the World Health Organization (WHO) after the COVID-19 pandemic could be very interesting, and is something I would absolutely encourage, provided you have access to relevant data.

Another approach is simply to continue where this study concluded. As I expressed towards the end of the last section, I dejectedly cannot continue exploring whether the EC the loss of legitimacy potentially has led the EC into a legitimacy crisis. However, I imagine a study of the EC, starting where this study left of, then reverting my model in a similar fashion to what I did in section 3.3, with loss of legitimacy leading to a legitimacy crisis, through the lens of the same propositions (1-4), could be a very fruitful and interesting study. A similar study of other EU institutions, such as the ECB or the EU as a whole, if you have the resources, data, and plenty of time.

Hopefully many of the limitations of my study can be expanded upon in future research. For instance, making better sure that all the data is available earlier in the study. I did not get access to all of the data I enquired for. So, I believe remarkable results could be produced with the right operationalizations of the propositions, as well as the right data. With realistic expectations, and feasible goals, a future study based on the design of this study could truly prove fruitful.

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## Annex

### Annex 1

#### Legal acts – statistics – Proposition 1

Adopted acts	<a href="https://eur-lex.europa.eu/statistics/legislative-acts-statistics.html">https://eur-lex.europa.eu/statistics/legislative-acts-statistics.html</a>
Rejected acts	<a href="https://eur-lex.europa.eu/statistics/legal-acts/legislative-acts-statistics-repealed-and-expired-acts.html">https://eur-lex.europa.eu/statistics/legal-acts/legislative-acts-statistics-repealed-and-expired-acts.html</a>
Proposals	<a href="https://eur-lex.europa.eu/statistics/commission-proposals-statistics.html">https://eur-lex.europa.eu/statistics/commission-proposals-statistics.html</a>

### Annex 2

#### Documents for the European Central Bank – Proposition 2

Year	Available at:
2006	<a href="https://www.ecb.europa.eu/press/pr/date/2006/html/pr061205.en.html">https://www.ecb.europa.eu/press/pr/date/2006/html/pr061205.en.html</a>
2007	<a href="https://www.ecb.europa.eu/pub/pdf/annrep/ar2007en.pdf">https://www.ecb.europa.eu/pub/pdf/annrep/ar2007en.pdf</a>
2009	<a href="https://www.ecb.europa.eu/pub/pdf/other/mb200912_focus08.en.pdf">https://www.ecb.europa.eu/pub/pdf/other/mb200912_focus08.en.pdf</a>
2010	<a href="https://www.ecb.europa.eu/press/pr/date/2010/html/pr100805_1.en.html">https://www.ecb.europa.eu/press/pr/date/2010/html/pr100805_1.en.html</a>
2011	<a href="https://www.ecb.europa.eu/press/pr/date/2011/html/pr110211.en.html">https://www.ecb.europa.eu/press/pr/date/2011/html/pr110211.en.html</a>
2012	<a href="https://www.ecb.europa.eu/press/pr/date/2012/html/pr120912.en.html">https://www.ecb.europa.eu/press/pr/date/2012/html/pr120912.en.html</a>
2013	<a href="https://www.ecb.europa.eu/press/pr/date/2013/html/pr120912.en.html">https://www.ecb.europa.eu/press/pr/date/2013/html/pr120912.en.html</a>

#### Documents for the World Trade Organization – Proposition 2

Year	Available at:
2006	<a href="https://www.wto.org/english/news_e/pres06_e/pr450_e.htm">https://www.wto.org/english/news_e/pres06_e/pr450_e.htm</a>
2007	<a href="https://www.wto.org/english/tratop_e/tpr_e/g177_e.doc">https://www.wto.org/english/tratop_e/tpr_e/g177_e.doc</a>
2009	<a href="https://www.wto.org/english/tratop_e/tpr_e/tp314_e.htm">https://www.wto.org/english/tratop_e/tpr_e/tp314_e.htm</a>
2011	<a href="https://www.wto.org/english/tratop_e/tpr_e/s248_sum_e.pdf">https://www.wto.org/english/tratop_e/tpr_e/s248_sum_e.pdf</a>
2013	<a href="https://www.wto.org/english/tratop_e/tpr_e/s284_sum_e.pdf">https://www.wto.org/english/tratop_e/tpr_e/s284_sum_e.pdf</a>
2015	<a href="https://www.wto.org/english/tratop_e/tpr_e/s317_sum_e.pdf">https://www.wto.org/english/tratop_e/tpr_e/s317_sum_e.pdf</a>

Documents for the World Bank – Proposition 2

Year	Available at:
2008	<a href="https://www.worldbank.org/en/news/feature/2008/06/16/challenges-and-opportunities-of-labor-migration-in-the-middle-east-and-north-africa">https://www.worldbank.org/en/news/feature/2008/06/16/challenges-and-opportunities-of-labor-migration-in-the-middle-east-and-north-africa</a>
2009	<a href="https://www.ft.com/content/942a7748-fe08-11dd-932e-000077b07658">https://www.ft.com/content/942a7748-fe08-11dd-932e-000077b07658</a>
2010	<a href="https://www.worldbank.org/en/news/press-release/2010/11/23/less-time-cost-business-comply-regulations-would-spur-growth">https://www.worldbank.org/en/news/press-release/2010/11/23/less-time-cost-business-comply-regulations-would-spur-growth</a>
2011	<a href="https://www.reuters.com/article/us-worldbank-zoellick/world-bank-chief-urges-definite-steps-by-europe-idUSTRE79I87A20111020">https://www.reuters.com/article/us-worldbank-zoellick/world-bank-chief-urges-definite-steps-by-europe-idUSTRE79I87A20111020</a>
2012	<a href="https://www.worldbank.org/en/news/press-release/2012/02/05/statement-by-the-wb-ec-and-imf-on-the-review-of-romania-economic-program">https://www.worldbank.org/en/news/press-release/2012/02/05/statement-by-the-wb-ec-and-imf-on-the-review-of-romania-economic-program</a>
2013	<a href="https://www.worldbank.org/en/results/2013/07/11/china-protecting-environment-and-improving-livelihoods-of-farmers">https://www.worldbank.org/en/results/2013/07/11/china-protecting-environment-and-improving-livelihoods-of-farmers</a>
2014	<a href="https://www.worldbank.org/en/results/2014/04/10/promoting-roma-inclusion-in-eastern-europe">https://www.worldbank.org/en/results/2014/04/10/promoting-roma-inclusion-in-eastern-europe</a>
2015	<a href="https://www.worldbank.org/en/news/feature/2015/01/21/the-world-bank-exchanges-views-on-global-economic-trends-with-the-european-commission-january-15-2015-brussels">https://www.worldbank.org/en/news/feature/2015/01/21/the-world-bank-exchanges-views-on-global-economic-trends-with-the-european-commission-january-15-2015-brussels</a>

Documents for the International Monetary Fund – Proposition 2

Year	Available at:
2006	<a href="https://www.imf.org/external/pubs/ft/fandd/2006/06/fonteyne.htm">https://www.imf.org/external/pubs/ft/fandd/2006/06/fonteyne.htm</a>
2007	<a href="https://www.imf.org/en/News/Articles/2015/09/28/04/54/tr070414b">https://www.imf.org/en/News/Articles/2015/09/28/04/54/tr070414b</a>
2008	<a href="https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr08112">https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr08112</a>
2009	<a href="https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr09298">https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr09298</a>
2010	<a href="https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp111910">https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp111910</a>
2011	<a href="https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr11162">https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr11162</a>
2012	<a href="https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr12290">https://www.imf.org/en/News/Articles/2015/09/14/01/49/pr12290</a>

2013	<a href="https://www.theguardian.com/business/2013/jun/05/imf-admit-mistakes-greek-crisis-austerity">https://www.theguardian.com/business/2013/jun/05/imf-admit-mistakes-greek-crisis-austerity</a>
2014	<a href="https://www.nytimes.com/2014/06/20/business/international/international-monetary-fund-says-europe-should-weigh-bond-buying.html">https://www.nytimes.com/2014/06/20/business/international/international-monetary-fund-says-europe-should-weigh-bond-buying.html</a>
2015	<a href="https://www.bbc.com/news/business-33531845">https://www.bbc.com/news/business-33531845</a>

#### Documents for the United Nations – Proposition 2

Year	Available at:
2006	<a href="https://www.unbrussels.org/wp-content/uploads/2011/09/report2005.pdf">https://www.unbrussels.org/wp-content/uploads/2011/09/report2005.pdf</a>
2008	<a href="https://www.un.org/sg/en/content/sg/speeches/2008-04-25/remarks-forum-%E2%80%9C-united-nations-and-european-union-joining-forces">https://www.un.org/sg/en/content/sg/speeches/2008-04-25/remarks-forum-%E2%80%9C-united-nations-and-european-union-joining-forces</a>
2010	<a href="https://www.unbrussels.org/report2010/">https://www.unbrussels.org/report2010/</a>
2012	<a href="https://www.unido.org/news/un-secretary-general-welcomes-european-commissions-commitment-sustainable-energy-all-initiative">https://www.unido.org/news/un-secretary-general-welcomes-european-commissions-commitment-sustainable-energy-all-initiative</a>
2014	<a href="https://www.unenvironment.org/news-and-stories/press-release/european-union-and-united-nations-work-together-improve-lives-more">https://www.unenvironment.org/news-and-stories/press-release/european-union-and-united-nations-work-together-improve-lives-more</a>

### Annex 3<sup>29</sup>

Data for each years the budget negotiation

Year	Link
2003	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32004B0378&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32004B0378&amp;from=EN</a>
2004	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32005B0701&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32005B0701&amp;from=EN</a>
2005	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32006B0465&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32006B0465&amp;from=EN</a>
2006	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007B0828&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007B0828&amp;from=EN</a>
2007	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008B0607&amp;from=en">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008B0607&amp;from=en</a>
2008	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009B0801&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009B0801&amp;from=EN</a>
2009	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011B0109&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011B0109&amp;from=EN</a>
2010	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011B0748&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011B0748&amp;from=EN</a>
2011	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012B0455&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012B0455&amp;from=EN</a>
2012	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013B0464&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013B0464&amp;from=EN</a>
2013	<a href="https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32014B0067&amp;from=EN">https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32014B0067&amp;from=EN</a>

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<sup>29</sup> The dataset from Gravier & Roth used in Proposition 3 – Personnel, comes as an attachment.

## Annex 4

Data from the Eurobarometer

	<b>Issue nr.</b>	<b>Edition</b>	<b>Publication date</b>
<b>1</b>	65	Spring	March 2006
<b>2</b>	66	Autumn	Sept. 2006
<b>3</b>	67	Spring	April 2007
<b>4</b>	68	Autumn	Sept. 2007
<b>5</b>	69	Spring	March 2008
<b>6</b>	70	Autumn	Oct. 2008
<b>7</b>	71	Spring	June 2009
<b>8</b>	72	Autumn	Oct. 2009
<b>9</b>	73	Spring	May 2010
<b>10</b>	74	Autumn	Nov. 2010
<b>11</b>	75	Spring	May 2011
<b>12</b>	76	Autumn	Nov. 2011
<b>13</b>	77	Spring	May 2012
<b>14</b>	78	Autumn	Nov. 2012
<b>15</b>	79	Spring	May 2013
<b>16</b>	80	Autumn	Nov. 2013
<b>17</b>	81	Spring	May 2014
<b>18</b>	82	Autumn	Nov. 2014
<b>19</b>	83	Spring	May 2015
<b>20</b>	84	Autumn	Nov. 2015

Available at:

<https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/index#p=1&instrument=s=STANDARD&yearFrom=2006&yearTo=2015>