

<http://hdl.handle.net/1765/129941>



Conclusion



7.1 INSIDE THE (DE-)POLITICISATION NEXUS

When I arrived in Brussels' European Quarter in November 2018 to conduct one of my first interviews on the Stability and Growth Pact, the atmosphere was tense. Gilet Jaunes were protesting all over the district and were willingly or unwillingly shepherded by countless police officers who sought to keep protesters away from EU buildings. Someone – or something heavy – had shattered one of the large glass panels next to the revolving door that serves as entry point to the Charlemagne building. After clearing security, I was led up to the 15th floor where I met the DG ECFIN official I would be interviewing. The cracks and bursts of Gilet Jaunes fireworks coming from below occasionally broke the noiselessness haunting the cramped and windowless hallways. The official jokingly said that I had picked a nice day to visit. They were concerned about the protests and what they signified. But what really worried them was getting member state's finances in order before the next economic shock. Whatever it would be and wherever it would hit first, it was surely going to go viral throughout the Euro area economies if member state's finances, especially levels of public debt, were not sorted out. I asked the official to what extent the upsurge in Euroscepticism after the last crisis had impacted DG ECFIN's activities. "One of the things we've realised is that there is a large demand for transparency. [...] [Our activities] were fully in line with the rules, but the rules are not obvious. It's a constant exercise of communication, transparency and providing as many figures as possible." I realised I had finally found the point of intersection between politicisation and depoliticisation.

The EU is "failing forward" (Jones et al., 2016), perpetually concocting ad-hoc solutions and constantly reinventing itself as it is battered by crisis after crisis (Börzel & Risse, 2018; Schimmelfennig, 2018). National politics on the EU has gone from 'politics *without* policy' to 'politics *against* policy', while at the EU level there has been a shift from 'policy *without* politics' to 'politics *with* policy' (Schmidt, 2019). The emergence of a 'constraining dissensus' and the associated politicisation of European integration have profoundly affected contemporary politics on current or would-be European issues at all levels of government (De Wilde et al., 2016; Hooghe & Marks, 2009). This development has increasingly torn through the EU's layers of technocratic insulation (Radaelli, 1999a) and has pushed non-elected, expertise-driven supranational actors such as the European Commission and the European Central Bank to increasingly consider their legitimacy as they are drawn into the realm of mass politics (Rauh, 2016, 2019; Verdun, 2017).

Few areas display the disconnect between the societal politicisation of the EU, embodied by the Gilets Jaunes seeking an end to austerity, and the institutional depoliticisation of the EU's supranational elements, exemplified by Commission officials responding to such demands with more figures, as clearly as that of the implementation and enforcement of EU macroeconomic governance. On the one hand, the Euro area crisis painfully displayed the deficiencies of EU economic integration, inciting public frustration with the EU and support for Eurosceptic and populist politicians across the continent (Hobolt & de Vries, 2016; Hobolt & Tilley, 2016). On the other, the post-crisis reforms layered new crisis solutions onto existing, weakly responsive

architectures and as such did not sufficiently address public demand for the strengthening of the EU's democratic credentials (Scharpf, 2015; Verdun, 2015). The lack of institutionalised procedures through which ordinary citizens can directly affect the implementation and enforcement of EU socio-economic coordination and budgetary surveillance frameworks begged the question whether the behaviour of the relatively technocratic supranational actors involved is affected by societal politicisation in other ways. This dissertation therefore focussed on the responsiveness of these actors in empirical terms: do they change their behaviour when levels of politicisation change?

A study on the empirical responsiveness of these actors is especially important since most studies on EU responsiveness have focussed on the policy adoption stages, yet *how* these policies are subsequently implemented and enforced can have major consequences for the way these policies are experienced by EU citizens (Haverland, 2013; Zhelyazkova et al., 2019). In the areas of EU economic and fiscal surveillance, the decisions of non-elected, expertise-driven actors can deeply affect member state economies by setting or removing constraints on member state governments' socio-economic policy choices and fiscal space. Thus, these actors have indirect but significant sway over a range of factors that matter to citizens, such as national employment and poverty rates, pensions and the amount of public funding available for healthcare and education, to name a few. Consequently, this dissertation set out to uncover how societal EU politicisation affects the implementation and enforcement of EU policy in the areas of economic and fiscal governance by focussing on the central executive actor in these areas: the European Commission. The dissertation was guided by the following research question:

How does the politicisation of the European Union affect the enforcement of EU economic and fiscal surveillance measures by the European Commission?

Through answering this research question, this dissertation has aimed to understand how processes of politicisation affect the last stages of the EU policy cycle – after policy adoption, where politicisation is ‘allowed’, but prior to citizens experiencing the concrete policy outcomes. But it has also sought to understand how Commission officials deal with, respond to, and in some cases ‘manage’ the politicisation of the institution they work for (Bressanelli et al., 2020; Schimelfennig, 2020).

Each chapter in this dissertation addressed a different sub-question, using different methods. Chapter two asked the question: what is the current body of academic knowledge on the politics of EU economic and financial governance, and what are the most pressing gaps in this body of knowledge? The chapter began by mapping and aggregating the state of the art of research on the politics of EU financial regulation and economic governance. Based on this extensive overview, it formulated a comprehensive research agenda that prioritised the enhancement of our understanding of processes of (de-)politicisation with regard to the politics of these areas of EU policy. Chapter three subsequently built on this agenda to develop an audience-sensitive theoreti-

cal model of how non-majoritarian and expertise-driven executive actors, such as the European Commission, would respond to potentially business-as-usual-threatening developments as EU politicisation. This chapter was guided by the sub-question: how do expertise-driven executives respond to institutional risks in their political environment?

The remaining chapters subsequently tested and refined this theoretical model in the empirical context of the European Commission. Chapter four was guided by the sub-question: does EU politicisation affect the enforcement of EU fiscal and macroeconomic surveillance steps by the Commission? Based on a series of multilevel and topic models, it presented a first quantitative analysis of the scope and content of the outputs of the European Semester, i.e. the Country-Specific Recommendations (CSRs), to assess the extent to which these recommendations are shaped by politicisation. The sub-question concerning how and when EU politicisation affects the enforcement of EU fiscal surveillance steps by the Commission was answered in Chapter five. This chapter employed a more extensive quantitative methodology, specifically a Bayesian mixed Markov model, to understand the role of societal politicisation in the enforcement of the Stability and Growth Pact (SGP). Chapter six finally drew on four causal process tracing case studies, for which cases were selected from within the sample of cases studied in Chapter five, to provide further qualitative evidence of the causal mechanisms underlying the statistical effects found in the preceding chapters. This last chapter answered the question: what is the causal mechanism behind the effect of politicisation on the enforcement of EU fiscal surveillance steps by the Commission? Together, Chapters five and six constitute the nested analysis and mixed-method part of this study (Blatter & Haverland, 2014; Lieberman, 2005).

Section 7.2 will present the main conclusions of the individual chapters, in which the conclusions of the empirical chapters will play a central role. Section 7.3 will subsequently tie these partial conclusions together to provide a conclusive answer to the general research question posed in this dissertation. Section 7.4 discusses these conclusions in light of their limitations. The implications of these findings for practice and society are discussed in Section 7.5. The final section, Section 7.6, highlights the relevance of these findings for the academic fields of EU studies, political science and public administration. This section also indicates future avenues for research in each of these areas of study.

7.2 MAIN CONCLUSIONS

This section will present the key conclusions of the individual chapters. It will also show how the findings and research designs in later chapters link back to those in previous chapters.

The responsiveness of responsible actors in EU (economic) governance

Chapter two set out to survey the existing scholarly literature on the politics of EU financial regulation and economic governance. It conducted a systematic review of all empirical studies

published in ISI-ranked journals between 1999-2016. After laying out the study's scope and methodology, it used Easton's (1965) conception of political systems to map the literature on the politics of these policy areas onto the EU political system. This exercise allowed for a systematic assessment of the gaps in this literature, with an explicit focus on the lack of research on interlinkages between different elements of the system and the absence of research on non-usual-suspect actors.

The scoping review unearths a number of unique features of the EU's political system of financial regulation and economic governance. Foremost, it identified the political cleavages between groups of member states that are best characterised as 'battles of systems' or 'battles of ideas' (Quaglia, 2011b, 2015b): the rift between 'Northern saints' and 'Southern sinners' in the area of monetary and fiscal policy being one of the most structural examples (Matthijs & McNamara, 2015). It furthermore highlights the role of increasingly powerful supranational institutions, such as the Commission and the ECB, that offer credible commitment to the integration process but remain insulated in technocratic decision-making structures, and finds that a substantial portion of research has focused on the EP as a potential source of legitimacy and counterweight to business interests. It also concludes that studies on outputs demonstrate an inherent bias in EU policy towards deregulation and austerity. These studies offer two takes on the debate on rule enforcement: a lack of compliance by national governments puts economies at risk, but mechanistic application of supranational rules overlooks important contextual details. Legitimacy for outputs is missing: rules are too technocratic, reflect a bias towards business interests over societal interests and the politicisation of these outputs is considered undesirable.

Based on this aggregation, the chapter concludes with an agenda for future research. It finds a distinct lack of systematic research on the linkages between political 'inputs', such as public opinion and domestic election outcomes, and 'outputs', such as laws, policy or the content of regulatory decisions, of the political system of EU financial regulation and economic governance. The lack of attention to linkages between inputs and outputs was most strongly visible in relation to non-majoritarian, technocratic EU institutions such as the Commission and the ECB. The research agenda centralises the processes of politicisation and depoliticisation that strongly characterise the politics of EU financial regulation and economic governance. It argued in favour of taking key questions on the conditions, mechanisms and agency underpinning processes of (de-)politicisation in these policy areas more seriously. It also called for a stronger focus on the important role that venue choice plays in the EU political system: its complex network of institutions and frameworks offers many different points of entry for actors seeking to (de-)politicise issues, and these choices greatly affect the eventual EU-level outputs as they constrain and/or enable the degree to which (de-)politicisation is possible.

As absence of evidence, i.e. a lack of academic studies on these processes, is not evidence of absence, Chapter three delves into the literature on executive responsiveness. It finds that 'responsible' executives in liberal democratic systems may not be as unresponsive as they initially appear (cf Caramani, 2017; Mair, 2009). Whereas expertise-driven executives may not always 'pander to

the people' in a populist sense, for example by facilitating popular policy outcomes in the short term, it argues that they can be responsive to reputational threats issued by key audiences in their political environment. Technocratic executives may respond to threats, such as public protests, by actively signalling their expertise in order to bolster their reputation as competent and responsible actors. Subsequently, the chapter offers three illustrative examples from technocratic executives in the EU context, which portray how such technocratic responsiveness works in practice. One of these examples was the case of the European Food Safety Authority, which tailored the scientific assessment of a chemical in accordance with the type of reputational threats emanating from its institutional environment (Rimkutė, 2018). The last section condenses three attributes of audiences that likely guide the responsiveness of these actors, being variation in audience attention, preferences and power.

Audiences, reputation and resolve

Chapter four presented a first empirical test of the theory developed in Chapter three, using a quantitative analysis of the scope and content of the EU's Country Specific Recommendations; as proposed by the European Commission, before they are adopted in the Council. Characterizing the Commission as a reputation-seeking regulator that is sensitive to institutional risk, the chapter theorised how two sets of audiences were likely to matter for CSR issuance under conditions of politicisation in the target state (the member state receiving these CSRs). The chapter developed two sets of competing hypotheses by grouping relevant audiences according to Schmidt's (2014) distinction between 'the markets' and 'the people'. Faced with rising politicisation in a member state, the Commission could become more lenient with this member state to signal responsiveness to 'the people' – most notably the audiences opposing supranational meddling in the member state itself. Alternatively, if the Commission prioritised 'the markets', it may worry about the negative implications of looking hesitant in the face of politicisation. Instead, the Commission would use the CSRs to signal its credibility as a responsible watchdog to audiences favouring more stringent Commission involvement in the member state in question.

Politicisation was captured in each member state through the elements of polarisation, measured as the kurtosis of public opinion on the EU, and mobilisation, which captured the strength of Eurosceptic parties in national parliaments. The subsequent analysis was based on a series of cross-classified multilevel regression models, as well as topic models using latent Dirichlet allocation, which were used to estimate the effects of both elements on the scope and content of all CSRs issued by the Commission between 2011-2017. The findings of this chapter did not support the first set of hypotheses. Increases in politicisation, for example through a more polarised public opinion on the EU or a stronger presence of Eurosceptic parties in a member state's parliament, do not lead the Commission to signal enforcement-opposing audiences in target state by softening recommendations. The statistical analysis found that the Commission did not issue CSRs that were lesser in scope, or which showed a stronger relative focus on social investment, to countries with higher levels of politicisation. Instead, the chapter finds that in the context of

CSRs, the Commission cares more about signalling regulatory resolve and political independence to pro-enforcement audiences in and beyond the target state. It issues recommendations that are *larger* in scope, which concurrently exhibit a stronger relative focus on social retrenchment.

A number of important conclusions come out of Chapter four. Foremost, it concludes that the implementation of EU policy, specifically the drafting of potentially invasive recommendations to member state governments, is affected by societal politicisation. Thus, it is not solely a result of the technical analyses that underpin these recommendations, and it is not solely member state governments that engage in ‘political tinkering’ in EU economic governance (Amttenbrink & De Haan, 2003; Baerg & Hallerberg, 2016). However, these findings do not point to a responsiveness in normative terms, i.e. weaker CSRs due to the politicisation of EU interference, to societies in which this politicisation of Commission legitimacy occurs. Instead, they show theories on the impact of politicisation on policy implementation and enforcement by EU actors should carefully incorporate the various audiences, and by extension the various reputational threats, that matter to these actors (De Wilde & Rauh, 2019; Meijers et al., 2019). This is the second important conclusion in chapter four.

The third and final conclusion speaks to the specific role of the Commission within the EU’s framework of economic coordination and surveillance. The reputation of the Commission, i.e. that of a credible ‘watchdog’, is vitally important for the sustainability and stability of the EU, and especially so in case of the stability of the Euro area economy (Verdun & Zeitlin, 2018). Popular narratives suggesting that the Commission might waver and show lenience to member states in which levels of politicisation are stronger, such as member states where Eurosceptic parties have recently made gains in elections or were elected into government, may irreparably damage the credibility of the Commission. Chapter four demonstrates that concern is unfounded. Faced with societal politicisation, the Commission ‘entrenches’ (Bes, 2017; Rauh, 2016): it reactively issues CSRs that can be interpreted as *more* invasive in order to signal resolve in the face of politicisation, but does shift the focus of these recommendations to areas where it enjoys a stronger mandate to limit the potential for audiences to criticise this show of resolve. This conclusion is important because it shows that politicisation does not necessarily dilute enforcement, but may galvanise supranational commitment to a strict enforcement of community policy.

The signalling mechanism and audience-prioritisation through mobilisation

The design of the more extensive quantitative study presented in Chapter five was directly informed by the conclusions of the preceding chapter. This more extensive analysis focussed on a different element of the enforcement of the EU’s system of economic governance: that of fiscal surveillance. The more invasive and more politically contested Stability and Growth Pact, and especially its Excessive Deficit Procedures (EDPs), presented an especially interesting context in which to study Commission responsiveness to politicisation: as EDPs are ultimately backed up by sanctions, they are arguably more invasive, easier to politicise and of greater salience to general publics.

The chapter further refined the theory developed in Chapter four by theorizing explicitly the mechanisms underpinning reputation-building behaviour by organisations operating in contexts of high audience heterogeneity. Most notably, the chapter further hypothesised the importance of dynamic, conflicting reputational threats, and the role of audience mobilisation in shaping organisational attention (Alon-barkat & Gilad, 2016; Carpenter, 2010; Gilad & Chagai, 2019). By bringing in elements of signalling theory (Connelly et al., 2011; Fearon, 1997), it also provided more detailed hypotheses regarding the Commission's response to politicisation in the case of the SGP. Chapter five used a Bayesian mixed Markov model to analyse the consequences of the aspect of politicisation that is plausibly of greatest concern to the Commission, i.e. Euroscepticism, on the enforcement of EDPs by the Commission over the period 2005-2018.

The conclusions from this chapter build on the conclusions of the previous chapter in a number of important ways. As a start, this analysis corroborated the presence of the 'entrenchment' effect aimed at signalling resolve in the context of fiscal surveillance: it found that, while holding fiscal conditions constant, rising levels of public Euroscepticism in a member state yielded higher probabilities that the Commission opens an EDP for that member state. In addition, it shed more light on a number of specific mechanisms underlying this Commission reflex. It enhanced the models developed in Chapter four by explicitly including a second important audience: that of publics in creditor member states notorious for their pro-enforcement preference (Schimmelfennig, 2015; Schmidt, 2019). By including these audiences alongside audiences in the target state, Chapter five illustrated how the Commission's signalling of resolve in the face of politicisation in the target state was stronger in periods where creditor audiences were more Eurosceptic. Thus, one of the major contributions of this chapter is the provision of robust evidence for the Commission's entrenchment mechanism.

The limits of this reputation-seeking behaviour were also examined. Specifically, it highlights that audience mobilisation is an important dimension of societal politicisation that is capable of shifting the prioritisation of audiences by the Commission. Whereas the entrenchment mechanism appears to predominantly target pro-enforcement audiences in creditor states, the mobilisation of Eurosceptic audiences in the target state through Eurosceptic political parties was found to act as a major constraint on this behaviour. In other words, once public Euroscepticism morphs into a strong presence of Eurosceptic parties in a member state's parliament, EU politicisation spills into the party system of the member state in question. On average, this likely leads to higher levels of salience and stronger levels of polarisation as political parties begin profiling on an EU-dimension (Hobolt & Tilley, 2016; Hooghe & Marks, 2009; Meijers, 2017). Thus, mobilisation is able to shift the balance of threats faced by the Commission in favour of the threat of overenforcement: the Commission becomes far more hesitant with opening invasive EDPs for these member states. This conclusion matters because it shows the extent to which divergence in politicisation patterns across audiences shapes the Commission's prioritisation of audiences as it seeks to safeguard its reputation as a credible watchdog for both sets of audiences.

Weak reputation and signalling multiple audiences

As the last empirical contribution to this dissertation, Chapter six picked four theoretically informative cases from the sample analysed in Chapter five for further study using causal process tracing methodology (Beach & Pedersen, 2019; Blatter & Haverland, 2014). The goal of this exercise was to uncover the causal mechanisms that underpin the Commission's responsiveness to politicisation as identified in Chapters four and five. To this end, the chapter presents causal process tracing analyses of SGP enforcement by the Commission in the cases of the United Kingdom (2008), Finland (2011 & 2015) and Italy (2018). In this process, it provided new types of evidence for the impact of politicisation on Commission decision-making that further substantiated the quantitative analyses used in previous chapters. The primary data sources were expert interviews with officials of the relevant institutions involved in the process of fiscal surveillance, such as the Commission (DG ECFIN), Ministries of Finance and the ECOFIN Council. The chapter also made use of official documentation and newspaper coverage of key events.

The qualitative approach allowed for an appraisal of factors that had been left out of the statistical analyses due to limitations concerning the available data or chosen modelling approaches. Specifically, institutional factors, such as changes in Commission discretion and autonomy (Bauer & Becker, 2014; Seikel, 2016), and levels of (issue and EU) salience (Carpenter, 2002; Maor & Sulitzeanu-kenan, 2013; Rauh, 2019) were examined as potentially relevant in moderating the effect of politicisation on SGP enforcement. As such, the chapter developed a more comprehensive theorisation of the conditions that shape the reputation-seeking mechanism on part of the Commission. It also reflected more explicitly on the differences between reputational threats (e.g. Gilad et al., 2013) and legitimacy threats (e.g. Rauh, 2019).

Conjointly, the UK (2008) and Finnish (2010) cases showed that reputational calculations within the Commission services made it willing to push for the opening of Excessive Deficit Procedures in the face of a general politicisation of the EU in these member states despite a lack of clarity on the macroeconomic grounds of enforcement. Despite EU politicisation in the member states under surveillance, the causal process tracing exercise unveils a concern with reputational losses for audiences supportive of fiscal discipline, such as audiences in the Netherlands and Germany, as well as the ECB, within the Commission services. A strong sense within the Commission that responsibility was shared with the Council, as well as low levels of salience concerning the launch of an EDP in the UK and Finland, further enabled the Commission to use these cases to 'signal action' to any observing audiences.

The cases of Finland (2015) and Italy (2018) demonstrated that shifts in the balance of EU politicisation across audiences are able to alter the prioritisation of audiences by the Commission. The rise to power of the True Finns in Finland, and the Lega and the Five Star Movement in Italy, made the Commission increasingly wary of Eurosceptic concerns in these member states. Levels of issue salience were also higher in these cases, which made general publics in Finland and Italy into important audiences. In these cases, the politicisation of potential EDPs by strongly mobilised Eurosceptic actors resulted in the Commission backing down to prevent further

antagonization of these audiences. This evasion of EDPs occurred despite stronger grounds for enforcement than in the cases of the UK (2008) and Finland (2010). These shifts in audience prioritisation, and from the threat of under-enforcement to that of over-enforcement, were further enabled by the 2011 reforms of the SGP framework: the ‘Six-Pack’ had made the Commission more autonomous vis-à-vis the Council, which had also increased notions of responsibility for enforcement decisions within the Commission services.

These findings lead to a number of important conclusions. Firstly, the qualitative evidence corroborates the image of a Commission attempting to bolster a damaged reputation in front of different sets of deeply heterogenous audiences, as reported in Chapters four and five. This shows that the EU still lacks an ideal-type of the ‘credible watchdog’ in terms of the SGP (Amttenbrink & De Haan, 2003; Begg & Schelkle, 2004; Heipertz & Verdun, 2010): for some audiences, credibility comes from a black-letter implementation of fiscal rules, whereas others believe credible enforcement requires an incorporation of economic (and political) context in the interpretation of the Pact. This yields a situation in which reputational gains for the Commission amongst some audiences are always offset by losses amongst others (cf Carpenter & Krause, 2012). Or in the words of ECFIN Commissioner Moscovici: “I will have criticism whatever I do, I can never win” (Euractiv, 2019).

More importantly, it shows that processes of politicisation in both the target state as well as in creditor states can greatly expand the audiences that show an interest in, and take a stance on, the Commission’s enforcement of the SGP. Here, the findings corroborate the importance of issue salience as a moderating factor found in previous studies (e.g. Gilad et al., 2013; Rauh, 2019). Taken together, this has major but context-varying implications for the enforcement of EU fiscal rules: depending on where politicisation is strongest, it may equally push the Commission towards signalling leniency or strictness. It also highlights how audience expansion can be purposefully organised by political entrepreneurs seeking to change the reputational calculations within the Commission (Hooghe & Marks, 2009; Kriesi, 2016). Finally, the Italian case shows how the Commission may sequence responsiveness to different audiences in an attempt to signal multiple audiences when multiple enforcement decisions are clustered closely together in time.

A last important conclusion is that institutional changes impacting levels of Commission discretion and autonomy have affected how politicisation impacts the reputational concerns within the Commission. Specifically, Commission discretion and epistemic uncertainty regarding enforcement conditions create scope conditions for the Commission to consider the reputational threats posed by politicisation during enforcement (cf Carpenter, 2010; Gilad, 2015). Changes in Commission autonomy from the ECOFIN Council may furthermore constrain or enable reputation-based enforcement as they create or diminish a sense of shared responsibility for enforcement outcomes between the EU’s central executive bodies, i.e. the non-majoritarian Commission and the Council consisting of elected representatives.

7.3 GENERAL CONCLUSION

Having set out the main conclusions of the individual chapters, this section ties them together to provide a concise and conclusive answer to the overarching research of this dissertation:

How does the politicisation of the European Union affect the enforcement of EU economic and fiscal surveillance measures by the European Commission?

The central conclusion of this dissertation is that politicisation has both constraining as well as enabling effects on the Commission's enforcement of EU economic and fiscal rules. It can energise a Commission seeking to bolster its reputation as a 'guardian of the markets' in front of audiences that desire the black-letter enforcement of EU law by an unwavering Commission. Yet it can equally push the Commission towards increasing flexibility in the enforcement of these rules in an attempt to portray itself as a politically responsive and legitimate EU executive. This choice will depend on the extent to which societal politicisation can alter the balance of reputational threats posed to the Commission. The fundamental contestation of the EU in the lives of its citizens has become one of the many issues the Commission grapples with as it conducts routine implementation and enforcement activities in the area of EU economic governance.

Politicisation and EU economic and fiscal rule enforcement

The societal politicisation of the EU affects the enforcement of EU economic and fiscal surveillance measures by the European Commission in a number of ways. These effects are present despite the relatively depoliticised nature of these policy areas and the political insulation of the Commission - especially regarding the implementation and enforcement of EU policy. Politicisation expands the set of audiences that pays attention to matters of EU governance and the behaviour of EU actors. Opinion polarisation leads these audiences to take increasingly divergent positions on the EU, from strongly supportive to ubiquitously adversarial. As audiences become increasingly attentive and opinionated on matters of EU governance, they also become increasingly willing to act on these opinions, mobilizing political resources in the process.

This general politicisation of the European Union feeds into existing political conflicts between EU member state governments over the implementation and enforcement of EU economic and fiscal policy. It also creates new institutional risks for the European Commission. Politicisation increases the attention paid by a growing set of non-executive audiences, such as general publics and member state parliaments, many of which are not usual-suspects regarding the European Semester. Opinions on the EU are linked, often strategically by political actors, to existing positions on the enforcement of the Semester, including the SGP. Euroscepticism is tied to strict-enforcement positions among creditor audiences, whereas anti-European and pro-sovereignty sentiments feed into flexible-enforcement positions amongst audiences in member states facing potentially invasive recommendations and procedures.

Politicisation and the differentiated management of a ‘watchdog’ reputation

The Commission’s concern with organisational reputation as identified in this dissertation is not the result of societal EU politicisation: most public organisations actively manage their reputation and legitimacy, also in the absence of politicisation and contestation. But in the context of this study, politicisation modifies and amplifies the reputational threats posed to the European Commission, which is tasked with the brunt of the enforcement competences in the Semester and SGP. Politicisation has an especially notable impact on the enforcement of these surveillance mechanisms because these areas of EU policy are highly complex and weakly responsive by design, yet simultaneously have the potential to severely constrain the activities of ‘sovereign’ member states. The Commission’s reputation in this area has also been historically compromised in various ways among strongly heterogeneous audiences, making it more susceptible to a diversity of politicisation-enhanced reputational threats.

The Commission relies on diversified and audience-specific reputation-management strategies when it is faced with politicisation. EU politicisation among audiences supportive of strict enforcement may push the Commission to signal resolve in the face of politicisation among audiences supportive of flexible enforcement. However, shifts in the balance of threats posed by politicisation among these audiences may also lead the Commission to signal responsiveness to pro-flexibility audiences. According to this dissertation, this context-dependent prioritisation of audiences is shaped by the strength of politicisation across its dimensions of salience, polarisation and actor expansion, and across different audiences. In terms of its dimensions, it is most notably the dimension of audience mobilisation that plays a decisive role, which shapes the power held by these audiences to impact the Commission’s (future) institutional position and hence enhance or weaken a specific reputational threat. The dissertation has furthermore identified issue salience and levels of Commission discretion and autonomy as important factors that can moderate the effect of politicisation on the implementation and enforcement of EU policy by the Commission.

The final sections of this chapter discuss the limitations and importance of these conclusions in more detail. Section 7.4 discusses the limitations of the empirical conclusions. Section 7.5 discusses the relevance of these findings for the EU, its institutions and member state governments, and European societies at large. Section 7.6 finally places these conclusions in broader academic debates by discussing their scientific relevance and outlining avenues for future research.

7.4 LIMITATIONS

Although the conclusions presented here add to our understanding of the relationship between EU politicisation and EU policy implementation and enforcement, these conclusions were drawn in a specific context. A first important limitation relates to the generalizability of these findings beyond the case of the European Commission in the area of economic and fiscal governance. This generalizability may be impaired by a number of factors. For one, the policy context - EU economic

and fiscal policy coordination – is a relatively idiosyncratic one in which the Commission has relatively invasive powers vis-à-vis member state governments (Armstrong, 2013; Scharpf, 2015). The Commission itself is also a particular institution within the EU framework, with its broad variety of competences, high levels of sectoral expertise, right of legislative initiative and weak accountability linkages to European publics. It is therefore an open empirical question whether the Commission itself responds similarly to politicisation in enforcement regarding other policy areas, or whether other non-majoritarian EU institutions responsible for the implementation and enforcement of EU policy respond in similar ways (e.g. European regulatory agencies). However, while political conflict structures and the degree of authority transferred to supranational executives may vary across policy areas, the politicisation of the EU likely impinges on all policy areas and institutions that are visible to EU citizens (Rauh, 2016; Zürn, 2018). As such, there is no a-priori reason to assume these findings do not travel beyond the case examined here.

In a similar vein, it also remains an open empirical question to what extent these findings travel beyond the context of the EU. Few national regulators face such fundamental contestation among as many different and heterogenous audiences as the European Commission. Moreover, in most national contexts, distinctions between the actors regulated by, and those holding to account, a specific public organisation are far more clear-cut. Equally, the relatively strong supranationalization of the EU may limit the generalizability of these findings to other international spheres of authority (Zürn, 2018). Nonetheless, there is no a-priori reason to assume that international organisations experiencing similar levels of contestation over their authority in scrutinizing its member states would respond any differently to the politicisation of their authority (e.g. the WHO or IMF, cf Rauh & Zürn, 2019).

Secondly, societal politicisation clearly impacts the enforcement of EU economic and fiscal rules, but the interpretation of this effect should be proportional. The management of economic and fiscal risks posed to European societies remains the most important explanatory factor in why the Commission issues CSRs. Government deficits remain the primary enforcement criterion in case of the Stability and Growth Pact. The case of the SGP shows that the enforcement of these rules is, in most cases, a straightforward and routinely administrative activity. The conclusions in this dissertation only pertain to those cases, as the cases examined in Chapter six, where EU politicisation, issue salience, bureaucratic discretion and epistemic uncertainty regarding enforcement thresholds are all in play at once.

Thirdly, this dissertation has mostly treated the European Commission as a unitary actor. This admittedly pragmatic simplification has allowed for a more fine-grained analysis of the Commission's interactions with its broader political environment. However, the treatment of public organisations as unitary often over-simplifies empirical realities and suppresses relevant intra-organisational dynamics (Carpenter & Krause, 2012). For example, prior research has shown that different departments within the Commission may engage in 'turf battles', and different officials respond differently to bottom-up politicisation in their home countries (Bes, 2017; Hartlapp et al., 2014). In addition, this study has largely omitted the political orientation of the Commis-

sion as an explanatory factor (Dinan, 2016; Peterson, 2017). Yet the case studies in Chapter six provided sufficient reasons to assume that the debates on the desired levels of flexibility in the enforcement of the SGP are also held within the Commission. Indeed, pre-empting such debate may very well have been the reason why Juncker installed Dombrovskis and Moscovici jointly as the Commissioners responsible for fiscal surveillance.

Lastly, it is important to note that the mixed-method design of this dissertation has intentionally deviated from recommendations concerning nested designs in the literature (Blatter & Haverland, 2014; Lieberman, 2005). Since the cases that were best predicted by the model developed in Chapter 5 were those where SGP breaches were very clear or non-existent, the four cases in Chapter six were not selected solely based on the accuracy of predictions. Instead, the potential theoretical relevance of the cases also played an important role in the case selection process: cases were selected in such a way that it was possible to test the presence of specific causal mechanisms, as well as to provide additional insights on factors that could not be sufficiently addressed by the quantitative analyses in the preceding chapters.

7.5 IMPLICATIONS FOR PRACTICE AND SOCIETY

These conclusions have a number of important implications for practitioners, including decision-makers in Brussels and the national capitals, and the general public. For practitioners working in EU institutions, the conclusions of this dissertation shed light on how the institutions that they work for are responding and adapting to the societal politicisation pressures that have come to characterise the environments in which they operate. Such responsiveness is found even in areas, such as EU policy enforcement, where it is generally not presumed to occur. In addition, the process of responsiveness is far more intricate than popular accounts suggest. This creates both opportunities and risks for the management of reputation and legitimacy by these institutions.

In terms of opportunities, these conclusions clearly illustrate that most popular narratives on EU rule enforcement vastly oversimplify the reality of practice. The conclusions paint a picture of a Commission that is in search of the middle ground between the various institutional and reputational dangers posed by politicisation as it enforces contentious EU fiscal and economic surveillance measures. As such, the depiction of the Commission as a ‘non-responsive, technocratic and austerity-championing’ institution is empirically unfounded: the Commission is much more attuned to outside pressures than this depiction suggests. The characterisation of the Commission as a ‘weak, impressionable and opportunistic’ watchdog is equally misleading: in the majority of cases, politicisation in a member state does not inject more flexibility into the enforcement of EU rules. Finally, these conclusions show that EU institutions can play valuable mediating roles in stark and seemingly irreconcilable conflicts over EU policy enforcement between (coalitions of) member states.

Yet these conclusions also point out a number of dangers. Most notably, they show that in relatively politicised cases, legitimisation strategies by EU actors cannot rely on deference to science and expertise alone. In the most salient and contentious cases, such legitimisation strategies can actually be harmful insofar as they are not regarded as credible by the specific audiences responsible for politicizing the enforcement decisions. Equally, there is a trend towards the (un)intentional depoliticisation of EU fiscal and economic rule enforcement through increasingly complex legal frameworks and ever-more intricate methodologies with which to estimate member state's macroeconomic and fiscal performance. Whereas this may take the sting out of politicisation in some cases, depoliticisation is actively harmful to the legitimacy of non-majoritarian EU institutions such as the Commission in cases where political conflict over enforcement between member states is intense: it fuels the image of non-responsiveness or deceitfulness across audiences observing the Commission's handling of such conflict. More concretely, if the EU wants to preserve a system of macroeconomic and fiscal coordination and supervision of its member states, the Commission must finally live up to its promise to simplify the rules and procedures involved (European Fiscal Board, 2018). Yet the Commission will only be able to effectively simplify these rules if member state governments allow it to do so. This has not been the case to date: member state governments have been too eager to rely on the Commission to resolve conflicts between member states by providing legal or methodological escape hatches.

The dangers listed above point to a more systemic deficiency of the EU system of macroeconomic and fiscal surveillance: the system is not adequately equipped to deal with the societal politicisation of policy enforcement. The system lacks a political 'ground wire': depoliticised by design, it can absorb some of the societal politicisation that is inserted, but when too much politicisation is fed in there is no effective way in which it can be discharged. On paper, this discharge role is played by the ECOFIN Council, but in practice this composite majoritarian institution shirks the responsibility of political value allocation in the most intense conflicts over economic and fiscal surveillance. This dissertation finds that the 'neutral' Commission is drawn into the political void left by the Council despite its weak mandate for political value allocation, something that is further aggravated by the failure of the Spitzenkandidat process. Whereas this relieves some of the short-term stress on the system, this dissertation also shows that it may increase the societal politicisation over EU policy enforcement over time, creating a vicious cycle. The continued deference of conflict mediation to the unelected Commission may prove to become a 'tragedy of the EU commons', as each consecutive conflict that is arbitrated by the Commission may erode EU legitimacy further. As such, the European Semester requires a more active political authority with strong electoral ties to European publics. If EU member states are not willing to provide stronger democratic mandates to the supranational institutions currently involved in the Semester, they must themselves reclaim the role of active political executive in the ECOFIN Council.

There are also implications for ongoing political debates on Euro area reform, and EU reform more generally. Specifically, they show that any overhaul of the system of burden-sharing be-

tween Euro area members must take especially seriously questions of political mandate, such as which institutions should decide on conflicting political values and, equally importantly, which institutions should not. As stated above, this first set of institutions requires adequate electoral and accountability linkages to European publics. Such changes are especially vital if Euro area member states decide to increase the levels of burden-sharing, for example by moving towards a fiscal union (Franchino & Segatti, 2019). Importantly, many analysts have pointed to the lack of fiscal and political union as the key weakness of EMU (Berger, Dell’Ariccia, & Obstfeld, 2019; Cottarelli, 2016; Schelkle, 2012, 2017). On the one hand, this dissertation sheds light onto what happens when this deficiency remains unaddressed. On the other, if appropriate channels are put in place, the democratic energy released through societal politicisation has an enormous potential to relegitimate EU supervision structures and make EU policy enforcement more responsive.

7.6 IMPLICATIONS FOR THEORY AND FUTURE RESEARCH

This dissertation makes a number of distinct theoretical, empirical and methodological contributions to the scientific literatures on EU studies, political science and public administration. It also provides fruitful new avenues for future research in these areas of the social sciences.

Regarding EU politics, this dissertation provides conclusive evidence for an independent effect of societal politicisation on the stages of EU policy implementation and enforcement. This linkage has not been studied to date (Haverland, 2013; Zürn, 2019). By showing that societal politicisation impacts EU policy implementation and enforcement even when policy-specific conditions are controlled for, it has shown that these stages of the EU policy cycle are not simply products of legal mandates or technical analyses – even when delegated to independent, non-majoritarian institutions (Franchino, 2002; Majone, 2001; Scharpf, 2015). In the specific case of the Commission, it challenges the often-found analysis that in terms of implementation and enforcement competences, recent transfers of authority have made the Commission more powerful and independent (Bauer & Becker, 2014; Becker et al., 2016; da Conceição-Heldt, 2016), and less responsive (Scharpf, 2015; Seikel, 2016). However, this dissertation also challenges recent contributions that characterise the Commission as a proactive political actor (Dinan, 2016; Nugent & Rhinard, 2019; Peterson, 2017), as much of its responsiveness to politicisation during implementation and enforcement appears more reactive in nature.

This has two major implications for the field of EU studies. First, this dissertation enhances our understanding of the consequences of politicisation for the EU system beyond the stages of policy setting and adoption (Rauh, 2019; Zürn, 2016, 2019). It shows that organisational survival instincts push EU executive actors with implementation and enforcement mandates to respond to politicisation in their environments. Second, by identifying the conditions that shape such responsiveness, such as audience heterogeneity, issue salience and organisational autonomy, it contributes a more fine-grained understanding of the behaviour of ‘EU actors under pressure’

to debates on (de-)politicisation management by these actors (Bressanelli et al., 2020; Schimelfennig, 2020).

The conclusions also have profound implications for scholarly work on the politics of EU economic governance specifically. Most notably, they illustrate the extent to which understudied constraints on supranational actors, such as societal politicisation, and often-overlooked audiences, such as general publics, matter for the enforcement of the European Semester and SGP (cf Heipertz & Verdun, 2010). Research in this area has long since established that the EU lacks a shared understanding of how the Commission should implement and enforce EU economic and fiscal surveillance schemes (Amttenbrink & De Haan, 2003; Begg & Schelkle, 2004; Heipertz & Verdun, 2010). Yet this study is the first to show how the Commission deals with this role ambiguity in terms of reputation management, and more importantly, how societal EU politicisation feeds into and shapes such reputation management. The conclusions also broadly support the recent conclusions by Verdun and Zeitlin (2018) that, empirically, a sharp polarisation between the European Semester's technocratic and democratic axes is misplaced. The caveat, however, is that in the absence of institutionalised channels for politicisation, such as a Council that is willing to take the lead in resolving conflict or stronger political mandates for the supranational actors involved, the degree of responsiveness of the European Semester is left to the whims of those in charge of the executive institutions involved in the enforcement (Crum, 2018; Hodson & Puetter, 2019). Lastly, the insights in this dissertation, most notably regarding the Commission's entrenchment mechanism, were facilitated by the application of a mixed-method methodology to understand the implementation and enforcement of the European Semester. This dissertation shows that the use of quantitative methods can greatly benefit a field that is strongly characterised by qualitative work.

There are a number of directions for future research in these areas. First and foremost, this dissertation opens up completely new avenues for research on the relationship between politicisation and EU policy implementation and enforcement (Haverland, 2013). Most existing studies on the consequences of politicisation focus on executive communication (Moschella, Pinto, & Martocchia Diodati, 2020; e.g. Rauh et al., 2019), or, as this dissertation, on single stages of the policy cycle (e.g. Baerg & Hallerberg, 2016; Rauh, 2019). Studies taking a more holistic approach should provide valuable insights regarding how politicisation affects policy from agenda setting to post-implementation evaluation. The exclusive focus on the European Commission in this study also invites studies on the responsiveness of other non-majoritarian EU executives with implementing and enforcement competences, such as ERAs or the ECB (Moschella & Pinto, 2019; Tortola, 2019), as well as the consequences of politicisation for the interaction between actors in the policy cycle, such as the Commission and the Council in case of the SGP. Future research may also seek to understand whether the specific patterns of responsiveness found in this dissertation are also present in EU policy enforcement in other policy areas (cf Closa, 2018). Comparative work including multiple policy areas may yield valuable insights regarding this dissertation's conclusion that politicisation feeds into specific, context-dependent conflict struc-

tures. Lastly, the results of this dissertation give rise to important questions on the effects of the Commission's reputation-management strategies. How do the Commission's audiences beyond member state governments respond to its politicisation-sensitive enforcement of EU rules, and with what consequences for the politicisation of the EU?

There are also implications for ongoing debates within political science on the responsiveness of expertise-driven and nonelected political executives more generally (e.g. Ennser-Jedenastik, 2015; Majone, 2001; Moschella et al., 2020; Radaelli, 1999b; Tortola, 2019). Foremost, its conclusions show that responsiveness can be found even in the most unlikely places characterised by technocratic insulation and depoliticisation (Tortola, 2020). As such, they make important contributions to debates on technocratic politics (Bertsou & Caramani, 2020; Caramani, 2017; Mounk, 2018; Sanchez-Cuenca, 2017). Yet the findings also nuance the assumptions in the delegation literature that more executive independence yields better regulatory governance (e.g. Koop & Hanretty, 2017; Majone, 2001). Whereas this dissertation does not draw conclusions on the effectiveness of the outputs of the implementation and enforcement activities by the Commission in the area of EU economic governance, it does conclude that societal politicisation yields a process characterised by low democratic accountability by which those outputs are obtained. The audience-sensitive framework provided in this dissertation, with its focus on audience preferences, power and attention, should aid future researchers in further problematizing assumptions of non-responsiveness regarding insulated and expertise-driven actors within national and international systems of governance. In addition, this dissertation shows that a stronger focus on the processes by which political actors signal responsiveness to key audiences should improve our understanding of how political actors sequence the signalling of such responsiveness to different audiences (De Wilde & Rauh, 2019; Zhelyazkova et al., 2019).

In terms of the domain of public administration, there are important implications for the literature on organisational reputation management (e.g. Carpenter, 2010; Gilad et al., 2013; Rimkutė, 2018). This dissertation, and especially Chapter five, have demonstrated the necessity for reputational scholars to invest more energy into examining the mechanisms, sequencing and thresholds involved in organisational reputation management – especially in contexts featuring multiple, dynamic and heterogenous threats. By bringing in elements from signalling theory (Connelly et al., 2011), it has shown that organisations will adjust the direction, strength and costliness of reputation-seeking signals in accordance with shifts in reputational threats. This dissertation has also brought back a focus on the consequences of reputation management for tangible policy outputs to a debate that has largely focussed on organisational communication in recent years (e.g. Busuioc & Rimkutė, 2019a; Maor et al., 2013). This matters because it is these tangible policy outputs that directly affect the lives of citizens, and as such have greater potential to damage or sustain the legitimacy of governmental organisations. Lastly, this dissertation's specific empirical focus, the supranational European Commission, has been an especially insightful context in which to study organisational reputation management due to its high levels of audience heterogeneity, divisive reputational threats, and its relatively impaired reputation compared to

national regulators. Finally, Chapter six has illustrated the importance of distinguishing between *reputational* threats and *legitimacy* threats (Deephouse & Carter, 2005).

Future research in this area can yield important new insights into what drives organisations to bolster the strength and costliness of outgoing signals by comparing organisations that vary in terms of the strength and nature of their reputation, the policy areas and institutional contexts they operate in and the stage of the policy cycle they contribute to. Moreover, future research on the role of audience heterogeneity and its impact on organisational behaviour should more explicitly hypothesise the preferences, power and attention of these audiences with respect to the organisations studied, as well as examine the relative importance of each of these sources of variation between audiences. Reputational scholars have also invested much energy into understanding the organisational side of reputation-seeking behaviour, yet have paid little to no attention to the receptiveness and responsiveness of audiences to such behaviour. Finally, the political science literature on organisational legitimation (Rauh, 2019; Tallberg & Zürn, 2019; Zürn, 2018) and the public administration literature on organisational reputation management have largely developed independently from one another, despite reaching similar conclusions regarding the behaviour of organisations under pressure. Especially reputational scholars often conflate reputation and legitimacy, assuming successful reputation management yields legitimacy by default (Busuioc & Rimkutė, 2019a; Carpenter & Krause, 2012; Rimkutė, 2018). Future research may more explicitly problematise this relationship by more explicitly studying the interaction between reputation and legitimacy in the context of public organisations.

Whereas the last economic crisis plays a central role in this dissertation, its conclusions were written at the eve of the next one. At the time of writing, economic projections regarding the consequences of the corona crisis for the EU economy suggest its impact will be far more severe than the crisis that began in 2008. The battle lines that are so familiar to the subject matter covered in this dissertation have again been decisive in shaping the conflict over an adequate response between EU member states. Domestic political conflict structures in the member states spearheading the two main coalitions put an adequate response out of reach. Yet how Europe responds to this crisis will shape the face of the Union for decades to come. This response will undoubtedly draw heavily on the competences and expertise of non-majoritarian EU institutions. This dissertation shows that, whichever compromise is reached, EU leaders should carefully consider how these actors are tied into this response.