Éva Voszka

Competition Policy in Europe – Temporary or Long-Lasting Changes?

Changes of the principles and the practice of state aid during the crisis

SUMMARY: During the first phase of the global crisis, the scale and scope of state aid increased at an unprecedented rate all over the world. Although their approval is – uniquely – part of competition policy in the European Union, the Commission and DG Competition did not oppose the unprecedented expansion of state aid. On the contrary, they played an active role in the modification and enforcement of frameworks. The paper analyses how EU regulation, prohibiting state aid for distorting competition, might be compatible with recent developments in this field. It comes to the conclusion that the European Commission proved to be strong enough to keep the regulation of distribution methods under control and to try to enforce the basic principles, but was unable to stem the tide of aid. By doing so, it contributed to the accumulation and growth of state deficits, the repeated destabilisation of financial markets and sovereign debts, and thus to the escalation of the second wave of the financial crisis in Europe in 2011.

KEYWORDS: competition policy, state aid, crisis
JEL codes: H25, H63

According to the starting point of competition policy, creating and maintaining the conditions of fair competition is of public interest, and the role of the state – legislation and competition authority – in enforcing it is highly decisive.[1] This, however, could clash with other measures considered of public interest or named as such by economic players. The global financial crisis vividly highlights these dilemmas and the efforts made to resolve them.

The paper first provides a brief overview of the fundamental and inevitable contradictions of competition policy, as well as the strengthening and risks of these contradictions at the beginning of the crisis. Then, due to the rate of these changes, focusing on state aid[2] it presents the amendment of the framework of European regulation, followed by the practice of procedures: the reasons and extent of decisions, and the conditions for resolving the 'state of emergency'. Finally, it summarises the official and professional assessments of crisis management and formulates certain conclusions. As a continuation of our earlier research[3], the description continues to primarily build on EU documents, individual decisions, statistics and reports regarding the period between 2008–2011, also processing the assessments and evaluations of independent analysts.

Email address: voszka@yahoo.com

DILEMMAS AND RISKS AT THE OUTBREAK OF THE CRISIS

State behaviour regarding competition is necessarily and permanently two-faced: parallel to stimulation, multiple forms of distortion, including state aid, are also present.[4] Other similarly important objectives (maintaining the viability of the whole economy or of certain sectors, preserving social peace and integration) could also conflict with competition as a public interest. Furthermore, some of the strong economic and social players influencing decisions support the stimulation of competition, while others urge for its limitation, both groups changing their positions depending on prevailing circumstances.

The crisis clearly showed the relative nature of competition as a public interest. On the one hand according to several analysts the fierce – and at the same time weakly regulated – competition that encouraged excessive risk-taking, as well as the exaggerated liberalisation of money markets played a significant role in the development of the global crisis.[5] On the other hand, it quickly became clear that in the short-run there are more important public interests: to stabilise the financial system and mitigate the downturn. In this situation, dilemmas intensified and the following questions were formulated for competition policy: should the rules fundamentally modelled after growth conditions be consistently enforced or, given the extraordinary circumstances, should the perception of competition restrictions be eased?

Both positions can be supported by arguments based on theoretical considerations and historical experiences. Supporting the maintenance of strict frameworks is the fact that during previous crises, the suspension of regulations only deepened the given crisis. It would not be expedient to prevent the market-cleansing and in the long-run productivity-enhancing effect of the crisis, which is the best instrument to tide over the crisis; furthermore, under such circumstances consumers also require increased protection. Supporters of more lenient assessment cite restoring the viability of the financial system and preventing the mass bankruptcy of otherwise healthy companies that are not at fault for the development of the crisis, saying that this alleviates social consequences, what is more, it also improves the conditions of future competition.[6]

The easing of the regulation, however, also carries risks. Prompted by the precedents, this exceptional approach could spread in time, space and across sectors – referring to, among other things, one of the basic principles of competition policy itself, the provision of equal market conditions. Another danger is the strengthening and institutionalisation of moral risk and through this the creation of the basis of another crisis,[7] something to which the increase of concentration and the strengthening of the 'too big to fail' syndrome contributes.[8] A further point of danger is state assets, or in a broader sense, the expansion and permanent sustainment of state influence. The intervention policy of governments could take hold; traditional industrial policy could gain ground at the expense of competition policy, and over-regulation could replace the tendency to open markets.[9]

These risks were clearly observed by the European Competition Authority as well, but the member state pressure aimed at expanding aid could not be ignored either, while the threats of common solutions falling apart, equal competition conditions violated and the aid-race between countries were looming. For this reason, instead of rejection, the Commission stepped up to head the processes in motion and attempted to resolve the dilemmas by striking a happy medium: stability in principles and flexibility in procedures.[10] According to this, the earlier basic structure of

competition policy – the institutions of the free flow of production factors, the reporting obligation and condition-requirements of state aid, the control of competition restricting measures of companies – will remain in force; however, looser regulations were introduced for the time of the crisis to ensure that competition policy is part of the solution and not of the problem.[11] According to intentions voiced ever since the fall of 2008, the relief is extraordinary and temporary and subject to deadlines and repeated reviews. It is important that the rippling effects of the distortion of competition and unfavourable impacts be kept to a minimum, that intervention be expedient and conducive to resolving the disturbance and not exceed the degree absolutely necessary. They also added that the measures must be used to promote reforms that have been put off for quite some time (restructuring, environmentally-conscious and knowledge-based management).[12]

The declaration of the stability of principles was facilitated by the already flexible EU frameworks. In most of the sub-fields of competition policy, including state aid, it was typical that a given behaviour was prohibited as a general rule, only to be followed by a detailed list of exceptions and exemptions. Therefore, at this time it was only necessary to select the appropriate article and creatively adapting it to this emergency situation.

AMENDMENT OF THE REGULATION OF STATE AID IN 2008–2009

Following the escalation of the crisis, the need to amend competition policy first and most clearly arose in the field of state aid in the banking sector.

Frameworks of saving banks The role of the financial intermediary system – citing the need to ensure liquidity, the 'risk of contagion' between banks and the avoidance of a mass withdrawal of funds – was considered exceptionally important by Brussels authorities and analysts alike[13]. Even though it was clear that member state grants provided advantages to beneficiaries and distorted competition, arguments for expansion carried more weight. The loss of liquidity and near-bankrupt situation of an increasing number of banks as well as the lack of confidence that encouraged people to withdraw deposits all threatened otherwise healthy banks and the European financial system as whole, interwoven with strong, mutual relationships essential to the operation of the economy. The Commission released guidelines at the beginning of October 2008 on state aid that can be provided to financial institutions in extraordinary situations.[14]

Besides solutions applicable to individual company bailouts, and guidelines on state aid provided for rescuing companies in difficult situations and restructuring, the communication also approved the consideration of a certain point that had only been applied occasionally before the crisis, according to which aid and grants can be compatible with the internal market, as long as they are directed at resolving a serious disturbance in a member state's economy.[15] Within this framework, in addition to ad hoc measures, guarantee commitment and recapitalisation programmes as well as schemes improving liquidity can be developed in such a way as to distort competition to the least possible extent. They emphasised the fact that the interventions cannot be applied in other sectors. Additionally, they highlighted the temporary nature of these interventions and their semi-annual review. At the same time, they also promised the swift assessment of compulsory notification, if necessary within 24 hours and over a weekend, and simplified linguistic requirements (Communication from the Commission, 2008). In urgent cases, approval could be issued without a complete investigation. However, in order to do so a comprehensive

> *investigation had to be scheduled six months from the said date. The gravity of the situation is well reflected by the extraordinary authorisation which stated that until the end of 2008, the commissioner for competition could single-handedly make – albeit only positive – decisions to support certain banks (Gerard, 2009).*

Several other decisions were made in coming months to bailout financial institutions. The communication on recapitalisation regulated the differentiation between fundamentally stable and unstable banks and the offsetting of a state capital injection in order to prevent unjustified competitive advantages from emerging between the financial institutions of various member states (i.e. to prevent an aid-race), and to ensure that healthy organisations or those building on market capital increase do not suffer a disadvantage in any of the countries (Communication from the Commission, 2009a). Beyond these goals, the communication on the treatment of impaired assets also served to boost lending; furthermore, it emphasised the necessity to regulate and control public debt and budgetary deficit, specified that enrolment in asset relief programmes be limited to six months, as well as burden sharing between the State, shareholders and creditors (Communication from the Commission, 2009b). Finally, the communication on restructuring (Communication from the Commission, 2009c) stipulated, among other things, that owners share the costs of the bailout.

REGULATION OF REAL ECONOMY Through the freezing of lending and decrease in demand, the banking crisis swiftly spread to other sectors of the economy. This is why pressure increased to support companies that got into trouble through no fault of their own or companies that were important for strategic or employment reasons, even though the bank-bailout process still cautioned not to widely expand the precedent: "The use of Art 87 (3) (b) of the EC Treaty cannot be envisaged as a matter of principle in crisis situations in other individual sectors in the absence of a comparable risk that they have an immediate impact on the economy of a Member State as a whole" (Commission, 2009b, p. 10). However, at the end of 2008 the Commission had already adopted exceptional measures (temporary provisions) designed "to remedy a serious disturbance in the economy of a Member State" to sectors outside the banking sector, which, according to the original plans, should have been applicable until 31 December 2010.[16]

> *The purpose of the communication is twofold: to encourage banks to boost lending and spur companies to invest, primarily in forward-thinking, environmentally-friendly developments. The provision lists in detail the easements that have been introduced earlier (small grants, guarantee opportunities, Block Exemption Regulations amended at the beginning of 2008, which provided the opportunity without a prior reporting obligation to support research and development, innovation and environmental protection investment projects to be implemented by large corporations as well, and to promote the use of venture capital by smaller companies, as well as to sustain the old arrangement of bailing out companies in a difficult situation). In addition to the new regulations, the amount of the (de minimis) cash grants was increased from EUR 200 thousand to EUR 500 thousand; the fee charged for government guarantees undertaken on loans was reduced; interest subsidies were extended to all types of loans; the government financing limit of venture capital investment projects was increased; the contribution obligation of private investors was reduced; grants were allocated to produce environmentally friendly products, and greater government commitment and simpler procedures were announced in the field of export lending.*

The Commission also emphasised with regard to the real economy that it continued to consider the maintenance of equal conditions of the common market an issue of importance and that it was going to take action against protectionism. In addition, the Commission also mentioned that it was going to monitor the developments on the market and ensure that decisions taken in the Member States were only allowed to distort competition to the smallest possible extent. The purpose of these grants is to manage new market failures and the grinding halt in the field of lending; they are not supposed to be geared towards maintaining low-efficiency production and erroneous business models, rather towards maintaining long-term competitiveness, stimulating growth, supporting research and development, innovation, the production of green products ahead of other initiatives in a manner that ensures the quickest recovery of the competitive environment (Commission, 2009b).

APPLICATION OF THE REGULATION IN PRACTICE

As of the 1990s, the European Union has made successful efforts to reduce state aid considered to distort competition. This trend, however, was broken at the time of the crisis.

The sudden increase in aid

In EU Member States the ratio of state aid relative to the GDP was reduced by half from the roughly two per cent ratio in the 1980's during the next decade, whereas after the turn of the millennium the ratio fluctuated around 0.5 per cent. Since 2008, the ratio calculated without the effects of the crisis increased to a limited extent; however, if the crisis management measures are added first the ratio surged to 6 per cent of the national gross products, to be followed by a further increase in the next two years to over 9 per cent[17] *(see Table 1)*.

In the first three years of the crisis, therefore, aid approved by the EU exceeded a third of aggregate GDP, while amounts utilised – calculated using the new methodology – topped one quarter of the aggregate GDP.[18] The increase was greatest in older member states. In 2007, the grant levels of those acceding after 2004 were higher than older member states – this is itself a result of significant reduction efforts. The year 2008 brought a slight jump in this particular group, followed in 2009 by a drop-off in the value without crisis (Commission, 2008, 2009c).

The table also illustrates that after the incredible jump in 2008, newly approved amounts gradually declined, but their utilisa-

Table 1

AVERAGE RATE OF AID* IN EU MEMBER STATES

	2008		2009		2010		Total	
	billion euro	GDP%	billion euro	GDP%	billion euro	GDP %	billion euro	GDP %
Aid without crisis	73.1	0.6	75.4	0.6	73.7	0.6	222.2	1.8
Crisis: approved amount	3457.5	27.7	623.0	5.1	385.4	3.1	4465.9	36.4
Crisis: utilisation	724.1	5.8	1066.1	8.9	1117.0	9.1	2907.2	23.7
Total utilisation (1+3)	797.2	6.4	1141.5	9.3	1190.7	9.7	3129.4	25.5

* *Note*: the aggregation of line 4 is only suitable to model tendency over time and is not entirely correct figure-wise, as aid without crisis only aggregates gross grant equivalent. If we were to apply the new methodology here as well, we would get significantly higher values.

Source: Author's own compilation based on European Commission (2011b) and http://ec.europa.eu/competition/state_aid/studies_reports/expenditure.html#2

tion also rolled over to 2009 and 2010. Banks played a significant role in this.

Bailing out the financial sector

As of the end of 2007 and prior to the introduction of emergency regulation, the Commission authorised the support of several banks pursuant to the bailout and restructuring articles, requiring the submission of reorganisation plans and in certain cases launching in-depth investigations.19 It also consented to the launch of three comprehensive schemes in Germany, Ireland and the United Kingdom citing the resolution of serious disturbances.[20] This shows that the initial regulation also allowed for such measures. The tide of subventions only commenced after the establishment of the new frameworks.

In the period between October 2008 and October 2011, the Commission took a total of 290 decisions based on the Article aimed at remedying 'serious disturbance'; the funds to be divided amounted to 4500 billion euros, close to 37 per cent of aggregate GDP (European Commission, 2011b, p. 32). Approximately three quarters of this were earmarked for comprehensive schemes available to all financial institutions in a given country, while the remaining quarter was set aside for individual bank-bailout measures.[21]

According to *Table 2*, in the first three years of the crisis, member states used approximately two thirds of the approved amount. The discrepancy indicates that within the chaotic context of the outbreak of the crisis, countries had difficulty assessing the amounts required and strived for maximum security; later the situation turned out to be more favourable than the previously expected worst case scenario. Actual payment was probably significantly lower. Guarantee commitment comprised 80 per cent (2,317 billion euros between 2008 and 2010) of the financial sector bailout, which was by no means utilised in each and every case.[22] Over three years, the member states spent 407 billion euros reinforcing the capital situation of financial institutions and buying out impaired ('toxic') assets, and 150 billion euros on other liquidity-enhancing measures.[23]

Differences between various member states were significant.

> *According to absolute amounts approved, between 2008 and 2010 Great Britain was in the lead with 850 billion euros, followed by Germany and Denmark with around 600 billion euros. Compared to the country's performance capacity, in the three-year period Ireland appropriated 3.7 times the amount of its gross national product to the rescue of its financial sector, while Denmark earmarked 2.6 times GNP for the same purpose.. Bulgaria and the Czech Republic did*

Table 2

AID PROVIDED TO THE FINANCIAL SECTOR WITHIN THE FRAMEWORK OF CRISIS MANAGEMENT IN EU STATES

	2008		2009		2010		2010.10.11		Total	
	billion euros	GDP%	billion euros	GDP%	billion euros	GDP %	billion euros	GDP %	billion euros	GDP %
Approved	3457.5	27.7	541.7	4.6	383.8	3.1	123.5	1.01	4506.5	36.7
Utilised	724.1	5.8	1045.1	8.9	1105.3	9.0	n.a	n.a	2874.5*	23.4

* According to the European Commission (2011a, p. 10), utilisation is 1608 billion euros; however, based on the source quoted above we get a higher amount.

Source: http://ec.europa.eu/competition/state_aid/studies_reports/expenditure.html#2

not provide such funding, and another five countries did not avail of the approved opportunity at all.[24]

Examining the period year by year, we can see that by the end of the period grants concentrated even further. In 2010, 16 member states did not increase funding, and in 2011 only three countries were left who expanded: Ireland, Greece and Portugal. Two thirds of utilisation also concentrated on three countries in 2010: Ireland, England and Germany. Utilisation-to-GDP ratio was exceptionally high only in the case of Ireland with 234 per cent.[25]

Until October 2011, the Commission authorised and extended 41 comprehensive schemes, and made individual decisions regarding the bailout of more than 55 financial institutions (European Commission 2011b, p. 32). These included, just to mention the largest, ING, Aegon, KBC, Lloyds, Dexia and Hypo Bank. Let's take a look at one early and one protracted case as well as one with some Hungarian relevance.

One of the very first cases was that of a not particularly large English bank, Bradford and Bingley, which dealt with mortgages. The case in question was assessed by the Commission prior to the introduction of extraordinary regulations, within the framework of company rescue and restructuring grants. After the UK bank supervisory authority revoked the institution's deposit-taking license, the practically bankrupt bank was quickly taken into state ownership, its retail deposit business sold in a public tendering procedure at market price to Abbey National, while the state provided the remaining business branches additional state capital and guarantees. Following ongoing preliminary negotiations that included the weekend, the Commission approved the grant within 24 hours.[26] *The procedural order and swiftness, as well as the content of the license could have been a precedent for later decisions.*

The case of Hypo Real Estate (HRE) has not been resolved since September 2008. The state and other German financial institutions provided a 35 billion euro credit guarantee to the bank which, in accordance with the work schedule at the time, was authorised in two days. Over the two years that followed, HRE was taken into state ownership and received state guarantees of 105 billion euros and capital injections of 8 billion euros. In the fall of 2010, the German state proposed the purchase of 200 billion euros worth of impaired assets and requested permits for further guarantees and capital increases. The Commission only gave conditional approval then, in light of further and newer developments, it extended the deadline of in-depth investigation on two occasions. Most recently, in 2010 it considered the recovery of the bank doubtful and had further doubts regarding the distribution of burdens and effects on competition.[27]

In 2009, the FHB Land Credit and Mortgage Bank Company received a 100 million euro capital increase and a 400 million loan from the state which is insignificant in comparison. Regardless, a year and a half later the Commission launched an in-depth inquiry into the matter, despite the fact that the financial institution had already repurchased and withdrawn the shares issued. According to the Commission's position, the grant should have been reported regardless of the general programme, because the capital-proportionate grant exceeded the automatic authorisation threshold; furthermore, it is doubtful whether the bank paid appropriate remuneration and has not used state funds for expansion.[28]

These cases all indicate that the Commission attempted to enforce compliance with the rules as well as their flexible application in practice. In the case of individual decisions, the first rapid response – often life-saving for banks – was often followed by an in-depth investigation, and the disbursement of state aid was linked to condi-

tions reducing distortion of competition. In the interest of reducing moral hazard, the conduct of shareholders and managers was influenced by, among other things, the division of bailout burdens, the stipulation of reimbursement obligations, or occasionally the reinforcement of the special rights of the state acquiring the stake. The regulation of the conduct of financial institutions prevented them from gaining unjustified competitive advantage by setting up growth barriers and restricting client and asset acquisition. The latter impacts market structure as well, similarly to the obligations of the sectoral or regional narrowing of activity or the sale of certain businesses and affiliated banks.

Supporting real economy

In the time of the crisis, not only were grants awardable pursuant to facilitated bailout regulations launched somewhat later, but appropriated amounts and utilisation were also significantly lower than the measures concerning the financial sector. *(See Table 3)*

The amount authorised in 2009–2010, did not reach 2 per cent of the similar data of financial institutions, and amounted to only 0.7 per cent of EU GDP. Furthermore, utilisation was only 40 per cent of these already tight frameworks. In 2009, the largest item was the non-repayable grant and tax allowance, while the year after venture capital investment climbed to the number two position (European Commission, 2010b, 2011b).

According to the October 2011 status (European Commission, 2011b), member states launched a total of 126 schemes based on the temporary framework regulation. Forty-six of these concerned one-time allowances increased to 500,000 euros and 31 pertained to guarantees. Quite a number of member states only started to disburse the aid to the real economy in the second half of 2009, but utilisation continued to drop in 2010. According to the European Commission (2010, 2011), this is on account of government policy that is cautious under uncertain circumstances and which tries to spare already overburdened budgets, as well as lower than expected corporate demand.

The largest framework amounts were appropriated by Germany and France and only one country, Cyprus, did not request authorisation for such grants.

The first two precedent-like real economy support programmes were authorised for Germany on 30 December 2008. One, with funding of 15 billion euros, provided subsidised investment loans to smaller companies, while the other quickly took advantage of the increased fee allowance. The Commission proudly cited great cooperation and swift assessment that went smoothly even during the Christmas holidays.[29] *Similar schemes were approved in France, also very rapidly, in the first two months of 2009.*[30] *However, the legality of application was continuously monitored in the case of banks as well as in the field of real economy.*[31]

Table 3

SUPPORTS

	2009		2010		Total	
	billion euros	GDP %	billion euros	GDP %	billion euros	GDP %
Approved amount	81.3	0.68	1.6	0.01	82.9	0.69
Utilisation	21	0.17	11.8	0.1	32.8	0.27

Source: European Commission (2011b, p. 50)

Early official analyses already separately mentioned the difficulties of the automotive industry which primarily arose due to the sudden drop in demand that was mainly financed through loans.[32] At the beginning of 2009, the Commission released a separate resolution on the management of the crisis in the flagship sector of European industry (Commission, 2009a). Only the European Investment Bank's credit-line – raised to 8 billion euros – was indicated as a specific instrument; however, in addition to the preferential purchase options (scrapping bonus) introduced in a number of countries, producers were also provided a full scale of traditional and extraordinary aid. Of this aid, the support provided for 'green' development projects was of was particular benefit to the sector.

> *Most major automobile manufacturing countries took advantage of aid opportunities. Renault and Opel received subsidised loans of 3 and 1.5 million euros respectively; Volvo was given state guarantees for 90 per cent of a 200 million euro loan taken out at the EIB for environmentally-friendly developments; Scania and Ford Romania were provided with training aids of 11 and 57 million euros respectively; Ford España, Fiat in Sicily as well as two Hungarian investments, Mercedes and Audi were all given investment preferences.*[33]

Two years after the establishment of frameworks, with the benefit of hindsight, the Commission began to formulate criticisms as well. The annual report on state aid (European Commission, 2010) on the topic of the automotive industry emphasises that supporting the supply-side could prevent innovative new players from entering the market. They found efforts aimed at the regional restriction of grant spending even more concerning. (An example of this was the French initiative announced in February 2009, which would have stipulated domestic utilisation and the use of domestic suppliers as a condition of aid. The Commission firmly rejected protectionist measures dissecting the single market. France was forced to provide a guarantee that it will not apply such restrictions.[34])

The EU leadership has in general also taken a stance against the market protection measures of member states leading to an aid-race and endangering efficiency (Commission, 2009b). A protectionist disposition is, however, a natural accompaniment to crises (Lyons, 2009), and its hidden forms, already in operation – reaching far beyond the auto industry – have now probably strengthened, including market creation by the state, the establishment of national champions, and the preference of domestic acquisitions over cross-border mergers. On occasion, governments linked state orders, particularly important during the crisis and which are not impacted by the regulation of aid, to domestic production and the upholding of employment, and have encouraged companies and small consumers to purchase domestic products (e.g. Anderson – Yukins, 2009; Kriván, 2009).

GRADUAL, SLOW RETURN TO STRICTER REGULATION

All amendments implemented in 2008-2009 regarding the regulation of state aid emphasised the temporary nature of the provisions.

THE BANKING SECTOR The first communications already indicated that these are only emergency measures which can only be applied as long as these extraordinary circumstances exist. No deadlines were set at the time, probably due to the uncertainty of conditions and the difficult-to-predict nature of regeneration,[35] but regular evaluations were scheduled. In the spring of 2009, the Commission added: during the review due every six months, mem-

ber states must make recommendation on the moderation of grants (Commission, 2009b).

The process, however, began very slowly, following the principle of gradualism, and at the end of 2011 the end-result is nowhere in sight. At the turn of 2009 and 2010, resolutions by the Commission and the European Parliament on the necessity of preparing exit strategies came one after the other.[36] As of 1 July 2010, however, only the conditions and fees charged for guarantees have been tightened, thereby encouraging exiting state run programmes, and above a certain scale a reorganisation plan was required. The starting point of the comprehensive communication released at the end of the year is that stimulation has begun, the state of the banking sector has generally improved and that the 'serious disturbance' serving as the basis for extraordinary measures is not as clear as before for all member states. At the same time, upturn is fragile and unequal; outlooks are uncertain and, due to the interconnected nature of the financial system, the tensions in the government securities market could quickly spread to the whole of the EU. It was for this reason – while also taking into account the Irish and Greek situations that were already causes for concern at the time – they decided it would be advisable to uphold the majority of special measures applied as a 'safety net'. The deadlines, related to guarantees, ending at the end of 2010 have been extended by another six months, and comprehensive schemes and individual bank bailouts remained in force in 2011 as well (Communication from the Commission, 2010). In December, due to the increasing tensions of the government bond market, the Commission once again delayed 'normalisation', this time without setting a deadline. The majority of extraordinary regulations will remain in force as long as 'market conditions' require (European Commission, 2011b).

REAL ECONOMY At first, the European Union extended the scope of extraordinary aid for other companies as well, but in this case greater changes occurred. A deadline was already set for this regulation to begin with: the end of 2010. The first review in the fall of 2009 raised the question of whether the validity should be extended until the year after, but at the time the member states responded with a definite yes. The Commission communication released in January 2011, however, stated that "... we should return to State aid measures which are less distortive and more growth-oriented." In the spirit of gradualism, they extended the special rules until the end of the year, albeit under stricter conditions.

> *The main changes are as follows. Based on the temporary framework regulation, companies in difficult situations cannot receive aid; support must be focused on viable, future-oriented developments. The non-repayable grant, increased to 500 thousand euros, will be once again replaced with the earlier, 200 thousand euro grant, and guarantees can only cover 80 per cent of the amount, instead of the earlier 90 per cent. Larger companies can only receive interest subsidies and state guarantees (this latter with complete tariffs) for investment loans, and the interest of loans taken out to produce environmentally-friendly products can only be lower than market level by 15 per cent instead of 25. In the case of SMEs, this subsidy drops from 50 to 25 per cent, and the guarantee-fee subsidy from 25 to 15; although here working capital loans are also eligible for an interest reduction. The possibility to provide short-term export-credit insurance, however, will be extended by two years.*[37]

The special procedures will most probably remain in effect only in the latter field, because at the end of 2011, the Commission proposed to repeal the temporary framework regulation, citing reasons pertaining to continuous reduction of the aid granted pursuant to this particular regulation and the fact that the key objec-

tives – providing support for small, and medium-sized enterprises, and improving energy efficiency – can also be achieved via the original regulations.[38]

COMPETITION POLICY IN THE CRISIS: ASSESSMENTS

The official assessments are favourable: "The Commission decision demonstrated that state aid control contributes to financial stability while keeping distortions of competition to a minimum," they said in the spring of 2009 (Commission, 2009b, p. 8), which the report on the whole of the year elaborated on in detail: "There is no doubt about the benefits of the State aid granted to the banking and insurance sector. The liquidity injected has prevented the meltdown of the financial system and has contributed to re-opening markets, [and] provided more funds to the real economy" (European Commission, 2010, p. 24).

Therefore, the success of the bail-out of the financial sector may be assessed from two distinct aspects: maintaining the functioning of economies and the extent of the distortion of competition defined as the price of maintaining said functioning. Even independent experts agree that state aid has played a key role in achieving the first objective, and several experts have said that considering the extraordinary circumstances all other effects pale in comparison (Ahlborn – Piccinin, 2010). However, these authors have also mentioned that the assessment criteria of state aid are a lot less elaborate than in other fields of competition policy. It is therefore not surprising that the opinions of analysts on the effects on competition are varied as well.

The majority of authors agree with the official standpoint that the Commission, and most importantly the Commissioner for Competition and her team have played an active, indeed, coordinating role in the management of the crisis – which is a remarkable situation especially when viewed from other parts of the world, where competition authorities were only marginally involved in the crisis management process (DeVito, 2011; Gerard, 2009). The fact that the dissolution of the single market, uncontrolled decisions by the Member States, and ad hoc procedures were avoided is a measure of success in and of itself (CEPS, 2010). That is because the initial assumption is that the central role assumed by the competition authorities of the EU is equivalent to the consideration of competition considerations.

This, however, is by no means self-evident. Several people are of the opinion that state aid of previous years has shown a preference for financial institution bail-outs instead of prioritising the conditions of competition (Adler et al, 2010). In other, perhaps somewhat harsher words: the EU put its stamp of approval on every recommendation made by the Member States without further assessments of merit (Mardsen – Kokkoris, 2010). Others worry whether the multitude of cases often assessed in 24 hours may have led to a greater than necessary restriction of competition (Jaeger, 2009). *Jenny* (2009) brings a number of examples of when bailed out banks and insurance companies gain unjustified competitive advantage. One can also arrive at the conclusion that the Commission's approach was different from country to country and financial institution to financial institution, partially as a result of the preparation and speed of the Member States, and as a result of the state aids, the operating conditions have become even more uneven (CEPS, 2010). According to the analysis of *Ahlborn* and *Piccinin* (2010), some of the disputes can be eliminated if the changes over time are taken into consideration; the loose regulations in effect until the beginning of 2009

have been replaced by stringent reviews from the middle of the year, especially from the time the communication on restructuring was first applied. Attaching conditions to bank bailouts – others have said – may present disadvantages on the global financial markets; as in several other cases, competition and competitiveness may be at odds here too.

The case of aid provided to companies outside of the banking sector is also debated. One group of authors emphasises competition restricting effects (Lyons, 2009), while others bring great examples – though not from Europe, but from the United States – that conditional aid, or in last case scenarios temporary state ownership, proved to be conducive to resolving structural and efficiency problems that have been unresolved for some time (Kwoka, 2009).

Presumably, the debate on the effect of crisis management aid on the conditions of competition and the various approaches and methods will continue for some time to come. This process would benefit greatly from the preparation of the relevant assessment criteria. However, what practically all competition-oriented analyses fail to mention is the magnitude of grants and their correlation to the development of financial equilibrium. How can we evaluate the role of the EU competition authority from this aspect?

On the one hand, if we consider state aid as a general rule to distort competition, it is doubtful whether the exceptionally high amount distributed in the first phase of the crisis really fits the conceptual framework of moral stability. On the other hand, it now seems certain that the Commission failed to prevent the increase of state aid, and through its decisions solely attempted to moderate competition distortion effects. That is, the EU proved to be strong enough to keep the regulation of distribution methods under control and to try to enforce the basic principles, but was unable to stem the tide of aid. By doing so, it contributed to the accumulation and growth of state deficits, the repeated destabilisation of financial markets and sovereign debts, and thus to the escalation of the second wave of the financial crisis in Europe in 2011.

The balance of public finances taken as an average value of the 27 Member States of the European Union increased from below one per cent in 2007 to near 7 per cent of the GDP in 2009, decreasing only marginally over the next year.[39] In addition, the current deficit has also contributed to increasing public debt figures, the ratio of which to the GDP of the EU increased by 21 percentage points over four years to 80 per cent, and in 2010 it exceeded the Maastricht criteria by 25 percentage points in the euro zone. The difference between member states is great according to both indicators. In terms of deficit and debt, the front-runners are the Irish, the Greeks and the Portuguese. Naturally, many other factors played parts in the development of the financial situation of a given country, but in 2008 Ireland was in front by a large margin in terms of GDP-proportionate grants; in 2009 the Greeks also made the top five, and in 2011 only these three member states increased grants and aids.[40]

In 2009, EU leadership already admitted that in many cases the billions of euros it had distributed played a role in the emergence of the large budget deficit that can only be reduced very slowly, and that as a result of these grants, risk shifted from the private sector to the public sector (Communication from the Commission, 2009b). Using the terminology of *János Kornai* (1993), we can say that the softening of the budgetary constraints of companies (banks) brought to the surface and strengthened the softness of state budgetary constraints. On this level, however, in an environment of uncertainty and distrust created by the crisis, international money market barriers also appeared quickly.

The debt crisis[41], starting out from Greece and within years shaking the whole of the EU, casts doubt on the previously favourable assessments of crisis management. The benefits of state aid proved to be fleeting and temporary, and their difficult-to-handle side-effects are now clearly apparent. In spite of this, for lack of further expansion the solvency of certain member states as well as the single currency will be endangered.

That is because while the aid, primarily the bank bailouts, should not be regarded as the only culprit here, they have definitely contributed to the formation of a discernible downward spiral. Simply put: as a result of increasing state expenditure, the budget deficit and public debt rise, while the cuts and state revenue increases introduced to counteract these effects lead to a slow-down, even a recession, and deteriorating national gross product equilibrium indicators, increasing debt servicing burdens, which, in turn, lead to further austerity measures.

The EU is trying a number of methods to prevent this and to manage the public debt crisis. At the turn of 2011 and 2012, in addition to attempts to bring about the long-term transformation of the institutional framework – the main element of which is the closer harmonisation of fiscal policies, acting as a catalyst to bring about the necessary structural reforms in Member States, and the renewed regulation of the financial mediation system – the immediate aim was to maintain Greece's financeability and prevent further contagion.[42] Writing off a part of the debt, expanding the mandate of the European Financial Stability Facility and a new wave of bank re-capitalisation will once again increase the ratio of state aid, thereby extending the scope of re-distribution to bailing out countries and facilitating re-distribution among the states as well. Scales and degrees only appear to be large. The overall debt of Greece is one tenth of the amount allocated to the bailing out of the financial sector in 2008, while the Common European Fund – with its 1000 billion – is less than one fourth of the aid approved during the first phase of the crisis.

The European Competition Authority, which in this particular phase of the crisis seems to be more passive, did not play an appreciable role in the reduction. In the fall of 2011, instead of the substantial – perhaps self-critical – evaluation of previous approaches, its leaders emphasised the importance of bank bailouts and the continued application of 'tried-and-tested' methods.

> *The Commissioner for Competition emphasised that since the fall of 2008, the viability of banks has been one of the main concerns and objectives of the Commission's competition department, and that promoting their recapitalisation during the management of the debt crisis was a priority. "As a last resort, public support should be considered as long as it is compatible with EU rules on state aid." "The conditions that we have imposed before approving the bailouts have kept a degree of discipline in the financial system and are helping to reform the industry" (Almunia, 2011, p. 2). The 'degree' we have emphasised does not invalidate, but at most moderates self-confidence.*

The October summit of the Heads of State left earlier frameworks untouched: public support "... will be subject to the conditionality of the current special state aid crisis framework, which the Commission has indicated will be applied with the necessary proportionality in view of the systemic character of the crisis" (Statement…, 2011, p. 3).

The year-end report on state aid assessed aid favourably – though it only addressed the minimalisation of the distortion of competition: "The European Commission's state aid control policy was one of the key factors which ensured that this – generally successful – rescue process was achieved in a coordinated manner.

It allowed the swift implementation of unprecedented support measures and ensured at the same time that the Internal Market was kept intact" (Commission, 2011b, p. 31).

Competition policy, therefore, continues to follow the route of formally upholding principles and applying them in a flexible manner. The effectiveness of the approach, however, particularly based on recent experiences, is doubtful.

SUMMARY

The global financial-economic crisis has clearly shown that there are public interests more important than competition. Instead of the suspension or rigid enforcement of competition requirements, the competition authority of the European Union opted for an in-between solution; it attempted to reconcile maintenance of the basic framework of regulations with the flexible application of assessment and procedural order. The logic of earlier regulation – the series of exceptions and exemptions related to the general prohibition of competition restricting behaviours – provided relatively broad leeway. On the other hand, this also meant that the room for discretion was extended under circumstances when a decision had to be made as soon as possible and the necessary market information was not available, but the political pressure was strongly in favour of more permissive assessment.

Within the field of competition policy, the regulation of state aid was relaxed the most. Now it was the governments that became the drivers of the distortion of competition, as pointed out by Jenny (2009) as well. The size of the aids granted and then actually distributed suggests that the European Commission was only able to influence the conditions of the bail-out of banks and corporations, but was not able to prevent them from generating unprecedented levels of profit, or from dumping private risks onto the public sector, and could not prevent the softening of the fiscal restrictions of states as well as business organisations. Through this, it contributed to the intensification of the public debt crisis, and the repeated destabilisation of financial markets that emerged in the spring of 2011.

In Europe there is no mention to this day of re-evaluating the relationship between the state and the market in principle, of a paradigm shift, or of abandoning the basic principles of competition policy. The EU was always adamant that the amended regulations and measures were only applicable on a temporary basis for the extraordinary situation representing systemic risk. But the return to the original system got off to a slow start and only really made itself apparent in the real economy. As a result of the uncertain situation, the frameworks established for bank bail-outs were essentially left untouched by several reviews; moreover, a second phase started in 2011, which is now linked to country bail-outs (and the bail-out of the entire community financial system). The question is whether this is feasible without a paradigm shift.

Notes

[1] The study was created within the framework of project No. TÁMOP-4.2.1/B-09/1/KONV-2010–0005 "Establishment of a Research University Centre of Excellence at the University of Szeged" supported by the European Union and co-financed by the European Social Fund.

[2] The crisis also impacted classical competition policy areas (mergers, dominant positions, cartels), but changes here were significantly smaller. For more details see Voszka (2011).

[3] Laki – Voszka (2008), (2010), Voszka (2009)

[4] For more details, see Laki – Voszka (2008). The description below is also based on this analysis as well as the study of Szilágyi (2010).

[5] See for example Stiglitz (2008), White (2009), Devlin (2009)

[6] The first position was represented by for instance Lowe (2009), White (2009) and Fingleton (2009), while the second was endorsed by Gerard (2009) and Lyons (2009). Jenny (2009) provides a good summary of arguments and counter-arguments.

[7] After the exceptional case of Lehman Brothers and seeing the methods of crisis management, "the big banks are now sure of what they have already suspected: they will always be saved" (Lyons, 2009, p. 6). See also Coppi – Haydock (2009), Zingales (2009)

[8] See also OECD (2009b), Kwoka (2009), Lyons (2009), White (2009), Heyer – Kimmel (2009)

[9] Lyons (2009), Whyte (2009)

[10] Kroes (2008a,b), later summary European Commission (2009). Competition authorities were recommended a similar route by the OECD (2009a) and the president of the organisation's Competition Committee (Jenny, 2009).

[11] This often quoted formula originates from Neelie Kroes (2008a), who was the European Commissioner for Competition at the time the crisis escalated.

[12] These latter elements are briefly summarised by the principles of the 3-S-s and 3-T-s: stability, sustainability, structural reform, and timely, temporary, targeted (European Commission, 2009).

[13] See for instance White (2009), Coppi – Haydock (2009), Lyons (2009), and Várhegyi (2010)

[14] Prior to 2007, the EU had little experience in rescuing banks. Rodriguez – Miguez (2010) argues convincingly that the largest case to date before the crisis, that of state aid provided to Crédit Lyonnais in 1995 is a forerunner of the 'bank package', both in terms of arguments and procedures.

[15] Paragraph c) and b) of Article 87 (3) of the EC Treaty

[16] Communication from the Commission (2009b) – according to the date of official publication. For a list of smaller amendments and additions implemented in 2009, see http://ec.europa.eu/competition/state_aid/legislation/temporary.html

[17] The EU methodology used for the calculation of state aid changed in 2010, but the modification was, in principle, also extended to the calculation of 2008-2009 data. Therefore, for the sake of comparability, where possible, we use the statistics from 2011 that are materially different from the previous statistics on several occasions.

[18] According to earlier calculations, total aid in 2008 was 2.2 per cent and 3.6 per cent the year after (Commission, 2008, 2009c). The largest item of this difference was due to the fact that earlier reports only took gross grant equivalent into account, i.e. the part of the subvention that represented deviation from market conditions (e.g. in the case of preferential loans, instead of the amount of the loan, they only took into account the interest rate spread, and in the case of guarantees the difference of market and state guarantee fees.) The Commission's 2010 report, citing the unique conditions created by the crisis, basically admitted that this approach is misleading; regardless of the interest or fee allowance, a state guarantee or loan could in itself be lifesaving for a given company or bank, even if not as much as a cent is drawn from the guarantee. For this reason, the report on 2010 omits gross grant equivalent

and only applies approved/utilised categories (European Commission, 2011b, p. 58–59).

[19] Between December 2007 and the summer of the year after, such aid was provided to Northern Rock, German IKB, two German provincial financial institutions, the Danish Roskilde Bank and Bear Stearns (Commission 2009b), and after the collapse of Lehman Brothers to Fortis, Dexia, Bradford-Bingley and Hypo Real Estate Bank (European Commission 2010).

[20] For details see http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/219&format=HTML&aged=0&language=EN&guiLanguage=en

[21] http://ec.europa.eu/competition/state_aid/studies_reports/expenditure.html

[22] Measuring with the previously calculated grant equivalent: while compared to disbursed amounts the average size of this was about one third in the case of all crisis management instruments in 2009, in the case of guarantees it was only around 15 per cent. http://ec.europa.eu/competition/state_aid/studies_reports/expenditure.html

[23] State aid approved (2008–Oct 2011) and state aid used (2008–2010) in the context of the financial and economic crisis to the financial sector (2008–2010)

[24] State aid approved (2008–Oct 2011) and state aid used (2008–2010) in the context of the financial and economic crisis to the financial sector (2008–2010)

[25] same source

[26] IP/08/1437. The case is presented in detail by Ojo (2010)

[27] IP/08/1453, IP/09/1985, IP/10/1172, IP/09/1708

[28] IP/10/1731

[29] IP/08/1993

[30] IP/09/72 andIP/09/216

[31] The Commission has ruled several Hungarian grants unlawful, and for instance has ordered the repayment of the amount in the case of the long-term agreements between Magyar Villamos Művek and the power plants or most recently in the case of Malév. These, however, do not fall into the category of 'temporary framework regulation' enforced during the crisis. The aid provided to the airline for years in various forms could have been exempt from prohibition on the grounds of qualifying as rescue or restructuring aid – if only Hungarian authorities had asked for authorisation and if the subvention had complied with EU regulations on such aid types. http://ec.europa.eu/competition/state_aid/cases/238829/238829_1288799_184_2.pdf

[32] Buyers took out loans for 60–80 per cent of European automobile purchases (Commission, 2009a)

[33] European Commission (2010). The 50 million euro regional grant to be provided to Audi was subject to an in-depth investigation by the competition authority (same source, p. 51).

[34] MEMO/09/90, see also Commission (2009a) p. 26. According to the press, France established a strategic fund in 2008 as protection against foreign purchases and the president wanted to extend this particular solution to the whole of the European Union (Mentik…, 2008).

[35] The scope of regulations published in August 2009 on restructuring plans had already been indicated, on 31 December 2010 (Communication from the Commission, 2009b).

[36] http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=HU&reference=P7-TA-2010-0050

[37] For details of the changes see http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:006:0005:0015:HU:PDF

[38] IP/11/1487

[39] http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsieb080

[40] http://ec.europa.eu/competition/state_aid/studies_reports/archive/annex_2009_autumn_en.pdf és http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=SEC:2010:1462:FIN:EN:PDF

[41] For an analysis of this particular phase of the crisis, see for instance Arghyrou – Kontonikas (2011), and for details of the Greek case, see Visvizi, (2012)

[42] See for instance Euro… (2011), Euro Summit… (2011)

Literature

Adler, E. et al., (2010): State Aid to Banks in the Financial Crisis: The Past and the Future. *Journal of European Competition Law and Practice 66*

Ahlborn, Chr. – Piccinin, D. (2010): The Application of the Principles of Restructuring Aid to Banks during the Financial Crisis, *European State Aid Law Quarterly* 47

Almunia, J. (2011): Stoking growth in Europe: a time for bold decisions, 6 October http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/11/640&format=HTML&aged=0&language=EN&guiLanguage=en

Arghyrou, M. G. – Kontonikas, A. (2011): The EMU sovereign-debt crisis: Fundamentals, expectations and contagion, European Union

Coppi, L. – Haydock, J. (2009): The Approach to State Aid in the Restructuring of the Financial Sector, Vol. 5, *Competition Policy International* 77

Devlin, A. (2009): Antitrust in an Era of Market Failure

DeVito, J. M. (2011): The Role of Competition Policy and Competition Enforcers in the EU Response to the Financial Crisis: Applying the State Aid Rules of the TFEU to Bank Bailouts in Order to Limit Distortions of Competition in the Financial Sector. American Antitrust Institute Working Paper, No. 11-01

Fingleton, J. (2009): Competition policy in troubled times. *Office of Fair Trading* (United Kingdom), 20 January

Gerard, D. (2009): EC Competition Law Enforcement at Grips with the Financial Crisis: Flexibility on the Means, Consistency in the Principles, *Concurrences*, No. 1. 30 January

Gerard, D. (2010): Financial Crisis Remedies in the European Union: Balancing Competition and Regulation in the Conditionality of Bailout Plans http://papers. ssrn.com/sol3/papers.cfm?abstract_id=1580122

Heyer, K. – Kimmel, Sh. (2009): Merger Review of Firms in Financial Distress Vol. 5, *Competition Policy International 103*

Jenny, Fr. (2009): Gazdasági és pénzügyi válság, szabályozás és verseny (Economic and financial crisis, regulation and competition), *Külgazdaság* Issue 9–10, p. 29–46

Kornai, J. (1993): A szocialista rendszer (The Socialist regime), *HVG Rt.*

Kriván, B. (2009): Kardot rántott Amerika (US in arms), *Népszabadság*, 30 January

Kroes, N. (2008a): Dealing with the current financial crisis. Brussels, 6 October, Speech/08/498

Kroes, N. (2008b): In defence of competition policy. Brussels, 13 October, Speech/08/521

Kwoka, J. E. Jr. (2009): The U.S. Industry Under Duress: Fit, or Finished? CPI *Competition Policy International*, Vol. 5, No. 2, Autumn

Laki, M. – Voszka, É. (ed.) (2008): Kaleidoszkóp – Versenyhelyzet Magyarországon 2007-ben (Kaleidoscope – Competition in Hungary in 2007), Pénzügykutató Zrt.

Laki, M. – Voszka, É. (ed.) (2010): Kaleidoszkóp. Versenyhelyzet Magyarországon 2008–2009-ben (Kaleidoscope – Competition in Hungary in 2008-2009). *Pénzügykutató Rt. – Palatinus Kiadó*

Lowe, Ph. (2009): Competition Policy and the Global Economic Crisis, *Competition Policy International 3*, Vol. 5, No. 2

Lyons, Br. (2009): Competition Policy, Bailouts and the Economic Crisis, *Centre for Competition Policy*, Working Paper 09–4

Mardsen, Ph. – Kokkoris, I. (2010): The Role of Competition and State Aid Policy in Financial and Monetary Law, 13 J. INT'L ECON. L. 875

Ojo, M. (2010): Liquidity Assistance and the Provision of State Aid to Financial Institutions http://papers.ssrn.com/sol3/papers.cfm?abstract_id =1630895

Rodriguez-Miguez, J. A. (2010): Rescue of Financial Institutions: An Overview of European Commission Frameworks and Practice on State Aids to Financial Sector in the Current Global Crisis http://papers.ssrn.com/sol3/papers.cfm?abstract_id =1615324

Stigliz, J. E. (2008): The End of Neo-liberalism? *Project Syndicate*, 7 July

Szilágyi, P. (2010): A pénzügyi és gazdasági válság hatása a versenypolitikára és a kapcsolódó szabályozásra (The effect of the financial and economic crisis on competition policy and related regulation), manuscript

Várhegyi, É. (2010): Ütésálló bankok (Shock-proof banks), in: Laki – Voszka (ed.) (2010)

Visvizi, A. (2012): The Crisis in Greece and the EU-IMF Rescue Package: Determinants and Pitfalls, *Acta Oeconomica* No. 1 (forthcoming)

Voszka, É. (2009): Versenybarát és versenykorlátozó állam – válság előtt, válság alatt (Competition-friendly and competition-restricting state – Before the crisis, after the crisis), *Közgazdasági Szemle*, Vol. 56, issue 10, p. 913-932

Voszka, É. (2011): Európai versenyszabályozás – átmeneti vagy tartós változások? Az elvek és a gyakorlat módosulásai a válság éveiben (Competition policy in Europe – Temporary or long-lasting changes? The changing of principles and practice during the crisis), October, manuscript

Whyte, Ph. (2009): How to restore financial stability, *The Centre for European Reform*, 1 January

White, L. J. (2009): Financial Regulation and the Current Crisis: A Guide for the Antitrust Community http://ssrn.com/abstract=1426188

Zingales, L. (2009): Yes We Can, Secretary Geithner, *Economists' Voice*, February

Communication from the Commission (2008): The application of State aid rules to measures taken in relation to financial institutions in the context of the current global financial crisis, 25 October

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:270:0008:0014:HU:PDF

Communication from the Commission (2009a): The recapitalisation of financial institutions (1) in the current financial crisis: limitation of aid to the minimum necessary and safeguards against undue distortions of competition, 15 January

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2009:010:0002:0010:HU:PDF

Communication from the Commission (2009b): Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2009:016:0001:0009:HU:PDF

Communication from the Commission (2009c) on the Treatment of Impaired Assets in the Community Banking Sector, 26 March http://ec.europa.eu/competition/state_aid/legislation/impaired_assets.pdf

Communication from the Commission (2009d): The return to viability and the assessment of restructuring measures in the financial sector in the current crisis under the State aid rules, 19 August http://ec.europa.eu/competition/state_aid/legislation/restructuring_paper_en.pdf

Communication from the Commission (2010) on the application, from 1 January 2011, of State aid rules to support measures in favour of banks in the context of the financial crisis

Communication from the Commission (2011): Temporary Union framework for State aid measures to support access to finance in the current financial and economic crisis

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:006:0005:0015:HU:PDF

Centre for European Policy Studies (2010): Bank State Aid in the Financial Crisis. Fragmentation or Level Playing Field? http://ssrn.com/abstract=1706820

Commission of the European Communities (2008): State Aid Scoreboard, Autumn 2008 Update, 17 November http://ec.europa.eu/competition/state_aid/studies_reports/archive/2008_autumn_en.pdf

Commission of the European Communities (2009a): Responding to the crisis in the European automotive industry, 25 February http://ec.europa.eu/enterprise/sectors/automotive/files/pagesbackground/competitiveness/com_2009_0104_en.pdf

Commission of the European Communities (2009b): State Aid Scoreboard, Spring 2009, Special Edition, 8 April /ec.europa.eu/competition/state_aid/studies_reports/archive/2009_spring_en.pdf

Commission of the European Communities (2009c): State Aid Scoreboard, Autumn 2009 Update, 7 December http://ec.europa.eu/competition/state_aid/studies_reports/archive/annex_2009_autumn_en.pdf

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1429539

European Commission (2010): Report on Competition Policy 2009 http://ec.europa.eu/competition/publications/annual_report/2009/hu.pdf

European Commission (2011a): State aid: crisis-related aid aside, Scoreboard shows continued trend towards less and better targeted aid, IP/11/1487

European Commission (2011b): State aid: Commission extends crisis rules for banks, IP/11/1488

European Commission (2009): Economic Crisis in Europe: Causes, Consequences and Responses, European Economy 7.

European Commission (2010): Facts and figures on State aid in the EU Member States

State Aid Scoreboard, Autumn 2010 Update, 1 December http://ec.europa.eu/competition/state_aid/studies_reports/expenditure.html

European Commission (2011a): State Aid Scoreboard, Report on state aid granted by the EU Member States, Autumn 2011 Update, 1 December http://ec.europa.eu/competition/state_aid/studies_reports/2011_autumn_en.pdf

European Commission (2011b): Commission Staff Working Paper – Autumn 2011 Update http://ec.europa.eu/competition/state_aid/studies_reports/2011_autumn_working_paper_en.pdf

Euro Summit Statement (2011), 26 October http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/125644.pdf

Mentik a menthetetlent (Saving the unsaveable) (2008), HVG 1 November

Mindenki magáért (Everyone for themselves) (2009), HVG 21 February

OECD (2009a): Competition and Financial Markets – Key Findings

OECD (2009b): Economic Surveys Euro Area, Volume 2009/1 – January

OFT restates position on merger “failing firm” defence, 13 January http://www.shoosmiths.co.uk/news/1902.asp

Statement of EU Heads of State or Government (2011), 26 October http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/ 125621.pdf