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Deciding on the European Semester: the European Council, the Council and the enduring asymmetry between economic and social policy issues

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Deciding on the European Semester: the European Council, the Council and the enduring asymmetry between economic and social policy issues

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ABSTRACT
This contribution investigates the asymmetrical relationship between economic and social aspects under the European Semester by looking at the roles of the European Council and the Council between 2010 and 2016. Drawing on the theories of deliberative and new intergovernmentalism, this asymmetry is associated with an uneven evolution of the co-ordination infrastructure, notably the varying degree to which key policy issues are subject to informal policy dialogue. Not only are finance ministers better placed to conduct policy dialogue, they also control the European Semester policy priorities more effectively than their colleagues in the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO). Finance ministers also are more closely linked to discussions at the highest political level, the European Council. Social affairs committees and the Commission managed to gain a greater role at the expert level and to integrate more social issues into policy recommendations. Yet, these successes are not matched by higher level political endorsement.

KEYWORDS Commission; Council; European Council; European Semester; intergovernmentalism; open method of co-ordination

Introduction

This contribution investigates the roles of the European Council and Council in relation to the European Union's (EU) central socioeconomic governance framework – the European Semester. The European Semester is seen to follow the tradition of the two variants of the Lisbon process and its open method of co-ordination (OMC) approach. It is a vehicle for the horizontal and vertical co-ordination of Economic and Monetary Union (EMU) economic governance, employment policies and areas of social policy in which the EU has no legislative competences. Two closely related questions guide the research behind this contribution. First, what are the institutional mechanisms which help to

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generate consensus among member state representatives and the Commission on the European Semester? Second, is there evidence for a persisting asymmetry between the economic and social policy domains with more emphasis being given to the former in the co-ordination process?

Building on recent theoretical contributions on deliberative and new intergovernmentalism (Bickerton *et al*. 2015a, 2015b; Puetter 2012, 2014), the viability of the European Semester as a co-ordination device is understood as being dependent on the generation of self-commitment to EU-level guidelines and to implementation among the most senior decision-makers at the national and EU levels. The analysis of the years immediately before the launch of the European Semester as well as thereafter, a period which saw a series of institutional and policy responses to the euro crisis, reveals that the European Semester suffers from an asymmetry in favour of finance ministers, on the one hand, at the expense of employment and social affairs ministers, on the other hand. Moreover, oversight on the part of the European Council is lacking, despite the initiating role the heads played in setting up the co-ordination framework and the annual routine of so-called Spring European Council meetings. There is evidence that policy dialogue related to the European Semester intensified across institutional settings, yet euro crisis management, the oversight of financial assistance programmes and excessive deficits deviate attention from the European Semester as a broader socioeconomic governance device. Whether the European Semester constitutes a framework within which concerns about sound public finances and broader social policy objectives can be considered in relation to each other or whether economic governance is strengthened at the expense of social issues remained a concern for many analysts (Costamagna 2013), though there is evidence that social and employment policy issues have received greater attention in the context of country-specific recommendations (CSRs) in the aftermath of the peak period of euro crisis management (Bekker 2015; Zeitlin and Vanhercke 2014). However, the European Semester is also seen to receive only lukewarm political support by member states, albeit it remains without alternatives (Darvas and Leandro 2015). With its focus on lead EU institutional actors, this contribution offers a complementary perspective. It points to the relevance of high-level policy deliberation which may crucially influence how other core components, such as written and publicly stated policy recommendations and procedural requirements, commit member states to co-ordinated policies.

The contribution examines agenda data from European Council, Council and Eurogroup conclusions and press statements, as well as media reports. Interviews with senior officials who are in charge of preparing the meetings of the relevant forums substantiate information on working practices and inter-institutional relations. The analysis unfolds as follows. First, the applicability of deliberative and new intergovernmentalism as analytical frameworks for studying post-Maastricht EU policy co-ordination is discussed in relation to the European Semester. Second, the analysis turns to the role of the European Council as the initiator of the European Semester framework and as an oversight institution. Third, the institutional trajectories and working practices of the three main groupings of ministers – the Eurogroup as well as the Economic and Financial Affairs Council (ECOFIN) and the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) – are identified. Finally, the analysis turns to what is referred to as the bureaucratization of the European Semester, namely the central roles of the Commission and senior expert committees in the co-ordination process.

Deliberative and new intergovernmentalism and the European Semester

Students of the original Lisbon OMCs noted the reliance of the new governance framework on Council and European Council decision-making early on (Borrás and Jacobsson 2004: 188; 198; 200). Notably the European Council empowered itself in the context of the Lisbon process. Policy initiative increasingly came from member states. The Commission, albeit it played a central role in providing expertise and surveillance, relied on political backing from ministers and the European Council. The European Semester is not different in this regard. This contribution follows the analytical frameworks of deliberative and new intergovernmentalism (Bickerton *et al.* 2015a, 2015b; Puetter 2012, 2014), which embed the centrality of the European Council and Council in EU policy-making into a broader discussion about contemporary EU governance and formulate specific hypotheses on institutional trajectories, roles and inter-institutional relations. Two hypotheses are relevant for this contribution: firstly, deliberation and consensus have become the guiding norms at *all* levels of decision-making. Consensus generation is not restricted to the level of expert committees but is required at the highest political level, as policy issues have repercussions for domestic politics. It is thus important to complement existing research on committees with a focus on the interplay of the different levels of decision-making. Only in areas where these processes are closely intertwined new intergovernmentalism would expect wider political impact. Secondly, member states are reluctant to delegate decision-making authority to supranational institutions, notably the Commission, which in turn is not hard-wired to seek ever-closer union according to the classic community method. The key argument is that institutional change within the European Council and the Council in the post-Maastricht period is marked by a series of attempts at enhancing the consensus generation capacity of high-level intergovernmental forums in areas outside the classic community method – namely economic governance, foreign policy, employment and social affairs. Collective EU action in these areas is essentially constituted by constantly renewed political agreement among national governments and the Commission. Even written policy guidelines rely on continuing political support on the part of member states because the Commission lacks unilateral enforcement powers. The trajectory of the Stability and Growth Pact since the late 1990s is perhaps the most blatant illustration of this dilemma, which is also inherent to the European Semester. The emphasis on consensus is not trivial, as consensus generation is a complex and iterative process. It is not sufficient to agree on common rules, but it matters that senior political representatives of the member states remind themselves of the need for common action and continue to support policy paths against the background of constant contestation. The European Semester implies deep interferences with domestic policy paths. It is unlikely to gain clout without strong political endorsement throughout the annual cycle. The euro crisis revealed the politicization of EU economic governance. This aspect is unlikely to go away, as the co-ordination process has become more ambitious.

As forums for collective decision-making, the European Council and the Council are in principle well positioned to address this dilemma. Yet, how they do this requires closer inspection. Deliberative intergovernmentalism as a theory of micro-level institutional change is well placed to investigate differences in institutional performance when it comes to studying different decision-making settings. The key argument behind deliberative intergovernmentalism is that consensus is not a foregone conclusion, but needs to be engineered. Institutional practices and working methods vary when it comes to their potential to generate consensus and maintain it over a longer period of time and in relation to difficult controversies around the application of common rules. Deliberative intergovernmentalism considers the Council to be a heterogeneous environment in which policy co-ordination and legislative decision-making coexist. Co-ordination in the field of socioeconomic governance requires consensus generation well beyond the instance of rule setting, whereas the latter marks the successful conclusion of legislative decision-making. Since the rollout of a broader EU policy co-ordination agenda in the fields of socioeconomic governance and foreign and security policy by the end of the 1990s, the EU's main forums for intergovernmental decision-making have witnessed important changes to their working methods, which mark the shift away from legislative decision-making. Yet, deliberative intergovernmentalism holds that such processes of institutional adjustment are unevenly pronounced.

Puetter (2014: 61–5) identifies the indicators for policy deliberation as being more frequent meetings in longer sessions, as well as informal and face-to-face debates with a reduced number of participants who make decisions under conditions of uncertainty. The argument is that informal deliberations on policy co-ordination in the new areas of EU activity have become routinized. This type of routine policy co-ordination is shown to play an important role in forums such as the Eurogroup, the ECOFIN Council, the Foreign Affairs Council and, indeed, the European Council itself. Can such focus on micro-level institutional change help to advance the discussion about the asymmetry between economic and social issues within the European Semester? The current literature offers two opposing interpretations of this asymmetry. One side argues that budgetary austerity and fiscal discipline have largely removed social concerns from current policy initiatives, as EU institutions effectively promoted 'lower levels of social assistance and employment protection' (Crespy and Menz 2015: 8). The point here is that structural reforms systematically undermine the so-called European Social Model (Hermann 2017; Pochet and Degryse 2012) through the support, for example, of a growth-friendly approach to taxation and social security which disregards national variations (Dawson 2015: 985). Some authors contend that euro crisis management in fact amplified an already declining trend to propose social policy at the EU level. This trend is also associated with the election of liberal and conservative governments starting in the mid-2000s (Graziano and Hartlapp 2015: 13). In contrast, the alternative interpretation finds a 'progressive "socialisation" of the European Semester' as a result of the empowerment of institutional actors who represent social and employment policies, notably the EPSCO Council and the European Commission's Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) (Vanhercke *et al.* 2015; Zeitlin and Vanhercke 2014). This perspective gives credit to preparatory bodies in particular – the Employment Committee (EMCO) and the Social Protection Committee (SPC) – for placing social objectives in the CSRs. Zeitlin and Vanhercke THIS ISSUE: PUBLISHER TO ADD /UPDATE DETAILS AT PROOF> further argue that the socialization of the European Semester can be understood when examined over time 'as the product of strategic agency, reflexive learning and creative adaptation by EU social and employment policy actors' to a new institutional context.

Deliberative intergovernmentalism adds to this debate by providing evidence for asymmetrical institutional trajectories inside the Council, while at the same time appreciating that there is room for socially minded actors within the Council and the relevant expert committees to increase their influence in the European Semester process. Puetter's previous research finds that the institutional environment in economic governance is one which is most likely to foster the occurrence of consensus generation among key political actors. In particular, the Eurogroup is identified as 'the most developed infrastructure for informal policy dialogue' in the EU (Puetter 2014: 156). The work of finance ministers is also seen to be closely intertwined with the Economic and Financial Committee (EFC) and its Eurogroup Working Group (EWG) and Alternates (*ibid.*: 192–5), and even analytical work from the Economic Policy Committee (EPC) attracts the attention of finance ministers (*ibid.*: 223). Most importantly, finance ministers tend to align themselves with what is best referred to as the Eurogroup working consensus, which is a set of shared policy beliefs and priorities and which ministers advocate successfully in relation other actors (Puetter 2006: 151–6). In contrast, EPSCO is shown to have been dominated before the launch of the European Semester by legislative decision-making, which prevented a more radical transformation towards informal deliberation as observed in the cases of the Eurogroup and the ECOFIN Council. In fact, EPSCO working methods were considered to have failed to provide an institutional environment conducive to successful policy dialogue (*ibid*.: 181–2). This view echoes the findings of a comprehensive study on the EU's socioeconomic policy committees by Jacobsson and Vifell (2007), whose concept of deliberative transnationalism shares a number of similarities with Puetter's deliberative intergovernmentalism. These authors also consider deliberative features to be more pronounced in the EFC and EPC contexts, if compared to EMCO and SPC, because the former are more secretive and closed to outside actors (Jacobsson and Vilfell 2007: 178). Generally, greater transparency is seen to trigger bargaining rather than deliberation (*ibid*.: 183).

To conclude, previous research within the new intergovernmentalism framework provided evidence that high-level policy deliberation shapes key policy choices and empowers the European Council and specific groups of ministers in relation to other EU institutions and individual member states. The question is to what extent these deliberations focus on European Semester issues.

The European Council

In June 2010, the European Council gave its explicit endorsement to the European Semester framework (European Council 2010a: 5) as an integral part of its initial set of institutional reforms in response to the escalating euro crisis. Endorsing the work of the so-called Van Rompuy Task Force (European Council 2010b), the European Council reacted to the crisis by intensifying and tightening the existing economic policy co-ordination regime rather than opting for a more centralized approach to euro area governance. The following adoption of the six-pack, which regulates the co-ordination process and provides a legal basis for the European Semester, relied on the European Council as main initiator of institutional reform despite Commission activism. The insistence of the European Council on the implementation of a revamped integrated co-ordination and surveillance framework reflects both the expansion of the scope of co-ordination, i.e., the inclusion of a wide range of socioeconomic governance issues, and its intensification, i.e., closer surveillance and enhanced peer pressure. Yet, the priority list of the Van Rompuy Task Force and the European Council conclusions at the time also show the predominance of concerns for fiscal stability.

This response to the crisis is consistent with European Council action in the post-Maastricht period. From 1992 to 2015, economic governance has been the most relevant agenda item, featuring in 104 out of its total 138 meetings (see Diagram 1 in the Online Appendix). While EMU economic governance has been on the agenda almost at each and every single European Council meeting since 1998, the escalation of the euro crisis in 2010 made economic governance issues even more dominant. Puetter (2014: 92–3) quotes qualitative interview data which show that the European Council normally allocates more than half of the time of each meeting to the economic governance portfolio. In contrast, employment and social affairs received less attention, featuring in 61 out of the total of 138 meetings examined for this contribution. There were a few landmark meetings which were dedicated to social matters, such as the Luxembourg European Council in 1997 on employment or the Lisbon European Council in 2000. These meetings underlined the European Council's support for a more integrated co-ordination agenda in relation to EMU economic governance, on the one hand, and social and employment policies, on the other hand. In the context of the Lisbon process, this more integrated approach was reflected in the institutionalization of annual Spring European Council meetings. At these meetings, the heads were supposed to dedicate extra time for discussing socioeconomic governance issues. In practice, the focus of these discussions, however, could vary substantially.

European Council agenda data (see Diagram 1 in Online Appendix) reveal a dramatically reinforced gap in political attention during the peak period of euro crisis management between economic governance, on the one hand, and social and employment affairs, on the other. Starting in 2010, employment and social affairs issues become less prominent on the European Council agenda. In 2011, for example, social issues were absent altogether from the conclusions, as the focus was primarily on immediate responses to the sovereign debt crisis such as financial assistance programs. The predominance of economic governance issues suggests a higher degree of routinization of high-level policy dialogue than with regard to any other policy area. This is an important indicator of an asymmetric institutional development.

Initial European Council endorsement of the European Semester as an integrative co-ordination mechanism is not matched by a close involvement of the heads in the co-ordination process, as it is true for some aspects of economic governance, as for example the provision of financial assistance. Such involvement, where it occurs, remains a formal exercise. European Council endorsements of the policy priorities of the annual European Semester cycle at the spring meetings in March and of the CSRs in June each year have not led so far to more extensive debates on specific issues among the heads (COM1).[1] They typically endorse what the ECOFIN and EPSCO Council formations have already agreed upon, as one official explains: 'The fact that the CSRs are endorsed by the European Council is a ritual' (EUCO). As of May 2016, there was only one CSR which was raised by Belgium at a European Council meeting on a highly politicized domestic issue (EPC). Not only are there no controversial cases discussed, but also general debates on CSRs are no longer of importance to the European Council, as another official explains: 'It has been a few years since CSRs have been raised during European Council meetings' (COUNCIL1). Moreover, another official expects the heads to react to potential future requests to raise CSR-related issues by saying: 'That's not for us, don't come to us, go to your [finance] minister' (EUCO).

With regard to the broader framing of the European Semester as an encompassing framework for EU socioeconomic governance, the role of the first European Council President Herman Van Rompuy is noteworthy. Van Rompuy played a significant role in increasing the profile of social affairs in the originally economic-centred EU response to the crisis. Specifically, Van Rompuy resorted to the unprecedented step of participating directly in the deliberations of the EPSCO Council. Van Rompuy took part in two gatherings of EPSCO (in 2010[2] and 2013[3] respectively), which dealt with the interrelatedness of the economic governance and social and employment policy co-ordination portfolios in the context of the Europe 2020 strategy and the future role of social and employment policy in a reformed EMU. In both cases, Van Rompuy declared his ambition to improve horizontal co-ordination between the two dossiers and the two responsible Council formations – EPSCO and ECOFIN. Van Rompuy himself referred to his February 2013 visit at the EPSCO Council as 'historic'[4] because there was now a direct discussion between the European Council President and ministers.

The situation changed under the succeeding president, Donald Tusk. During his first 18 months in office he did not establish direct connections to EPSCO ministers (COUNCIL2). Tusk is generally 'less interested in economic issues than Van Rompuy' (COUNCIL1) and emphasizes other policy matters such as the energy union or the relations with Russia (EUCO). Indeed, the Presidency of Van Rompuy coincided with the peak period of euro crisis management and was marked by European Council interventions into specific policy decisions. Tusk's cabinet is said to have changed this stance and insists that there 'should be little details discussed, that's not for the European Council', which instead 'is supposed to have a debate on the economic situation in a strategic manner.' (*ibid.*). It is difficult to say whether the lack of attention to social issues, which featured in only two European Council meetings in 2015, and the declining attention to economic aspects more generally, was simply related to developments such as the refugee crisis, terrorist attacks, Ukraine and Brexit, or whether it represented evidence of profound policy change.

The ECOFIN and EPSCO councils and the Eurogroup

The three configurations of ministers working on EU socioeconomic governance issues are invested to varying degrees in the European Semester. Interviewees report that there is some competition between the ECOFIN Council and the meeting format of euro area finance ministers, the Eurogroup, on the one hand, and EPSCO, on the other hand, regarding their influence in the European Semester. Given the Treaty base of the co-ordination processes, this institutional rivalry is not surprising. The European Semester builds on the basic structures of economic and employment policy co-ordination respectively as enshrined in Title VIII, chapter 1, TFEU, the domain of ECOFIN and the Eurogroup, as far as euro area-specific issues are concerned, and Title IX, TFEU, the domain of the EPSCO Council. Also social affairs, as stipulated under Title X, TFEU, belong to EPSCO, although here the Treaty does not prescribe a single co-ordination mechanism and the situation is more complex, given that EPSCO acts both as a legislator and a co-ordinator of policy issues, depending on whether these are included or exempted from the catalogue of EU legislative competences. According to one interviewee, this double legal basis of the European Semester policy co-ordination process and the lack of EU legislative competences regarding many social policy issues fuels competition between finance ministers and EPSCO ministers. This is especially true for the recent phase of policy co-ordination related to the European Semester (COM3). While during the first decade of the 2000s EPSCO's legislative decision-making agenda was still detectable, member states became, over time, increasingly reluctant to agree on new social policy legislation. This has left EPSCO ministers searching for a new role of their Council formation and, thus, for a strengthened role in the European Semester.

Furthermore, data on the agenda of meetings retrieved from the Council's Register of Documents show that euro area finance ministers met 89 times within the Eurogroup during the six-year period 2010–2015 (see Diagram 2 in the Online Appendix). They attended another 81 meetings of the ECOFIN Council. Thus, euro area finance ministers not only attend the most frequently convened ministerial grouping within the EU – next to the Foreign Affairs Council – but they also have a double affiliation and spend more time together on the same set of policy issues than any other group of senior government representatives. In the same period, labour and social affairs ministers instead came together for 38 EPSCO Council meetings. During the peak period of euro crisis management, the Eurogroup was convened more than once per month and finance ministers from all EU member states, in addition to formal ECOFIN gatherings, met throughout 2010 within the context of the Van Rompuy Task Force, which was vital for establishing the European Semester framework as discussed in the previous section. During that period

EPSCO, in contrast, maintained on average its regular six meetings per year, four formal and two informal ones during each Presidency. These differences in the frequency of ministerial gatherings strikingly reveals the asymmetry between economic governance compared to social and employment policies as regards the role of EU intergovernmental institutional actors.

In relative terms, however, the European Semester was more central to the activities of EPSCO than it was for those of ECOFIN and the Eurogroup. Specifically, European Semester issues featured in about two-thirds of all EPSCO meetings, whereas finance ministers in ECOFIN dealt with this portfolio on average only at every second meeting (see Diagram 2 in the Online Appendix). Yet, this still means that they did so almost twice as often as EPSCO, because finance ministers met far more frequently. The Eurogroup debated European Semester issues on 25 occasions during the six-year period, which is similar to the absolute number of EPSCO meetings during which European Semester issues featured. Yet, Eurogroup debates complement the discussions of all EU finance ministers within ECOFIN and thus add to the time which, at least, euro area finance ministers devote to this subject.

Moreover, it is noteworthy that between 2010 and 2015 finance ministers devoted much attention to a set of institutional issues such as the creation of the European Stability Mechanism (2010), the Fiscal Compact (2012), the adoption of the Six-Pack (2011) and the Two-Pack (2013), the Single Supervisory Mechanism (2013) and the Single Resolution Mechanism (2014). Regular items on the agenda were also the assistance and adjustment programmes (Greece, Ireland, Portugal, Cyprus) and countries in the Excessive Deficit Procedure (EDP). All these issues implied time-consuming consensus-building efforts and received high-level political attention, including from the European Council. Many of these decisions had repercussions on the European Semester, either because they influenced CSRs or because they simply constituted political priorities of utmost importance and urgency which rendered other aspects of the co-ordination process less relevant.

The Eurogroup's key role in crisis management represented a test for its informal working method because pressure on finance ministers to find agreement within a relatively short period of time increased dramatically. Yet, Eurogroup discussions were considered to deliver consensus and frank informal debates from the early stages of crisis management onwards (COUNCIL1). Eurogroup discussions on the European Semester follow the standard practice of informal discussions within the group and take place behind closed doors. Such emphasis on informal debate can also be found in ECOFIN, which saw a revival of its so-called informal breakfast meetings as a key venue for policy dialogue with the beginning of EU crisis management (Interviews H, 7 April 2009, and L, 12 November 2009). European Semester issues are debated behind closed doors within the informal parts of ECOFIN meetings. Unlike the Eurogroup, the ECOFIN and EPSCO Council formations are obliged to have public debates about all legislative issues, which the European Semester is not.

However, the intensity of European Semester debates in ECOFIN declined over time. Ministers spent one to two hours in the first years compared to half an hour in 2015. In the words of an official who is familiar with ECOFIN debates:

> In the beginning, there was more excitement about this [the European Semester], but now everything is agreed by the committees below. [The] EFC endorses decisions without reopening them. … At ministerial level this isn't an efficient discussion – to discuss the CSRs of 28 member states. What we try to identify are horizontal issues, those are more suitable for discussion. All this has become a bureaucratic routine, it is difficult to motivate ministers about it. (COUNCIL1)

As a result, most issues are dealt with at the committee level. It is rare that finance ministers discuss controversial matters (COM2). As another official puts it: 'Finance ministers debate and agree on Council conclusions, but if the committees have done their job, they just adopt the conclusions' (EPC). Nevertheless, the declining interest in active debate among finance ministers does not imply that they have conceded ground to other institutional actors, as one of the above-quoted officials explains further:

> I can still say that it is a very ECOFIN-centred process. The European Semester started out as a concrete, legal process of macroeconomic coordination. … My feeling is that the whole process is ECOFIN-led, there's no denying that most issues are economic, or that the social aspects cannot be dissociated from the economic ones. (COUNCIL2)

The reverse image is detectable with regard to European Semester debates within the EPSCO Council. Here, ministers continued to pay more attention to this portfolio from 2010 onwards, yet they find it difficult to compete with finance ministers for influence and to mobilize political support at the highest level. As discussed in the above section on the European Council, except for the visits by the first European Council Herman Van Rompuy, EPSCO ministers rarely get attention for their work from the heads. An official familiar with EPSCO debates sees the European Semester as the central item on the EPSCO agenda:

> These days there's nothing else. The problem is the lack of competence, you cannot impose legislation, there is no common social policy, so the European Semester [i.e., policy coordination] is the best you can get. (COUNCIL2)

In recent years, the Juncker Commission's 'Better regulation agenda' (European Commission 2015) meant less or no legislation for discussion within EPSCO. For a Council formation that used to spend most of its time on legislative decision-making, the lack of legislative proposals brought a need for the reorganization of the meetings. Paradoxically, this motivated ministers to debate European Semester issues in public rather than behind closed doors, as it is normally done with non-legislative items. Typically, debate is guided by a Presidency paper. However, the public meeting format has a negative impact on deliberation. Controversial issues, such as pension reforms, are simply not put on the agenda in order to avoid heated discussions. In the words of the above-quoted official, EPSCO debates on the European Semester tend to get 'relatively sterile, excluding the June one, when CSRs are debated. During this meeting, member states might not necessarily say 'we don't want this CSR', but they will give a reason why this cannot be implemented/achieved at the domestic level.' (*ibid*.).

Another official highlighted that EPSCO cannot compete with the Eurogroup because there is no 'Euro Area EPSCO' and 'economic issues are overwhelmingly stronger in the Council.' (EUCO). However, in 2015 EPSCO decided unilaterally to discuss the euro area CSRs and amended one recommendation, which according to another official made ECOFIN 'furious because there was no coordination [between the Council formations].' (COUNCIL1). In general, EPSCO is trying to strengthen its role in the European Semester, while finance ministers take their lead role for granted and entrust decision-making to the EFC, EWG and EPC as their senior support committees, as the same official explains:

> Indeed, EPSCO has been pushing for something every year and they have managed to become more influential. … In theory Council formations should be equal, but ECOFIN is clearly above others. (*ibid*.)

The bureaucratization of the European Semester: senior expert committees and the Commission

The institutionalization of the European Semester has brought about routine involvement by several committees. On the economic side, the European Semester is discussed in the EPC, the EWG with regard to euro area recommendations, and the EFC Alternates' meeting; on the social side, the EMCO and the SPC are in charge. The EFC, as the most senior economic affairs committee, endorses everything decided at lower levels and discusses outstanding issues. The EFC and the EWG are the lead preparatory bodies for ECOFIN and the Eurogroup respectively, and their members usually sit next to their finance ministers in ECOFIN and Eurogroup meetings. The EFC/EWG president is also a close adviser of the European Council President on economic governance issues. The EPC is a less senior expert committee at the disposal of finance ministers, which concentrates on policy guidelines, peer review and analysis. Conversely, the EMCO and the SPC prepare portfolios for EPSCO. Yet, even EMCO, which can be considered to be more senior than the SPC, given its legal basis as the central committee for employment policy co-ordination, cannot claim to have an almost exclusive access to ministers as it is the case for the EFC/EWG duo.

The status of the EFC is further reflected in its relation with Committee of Permanent Representatives (COREPER) II. The ambassadors normally do not open issues coming from the EFC (COM3). Conversely, on the social side, one official familiar with EPSCO committees explained that COREPER I can play an important role, as it considers itself more senior to EMCO and SPC members (COUNCIL1). The official mentioned that COREPER I changed the wording of policy recommendations which were prepared by EMCO and SPC on several occasions. These practices have important repercussions for the policy dialogue among ministers. The committee process on the social side is relatively bureaucratic. The EMCO and the SPC, together with COREPER I and the Commission, deal with most of the substantial issues while direct access to the relevant ministers is more limited than in the case of the EFC/EWG tandem (Interview A, 23 May 2016).

Moreover, the biggest part of the European Semester – the Macroeconomic Imbalance Procedure (MIP) – is dealt with by the EPC, which also follows up on the CSRs drafted by the Commission. The EMCO and the SPC have both strengthened their role in monitoring and assessing social reforms within the Semester, by establishing different indicators such as the Europe 2020 Joint Assessment Framework for monitoring the Employment Guidelines, the Social Protection Performance Monitor, the Employment Performance Monitor, as well as the so-called Social Scoreboard developed in 2014 (Zeitlin and Vanhercke 2014: 37–8). There is huge joint EPC/SPC/EMCO meeting once a year, exclusively on the CSRs. One interviewee explained that in his/her experience the opinion of finance ministries tends to prevail in these situations 'for the simple fact that finance ministers have more power at the domestic level' (COUNCIL1).

In an effort to streamline the European Semester, the new Juncker Commission further strengthened the role of the EPC. The total number of CSRs in the MIP was reduced, including the ones on social issues (*cf*. Vanhercke *et al*. 2015). This meant that CSRs that used to be under the exclusive competence of the EMCO/SPC tandem are now under joint competence of EPC/EMCO or EPC/SPC. As a result, in the 2016 cycle, only 14 out of 152 CSRs were under exclusive EMCO/SPC competence, while the other 26 social CSRs were under joint purview (EPC). Some officials disagree with the inclusion of social issues in the MIP, which is a further indication of a profound asymmetry between different institutional actors: 'This is nonsense, the MIP was created for a purpose and social aspects have no place there, also if we are to consider subsidiarity rules. We should avoid transforming the nature of the procedure, but the Commission wanted to have a more social voice' (EUCO). One of the above-quoted officials believes that while CSRs under the Juncker Commission have become more social in terms of tone and proportion, the EMCO and the SPC are less, rather than more, influential with regard to discussions within the Council (EPC).

Finally, the Commission's role in the European Semester was strengthened. Yet, the Commission is complicit with member states when it comes to the overall approach of closer co-ordination instead of further legislative initiatives. Significant resources were allocated in recent years in relation to the European Semester, especially to DG EMPL, where approximately a third of the staff currently works on various aspects of the process (Interview A, 23 May 2016). The Commission as a whole invested a lot of effort into co-ordinating the European Semester by establishing a so-called 'Core Group' composed of the Secretariat General, DG Economic and Financial Affairs (ECFIN), DG EMPL, and DG Internal Market. A Commission official explained that DG ECFIN, which is paired with the EFC/EWG/EPC trio of committees, has always played quite an important role in the process, although other DGs participate at the same level. The involvement of DG EMPL, which is linked to the work of the EMCO/SPC duo, grew over time, especially since the crisis (COM2). There was definitely more emphasis within the Commission on social aspects, which were merged together with economic aspects in the MIP as a more binding procedural instrument in an attempt to increase compliance by member states (EPC).

Though formally the reverse qualified majority voting procedure has made it very difficult for member states to change CSRs proposed by the Commission, enforcement is another question altogether. A Commission official described that views within the institution are generally negative when it comes to assessing the impact of the European Semester, especially in terms of the human and financial investment made into the decision-making process. After all, member states can send a simple comment to the responsible committee explaining why a CSR cannot be implemented at the domestic level (COM2). There is so much effort invested in the European Semester within the Commission that one official confessed that:

> In the end the CSRs are Council recommendations, even if we [in the Commission] sometimes forget that. (COM3)

Conclusions

Deliberative intergovernmentalism provides important conceptual access to contemporary developments in the European Semester by understanding the co-ordination framework as an expression of the post-Maastricht integration paradox: member states seek closer integration in order to address undeniable policy interdependencies, but they are reluctant to empower supranational actors. Instead, they prefer collective agreement on co-ordination objectives. This leads to an enhanced quest for consensus, as policy co-ordination is inherently fragile and is not backed up by centralized enforcement mechanisms. Yet, the generation of high-level policy consensus is not trivial. EU socioeconomic governance implies controversial engagement with existing policy paths and has repercussions for domestic politics. Consensus requires institutional engineering, notably an adjustment of working methods so as to enable policy-makers at *all* levels of decision-making, including the most senior representatives of national governments, to engage in frequent, informal, frank and open policy debates. Previous research relating to the period immediately before the European Semester showed that this is the case in settings such as the European Council, the Eurogroup and the ECOFIN Council. The research presented here demonstrates that the European Semester triggered institutional engineering aimed at enhancing the consensus generation capacity at all levels of decision-making. Yet, institutional engineering directed at the European Semester has been incomplete and partially counter-productive. It has been uneven when it comes to comparing different actors. Most importantly, the institutional asymmetry between economic governance actors and social policy actors remains.

The European Council has become the most senior forum for policy dialogue in the field of economic governance. The heads exercised an interventionist role during the euro crisis and have been able to repeatedly forge high-level consensus. Agenda data confirms the argument by deliberative intergovernmentalism that there is highly frequent and extensive discussion related to economic governance issues. The heads also called on multiple occasions for a more integrated socioeconomic governance approach and launched comprehensive processes to this end – the original Lisbon process and the European Semester. The latter is part of an entire set of institutional reforms which were endorsed in the context of the euro crisis. However, the heads have been pressed by other economic governance issues, notably financial assistance programs. This diverted attention away from the European Semester. By the end of the 2010–2015 period investigated in this contribution, the European Council had retreated from a closer engagement with the European Semester. This retreat comes at the expense of social and employment policies, which gradually featured less on the agenda of the heads in comparison to economic issues, and is indicative of an underlying institutional asymmetry.

The Eurogroup and the ECOFIN Council have developed a track record of conducting intensive policy dialogue, and they use informal working methods which facilitate consensus generation. Finance ministers meet very frequently and show the highest engagement with European Semester issues when it comes to the absolute number of meetings during which this portfolio is debated. That they ultimately determine the overall direction of the European Semester process confirms the expectation by deliberative intergovernmentalism. Their position is the most consolidated. Yet, when it comes to overall attention to the European Semester more recently, finance ministers tend to spend less time on this portfolio. Instead they focus consensus-building efforts on pressing political issues, such as excessive deficits and assistance programmes. This, however, does not imply that finance ministers have conceded ground to other actors. Essentially, the EFC/EWG/EPC trio acts as their gatekeeper.

The European Semester has become central to the agenda of EPSCO. This finding echoes Zeitlin and Vanhercke's analyses of the European Semester (Vanhercke *et al.* 2015; Zeitlin and Vanhercke 2014). There have been important changes to the role of the EPSCO Council and its working practices. This again confirms the expectation by deliberative intergovernmentalism. Social and employment affairs ministers seek to level their influence by placing a stronger emphasis on policy deliberation. There is evidence of institutional engineering. They devote more time to co-ordination owing to the lack of legislative work, yet they still lag behind finance ministers. Policy dialogue among EPSCO ministers is constrained by the choice of working methods. The format of public debates runs counter to the idea of frank discussions. Moreover, unlike the ECOFIN/Eurogroup tandem, EPSCO suffers from a disconnect with the European Council. Social issues are thus not debated at all levels of decision-making.

Senior expert committees provide the bureaucratic backbone of European Semester, together with the Commission. However, there is a remarkable disconnect with political decision-makers who thus may feel little ownership in relation to individual CSRs. Senior expert committees are efficient consensus-generating forums. Yet, the roles of the EFC/EWG/EPC trio, on the economic side, and the EMCO/SPC duo, on the social and employment side, are asymmetric. The integration of social provisions into the MIP has rather strengthened the role of the EFC/EWG/EPC trio. There is little doubt about the central role of the Commission in the European Semester. However, this role is in line with the expectations of new intergovernmentalism. The supranational administration retreated from ambitions to have more social policy legislation and reallocated administrative resources in support of co-ordination. The procedural logic of the MIP ultimately refers the Commission back to the powerful ECOFIN/Eurogroup tandem, which can easily overcome the reverse qualified majority threshold, given its track record in consensus decision-making. The frustration of interviewees with how easily governments can circumvent policy guidance is telling.

Thus, deliberative intergovernmentalism can help to better understand the diverging interpretations of the European Semester framework in the literature. There is indeed a socialization of the European Semester to the extent that the Commission and the social committees have made advances in anchoring social issues more firmly in the co-ordination process. There is also institutional engineering regarding EPSCO. Deliberative intergovernmentalism also speaks to arguments that the conditions are not favourable for social actors. The co-ordination framework of those actors who put a greater emphasis on fiscal consolidation and structural reform is by far more developed and their working consensus is the ultimate reference point which they can articulate in relation to lower level actors, the committees, and high-level actors, the European Council. Deliberative intergovernmentalism is mute on the impact of party politics on this asymmetry but rather emphasizes the institutional evolution of co-ordination among finance ministers. These two perspectives are not mutually exclusive. A shift in focus towards social issues is unlikely to be sustainable without direct oversight on part of the European Council and a further reform of EPSCO. Sceptics may invest little hope in the European Council playing the role of a social policy advocate, though. This is ultimately a question of political majorities within the Union. The point here was to reveal the institutional mechanisms can work either as facilitators or obstacles in relation to how individual groups of ministers or the heads may gain influence over the policy process. With regard to possibilities for policy change, the difference in the way the European Council Presidents Van Rompuy and Tusk addressed the socioeconomic governance portfolio may serve as an illustration for how the focus on social policy issues may be enhanced or diminished in the context of the European Semester. Earlier initiatives of the European Council in the field of socioeconomic governance prior to the introduction of the European Semester in the late 1990s and the early 2000s, notably the Luxembourg and Lisbon European Council meetings, illustrate the potential for political momentum being created by the heads.

Notes

1. COM, COUNCIL, EPC, EUCO indicate interviewee affiliations. For the list of interviews see the Online Appendix.
2. Press release, Belgian Presidency of the Council, 8 July 2010, http://www.eutrio.be/pressrelease/informal-council-epsco-employment-central-new-economic-governance (accessed 2 June 2016).
3. Press release, Irish Presidency of the Council, 28 February 2013, http://eu2013.ie/news/news-items/20130228post-epscodjei/ (accessed 2 June 2016).
4. Agence Europe, 28 February 2013.

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