

THE LEGITIMACY GAPS OF THE EUROPEAN SEMESTER: WHO DECIDES, WHAT AND HOW

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The legitimacy gaps of the European Semester: who decides, what and how

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Introduction

The establishment of the Economic and Monetary Union (EMU) marked a historical moment in the integration process, which was certainly not lacking in contradictions. While back in the 1970s some political actors, economists and experts pointed out the reasons why the euro was worth fighting for, others raised awareness on the limitations of the EMU arguing that the euro area as it was designed would collapse. Over time the "incompleteness of EU's governance architecture" generated a series of big and small crises¹ that culminated with the eurozone crisis in 2010. To save the common currency, from 2010 to 2013 EU institutional actors sought to reform the EMU by strengthening the already existing rules on fiscal discipline, by adopting new ones to prevent macroeconomic imbalances, by improving the coordination of macroeconomic policies, and by putting in place mechanisms of financial assistance.² Besides the Treaty on Stability, Coordination

^{1.} Jones, E., Kelemen, D. R. and Meunier, S. "Failing Forward? The Euro Crisis and the Incomplete Nature of European Integration", *Comparative Political Studies* 2015, 1-25.

^{2.} Fabbrini, S. "Inter-governmentalism and Its Limits: Assessing the EU's Answer to the Euro Crisis", *Comparative Political Studies*, Vol. 46, No. 9, 2013, pp. 1–27; Bickerton J. Ch., Hodson, D., and Puetter U. (eds.) *The New Intergovernmentalism and the Study of European Integration*, (OUP: Oxford, 2015); Bauer, M. W. and Becker, S. "The Unexpected Winner of the Crisis: The European Commission's Strengthened Role in Economic Governance", *Journal of European Integration*, 36:3, 2014, 213-229; Copeland, P. and James, S. "Policy

and Governance (entered into force in 2013), the Euro Plus Pact – greed by the euro area Heads of State or government in 2011 and joined by non-euro area Member States – sought to "achieve a new quality of economic policy coordination" (European Council Conclusions, 24-25 March 2011). The aim was to change the code of conduct in the implementation of the EU's Stability and Growth Pact through a "closer coordination" of the Member States' macroeconomic policies (Council Meeting Economic and Financial Affairs, 7 September 2010).

To do so, the EU institutional actors established the European Semester,³ which was one of the first initiatives to emerge from the task force on economic governance chaired at the beginning of the crisis by the President of the European Council, Herman Van Rompuy. The Semester was designed with the aim to strengthen the coordination of macroeconomic policies at the supranational level. It was conceived, as an annual framework for the coordination of policies to ensure sound public finance, to prevent excessive macro-economic imbalances and to support structural reforms. Since its first iteration in 2011, the European Semester has brought "the coordination of budgetary policies, structural reforms and prevention of excessive macroeconomic imbalances into one structured process" (European Commission/European Political Strategy Centre, 2016: 1). It has become the "EU's annual cycle of economic policy guidance and surveillance" (COM 2016). Launched in 2011, by 2013, the European Semester was to provide for fully institutionalization by way of two European legislative acts known as the Six-Pack (December 2011) and Two-Pack (May 2013) as well as an intergovernmental treaty known as the European Fiscal Compact (January 2013).

windows, ambiguity and Commission entrepreneurship: explaining the relaunch of the European Union's economic reform agenda", *Journal of European Public Policy*, 21:1, 2014, 1-19; Schmidt V. A. "The Eurozone's Crisis of Democratic Legitimacy: Can the EU Rebuild Public Trust and Support for European Economic Integration?" Discussion Paper n°15 –EC Fellowship Initiative 2014-2015 on "Growth, integration and structural convergence revisited", 2015 - see http://ec.europa.eu/economy_finance/publications/eedp/pdf/dp015_en.pdf (28/3/16); Schmidt, V. A. "Forgotten Democratic Legitimacy: 'Governing by the Rules' and 'Ruling by the Numbers'" in *The Future of the Euro* co-edited by Matthias Matthijs and Mark Blyth. (New York: Oxford University Press, 2015), 90-116; Schmidt, V. A. "Reinterpreting the Rules 'by Stealth' in Times of Crisis: The European Central Bank and the European Commission", *West European Politics*, 2016, 39: 5, 1032-1052; Coman, R. and Ponjaert, F. "From one European Semester to the Next: Towards the Hybridization of New Modes of Governance in EU Policy", *Les Cahiers du CEVIPOL*. Brussels Working Papers, 5, 2016.

^{3.} Costamagna, F. The European Semester in Action: Strengthening Economic Policy Coordination While Weakening Social Dimension?, Centro Einaudi, 2013, WP-LPF 5/13 • ISSN 2036-1246. Zeitlin, J. and Vanhercke, B. "Socializing the European Semester? Economic governance and social policy coordination in Europe 2020", Economic Governance and Social Policy Coordination in Europe, 2020, 2014; Vanhercke B., Zeitlin J., Zwinkels A., "Further socializing the European semester: moving forward for the 'Social triple A'", European Social Observatory Report, 2015. http://www.ose.be/files/publication/2015/vanhercke_zeitlin_2015_EuropeanSemester_report_dec15.pdf; Savage, J. D. and Verdun, A. "Strengthening the European Commission's budgetary and economic surveillance capacity since Greece and the euro area crisis: a study of five Directorates-General", Journal of European Public Policy, 2015; Coman and Ponjaert "From one European Semester"; Maricut, A. and Puetter, U. "Deciding on the European Semester: the European Council, the Council and the enduring asymmetry between economic and social policy issues", Journal of European Public Policy, 2017, DOI: 10.1080/13501763.2017.1363271.

Born when the eurozone crisis was 'hot' as a rapid reaction to save the euro, the European Semester has encapsulated a series of legitimacy problems and has given rise to controversial debates between the Commission, the European Parliament (EP) and the Council.⁴ First, EU institutional actors designed the Semester as a tool to douse the flames of the eurozone crisis. Through its first iterations the Semester imposed austerity measures in policy areas that fall under national competence. Second, initially, it granted only a limited role to elected institutions, strengthening the executive power at the expense of legislatures. Ultimately, political and administrative actors repeatedly called on to improve transparency, openness and accountability. In a nutshell, in these ongoing debates about the legitimacy of the European Semester what is at stake is who decides, what and how.

To examine the European Semester's legitimacy problems, this article draws on the three criteria that can be applied, according to Vivien Schmidt, to asses EU's legitimacy: input, output and throughput. 'Output' is *for* the people, 'input' *by* (and *of*) the people and 'throughput' *with* the people.⁵ Put another way, input legitimacy is about politics; it refers to "EU's responsiveness to citizens' concerns as a result of participation by the people".⁶ Output legitimacy is related to policy implementation and to the extent to which domestic reforms resonate with citizens' needs. Throughput legitimacy is about the process that connects the input and the output. It takes place in the institutionalized deliberation between actors and encompasses the accountability, transparency, openness and inclusiveness of the governance process.⁷ Put differently, input legitimacy is about who decides; output legitimacy is about what is decided, and throughput legitimacy is about how decisions are taken.

Thus, the question at the centre of this article is how, since the first iteration of the European Semester, EU institutional actors have sought to strengthen its legitimacy. This article shows that since 2010 onwards, the Semester has been rationalized several times, in different ways, as a response to sustained criticism with regard to its lack of legitimacy. EU institutional actors reshaped it either *de iure* (by the Two and Six Packs) or *de facto* (through interactions and interinstitutional agreements). This process of change is the result of a learning process as well as

^{4.} Hallerberg, M., Marzinotto, B. and Wolff, G. "How Effective and Legitimate is the European Semester? Increasing the role of the European Parliament", European Parliament, ECON, PE 464.443, 2011; Zuleeg, F. "Economic policy coordination in the euro area under the European Semester", European Parliament, ECON, PE 542.677, 2015; Gros, D. and Alcidi. "Economic Policy Coordination in the Euro Area under the European Semester", Center for European Policy Studies, N° 123, 2015; Darvas, Z. and Leandro, A. "Economic Policy Coordination in the euro area under the European Semester", European Parliament, ECON, PE 542, 2015, 680; Coman and Ponjaert "From one European Semester";

^{5.} Schmidt, V. A. "Democracy and Legitimacy in the European Union Revisited: Input, Output and 'Throughout'." *Political Studies* 6 (1), 2013: 3.

^{6.} Idem, 2.

^{7.} Idem, 7.

a series of interinstitutional agreements, negotiations, concessions and informal practices between EU institutional actors. To do so, this article is organised as follows: the first section introduces the European Semester putting forward its main features and the actors involved. Section two underlines some of the legitimacy problems engendered by this tool over time, while section three shows how the European Semester has been transformed to resolve its legitimacy gaps not only through legal change but also through more informal practices such as learning, interinstitutional agreements and compromises between EU institutional actors.

The European Semester: what is it and who is involved in this coordination process?

In the early stage of the eurozone crisis energies at the Commission, the Council and the EP were all focused on enhancing the efficiency of macroeconomic coordination and improving compliance with the basic principles of fiscal policymaking. The narratives of the eurozone crisis produced by the European Council and the Commission pointed out the inability of Member States to properly implement the decisions and the rules of the SGP as the main cause of the crisis. Within the EP, the Commission and the Council, the Semester was thought of as a necessary tool to remedy the past limitations of the EMU governance. For the Commission, establishing the Semester was to "rewrite the rule book" (Speech Barroso 11/10) and to change both attitudes and practices at the EU and domestic level. In the same vein, the Council was eager to consider new policy instruments able "to put more pressure on Member States to exercise 'peer pressure' and this because at the time the atmosphere was we need budgetary consolidation" (Interview 4, Council of the EU, General Secretariat, March 2016). Even within the EP, notwithstanding its reduced role in this process of coordination, the idea of initiating the Semester had ample backing from the main political groups. Designed initially by a limited number of actors in the task force led by Herman Van Rompuy in 2010, the European Semester was approved by the Member States on 7 September 2010 (MEMO 11/14).

How does it work?

In practice, the European Semester starts with the publication of the Annual Growth Surveys (AGS), a term which refers to EU's priorities, including the economic and fiscal policies to ensure stability and growth, followed by an Alert Mechanism Report to assess whether an imbalance is in need for specific action at the domestic level. The spring European Council then endorses the AGS after discussion in the Council and the EP. It also invites EU Member States to take into account the AGS in the drafting of their budgetary and structural reform plans, which they need to submit to the EU already in the spring (European

Parliament, ECON 2011, 8). On this basis, the Commission examines the economic situation of each Member State and publishes a Country Report (CR). In April, each government submits to the Commission its plan for structural reforms detailed in National Reform Programs and the Stability or Convergence Programs (to expose the plans for sound public finance). The Commission assesses said plans and presents a series of draft country-specific recommendations (CSRs) to each Member State in May. The draft CSRs concerns the national budgetary and reform policies. Proposed by the Commission, the recommendations are approved by the Council and endorsed by the European Council in June (see figure 1 below).

At the EU level, the Semester has been defined as "a process of mutual support" (José Manuel Barroso, Speech 12/126), "an effective governance method" (Council of the European Union, EUCO 23/1/11 or a "key tool for fostering convergence in Europe's economic and social policy" (Valdis Dombrovskis, Member of the European Commission, 2015, EP, 11 March, Strasbourg). While for many, the European Semester is a bureaucratic process, the production of the AGS and the CSRs in the framework of the Semester has a wide range of political implications for the Member States. The European Semester brings together Member States' fiscal policies, macroeconomic and social policies which fall within different types of EU's competence. On the one hand, by publishing the AGS, the Commission sets the aims of the EU for the next years. On the other hand, each Member State announces the reforms to be undertaken at the domestic level. It includes the formulation and the surveillance of implementation of the broad guidelines of the economic policies of the Member States, the formulation and the examination of implementation of the employment guidelines, the stability or convergence programs, the national reforms programs as well as the surveillance to prevent and correct macroeconomic imbalances. As a result, the implications for national policies are uneven as some provisions are binding - such as those concerning the Excessive Deficit Procedure and the Excessive Imbalance Procedure -, while others are non-binding - such as those related to the broad economic guidelines set out in article 121 and the employment guidelines stipulated in article 148 of the Treaty. Member States are expected to take into account the recommendations of the Commission when they adopt their budgets and when they take decisions in the policy areas coordinated within the Semester.

Figure 1: The time table of the European Semester

• The Semester starts with the publication of the Annual Growth Surveys (AGS), the Alert Mechanism Report (AMR) and the draft Joint Employement Report (DJER) Nov. The Commission analyses the economic situation of each member state and publishes a Feb. •On the basis of the AGS, AMR and DJER, EU leaders provide guidance for the EU and the euro area as a whole. March · Member state submit their National Reform Programs (NRP). The Commission then assesses the plans of the member states and presents a series of country-specific recommendations to each of them in May. April The policy recommendations are discussed between member states in the Council. EU leaders endorse them in June before Council adopts them in July. Governments then incorporate the recommendations into their reform plans and national budgets for the June following year.

Who is involved and who decides?

At the beginning of the eurozone crisis, the European Semester strengthened the agenda-setting powers of the European Council and the ECOFIN Council to the detriment of EU's supranational institutions.8 In contrast, the role of supranational institutions such as the Commission and the EP had been drastically reduced, most of the decisions related to the Eurozone's new governance architecture being adopted through opaque negotiations in intergovernmental meetings.9 Initially the EP's role had been relatively minimal. Although the Commission was involved in the design of the European Semester, most notably through the expert input of DG ECFIN, it was the report of the President of the European Council's Task Force that served as the blueprint for the institutionalization of both the content and the processes that would come to define the European Semester. 10 The decisions taken to save the euro increased the perception that the EP and the Commission find themselves at the losing side and that they fail to

^{8.} Bauer and Becker, 'The Unexpected Winner of the Crisis:"; Savage and Verdun, "Strengthening the European Commission's budgetary."; Becker, S. et al. The Commission: boxed in and constrained but still an engine of integration', West European Politics, 2016, 1-21; Coman and Ponjaert "From one European Semester".

^{9.} Coman and Ponjaert "From one European Semester".

^{10.} Bocquillon, P. & Dobbels, M. "An elephant on the 13th floor of the Berlaymont? European Council and Commission relations in legislative agenda setting", Journal of European Public Policy, 2014, DOI: 10.1080/13501763.2013.834548, 31.

shape fundamental policy choices in the new economic governance in accordance with their political views.¹¹

Against this backdrop, it has been argued that the EP was rather a "talking shop" and that the room for manoeuver of the Commission in the different stages of the policy process (agenda-setting, formulation, decision-making, implementation and evaluation) was diminishing. While the first iterations of the European Semester empowered a limited number of actors, including the DG ECFIN and the ECOFIN Council, over time, EU institutions have sought to involve more actors in the production and the discussion of the AGS, the CR and the CSR. As a result, the regulations adopted as part of the Six Pack would, on the one hand, give to the EP the right to invite the President of the Council, the Commission, the President of the European Council or the President of the Eurogroup to appear before the EP's committees to discuss among other things the broad guidelines for economic policy adopted by the European Council in the context of the Semester and the recommendations addressed to Member States. On the other hand, they provided the legal basis for the Economic Dialogue aimed at initiating formal exchanges of ideas between all three major EU institutions on such Semester-related topics. In the same vein, the inter-parliamentary cooperation that brings together European and national actors during the European Parliamentary Week is intended to allow deep discussions on the economic situations in EU Member States.

The European Semester involves not only the social partners, but also a variety of administrative actors, national civil servants, diplomats and Permanent Representatives to the EU, as well as a several committees such as the Economic and Financial Committee (EFC), the Economic Policy Committee, the Employment Committee (EMCO) and the Social Protection Committee (SPC). Whilst the role of the Commission in this process has been consolidated, the role of the EP remains marginal.

Fixing the Semester's Legitimacy Gaps

The legitimacy gaps of the European Semesters have been exposed in a wide range of official documents (including the Four Presidents Report issued in 2012 and the Five Presidents Report published in June 2015), in numerous parliamentary debates and reports as well as in opinions expressed by a variety of actors, including social partners, experts and national civil servants.¹²

^{11.} Crum, B. 'Saving the Euro at the Cost of Democracy?' JCMS: Journal of Common Market Studies, 51, 2013:

^{12.} see also Hallerberg, Marzinotto, and Wolff, "How Effective and Legitimate"; Zuleeg, "Economic policy coordination"; Gros and Alcidi, "Economic Policy Coordination"; Darvas, and Leandro, "Economic Policy Coordination".

Table 2: Who is involved in the coordination of the European Semester?

Table 2: Who is involved in the coordination of the European Semester:		
Who is involved?	Attributions	
Member States	 Elaborate medium-term budgetary strategies and draw up national reform programs setting out the action they will undertake 	
The Commission	 Issues an Annual Growth Survey and alert mechanism report for the upcoming year. Proposes a draft Council recommendation on the economic policy of the euro area. May decide to conduct an in-depth review of the situation in the countries in cases where the risk of potential macroeconomic imbalances is deemed high. Elaborates Country Reports Assesses the situation in each Member State Conducts bilateral relations with Member States Evaluates national policy plans and presents draft Country-Specific Recommendations. 	
The Council	 The Council shall, as a rule, following the recommendation of the Commission, addresses guidance to the Member States The Council is expected to, as a rule, follow the recommendation of the Commission or explain its position publicly. The Council endorses and formally adopts the Commission's proposals Discusses the proposed country-specific recommendations and agrees on their final version. Adopts the CSRs and the Member States are invited to implement them. 	
The European Parliament	 Shall be duly involved in the European Semester in order to increase the transparency and ownership of, and the accountability for the decisions taken, in particular by means of Economic dialogue Discusses the AGS and may publish a report. It issues 	
The European Council	 Debates the Annual Growth Survey, sets out overall policy guidelines, adopts conclusions. Discusses, amends if necessary, and approves the draft Council recommendation on the economic policy of the euro area Identifies the main economic challenges and gives advice on policy Endorses the final recommendations (CSRs) 	
The committees	The Economic and Financial Committee, the Economic Policy Committee, the Employment Committee, the Social Protection Committee shall be consulted in the framework of the European Semester where appropriated.	
The Social Partners	 Social partners shall be involved in the framework of the European Semester. 	

Described as a technical process, the Semester is the epicentre of political struggles among EU institutional actors, given that the coordination of economic policies at the European level generates conflicts over policy ideas, sovereignty and legitimacy. At the beginning of the crisis, EU institutional actors responded to the crisis with the lowest common denominator solutions through the reinforcement of long-standing neo-liberal and ordo-liberal ideas. Austerity and structural reform were seen as the only way forward. Hese ideas guided the Commission in the formulation of the AGS and the CSRs. As a result, the process of policy coordination has given rise to various conflicts and tensions between actors with different economic views. What was at stake was who decides (input legitimacy) and what (output). In the same vein, in terms of throughput, Member States lamented that the Country Reports issued by the Commission contained inaccurate information; they even contested the draft Country Specific Recommendations formulated by the Commission as being opposed to their views or policy preferences.

Over time, the European Semester progressively witnessed several institutional evolutions both through formal and informal changes. While the set of directives and regulations included in the Two and Six Pack sought to involve more the EP and the national parliaments in the framework of policy coordination, most of the changes have been introduced through informal agreements. The formulation of the AGS and the CSR is illustrative of this ongoing process of transformation.

The formulation of EU's objectives: the Annual Growth Surveys (AGS)

In the first years of the crisis, European and domestic actors deplored that the AGS were produced within the Commission (at the DG ECFIN) and the ECOFIN Council without discussion with other European actors. As many have argued, they monopolized both the reflection on problems and the search for solutions to the crisis in terms of policy ideas and modes of governance. Between 2011 and 2013, various members of the EP deplored the opacity of the process through which the European Council adopted the Annual Growth Surveys to be implemented by Member States (see for example the declarations of the rapporteurs Marije Cornelissen and Pervenche Berès in the EP, 12 February 2012). MEPs from the EPP, S&D, Greens and ALDE, joined by a more sceptical voice

^{13.} Schmidt, V.A and Thatcher, M. (eds.), *Resilient Liberalism in Europe's Political Economy*, Cambridge University Press, 201); Gamble, A. 'Neo-liberalism and fiscal conservatism', in Schmidt, V.A and Thatcher, M. (eds.), *Resilient Liberalism in Europe's Political Economy*, Cambridge University Press, 2013, 53-77; Crespy, A. et Vanheuverzwijn, P. "Negotiated and Effective Constraint? Structural Reforms in the European Semester", paper presented at the Council for European Studies, Philadelphia, 12-14 April 2016.

^{14.} Blyth, M. "Paradigms and Paradox: The Politics of Economic Ideas in Two Moments of Crisis", *Governance: An International Journal of Policy, Administration, and Institutions*, Vol. 26, No. 2, 2013, 197–215; Matthijs, M. and Blyth, M. (eds.) *The Future of the Euro*, New York: Oxford University Press, 2013.

^{15.} Coman and Ponjaert "From one European Semester".

from GUE, deplored the excessive focus on expenditure reduction and fiscal consolidation (Eickhout, EP, 25 October 2011). As early as 2011, the EP become a voice for those concerned "that people at the Commission continued to think along the old lines believing that the most important thing is to reform the labor market" (Interview MEP, S&D, March 2016; Interview MEP, the Greens, March 2016). Within the EP, many claimed that for the outcomes of the European Semester at the domestic level to change, its custodians à la manoeuvre within the DG ECFIN and the Council had to demonstrate more openness to new policy ideas.

The EP denounced the ideational pre-eminence of the DG ECFIN and of the Council, deploring the lack of involvement of national parliaments. While at the inception of the crisis some EU actors deplored the centrality of the DG ECFIN in this process, it appears that with the nomination of the Juncker Commission its role in the formulation of the AGS has been somewhat reduced. According to interviews, since 2014 the college of commissioners has invalidated several proposals introduced by the DG ECFIN: "And this is an illustration of the Commission being more political", declared a civil servant from the Secretariat of the Council (Interview, Secretariat General of the Council, June 2016).

Through a series of informal changes, EU institutional actors have sought to open a new window of opportunity for a *de facto* increase of the EP's role. For example, the 2015 Annual Growth Survey was first presented by the Commission in the EP before its publication, thus opening the possibility of a substantive *ex ante* dialogue between the two institutions (EP Report, Rodrigues, 2015/2285(INI): 12/31). A more accommodating drafting schedule made it possible for the European Semester to be scrutinized in several EP committees and for some MEPs to enjoy regular formal and informal contacts with Commissioners—in particular with Valdis Dombrovskis and Pierre Moscovici (Interview, consultant S&D group, EP, February 2016). Since 2014, every year the President of the European Commission put forward the priorities of the EU in his State of the Union Speech to the EP, discussion that is intended to provide input for the formulation of the AGS.

The production of the Country Reports and Country Specific Recommendations

Not only the formulation of the EU's objectives has witnessed a series of changes, but also the production of the Country Reports and of the Country Specific Recommendations. At the end of 2011 already and in particular in 2012, José Manuel Barroso changed his discourse on fiscal discipline and sanctions, arguing that the Commission was keen to avoid "breaching national sovereignty" (Speech 11/724; Document 11/64), as both budgetary and fiscal matters remain a national competence. As one official from the Council maintained, over time the Commission became ever more reluctant to formulate "harsh recommenda-

tions" to Member States because of the increasingly hostile political context both at the EU and domestic levels (Interview, Council of the EU, June 2016). As a result, the European Semester was no longer presented as an instrument of *ex-post* coercion but as one of *ex-ante* guidance and socialization (Speech Barroso 11/29).

To ensure an increased dialogue, the main innovation of the Semester lies in the bilateral meetings organized by the Commission with each individual Member State, which, according to interviewees from the Council and the Commission, emerges as a new feature of the macroeconomic coordination. During the two first iterations of the European Semester Member States complained that the time devoted for interactions with the Commission in the coordination of macroeconomic policies was too short (Interview, Secretariat General of the Council, June 2016). The idea of organizing bilateral meetings emerged from these critiques at the end of 2012. As one civil servant working at the Secretariat of the Council declared:

"(...) the Commission realized "Do I really want to give country specific recommendations to Member States which they are not going to do?" [...]... and in that thinking came the idea of the bilaterals, in that thinking came a little latter the new timing of discussion and I think in that thinking came also the idea of flexibility' (Interview 1, Council of the EU, June 2016).

The Commission led by Jean-Claude Juncker sought to introduce some changes trying not only to be more political but also to be "more inclined to look at the political reality in the Union" (Interview, Council of the EU, June 2016). Not only the Commission introduced the dialogues with Member States, but it also multiplied the contacts with domestic actors as civil servants and even Commissioners travel often to a number of Member States for discussions with national authorities, social and political actors. In 2015, commissioner Dombrovskis declared:

"We now have three months of additional time for discussions and feedback on the analyses before the Commission issues its recommendations in May. My fellow members of the Commission and I, with other Commission representatives, will travel to a number of Member States for discussions with parliamentarians, social partners and governments".

The purposes of theses bilateral meetings are both to explain and to exchange information (Interview, Permanent Representation of Belgium to the EU, March 2016). Some interviewees argued that over time these meetings have changed the relationship between the Commission and the Council, so that "instead of peer pressure in the Council, it has shifted basically to between the Commission and the Member States" (Interview 2, Council of the EU, June 2016; Interview, Permanent Representation of Belgium to the EU, March 2016). These meetings

are crucial moments both for civil servants from the Commission and national authorities, as the latter can explain the situation of their country and the measures already undertaken. Through such meetings, Member States seek to discuss with the Commission the content of the Country Report and to influence the formulation of the CSR before they are issued by the Commission and voted by the Council.

In this process, on the one hand, the Commission fears that Member States collectively will alter in the Council the scope of the CSRs, while in the Council, Member States fear that they won't be able to gather sufficient support to vote against a troublesome recommendation proposed by the Commission. However, to strengthen the power of the Commission, since 2013, as a result of the revised procedural framework of the Semester, any change of a CSR pushed through over the head of the Commission needs a reverse qualified majority in the Council or Committee as well as a public justification in accordance with the 'Comply or Explain' procedure (Interview 4, Council of the EU, General Secretariat, March and June 2016). Thus, in a further assertion of its autonomy and a clearer understanding of the relative decisional discretion of each actor, the Commission has used the 'comply or explain' rules of the European Semester to oblige the Council to provide a written explanation of its reasons for modifying any of the Commission's recommendations (Article 2-ab(2) of Regulation (EU) No. 1175/2011 of the European Parliament and the Council). The Commission holds to this principle both in the meetings of the Council and in the technical committees.¹⁶ As one official of the Council stated, after an initially more consensual stance, the Commission now reminds the Council that it "is expected to, as a rule, follow the recommendations and proposals of the Commission or explain its position publicly" (Interview 4, Council of the EU, General Secretariat, March and June 2016).

While the production of the CSRs engenders tensions within the Council and between the Commission and Member States, the degree of implementation is relatively low. The implementation was modest in 2011 and it has fallen every year since then, raising doubts about the *raison d'être* of the process itself. As Zsolt Darvas and Alvaro Leandro demonstrated, in 2015 and 2016, the Semester was not effective in the implementation of the CSRs nor at enforcing the EU's fiscal and macro imbalances rules. The level of implementation remained slow and low. Although the implementation level is reduced, interviews conducted in August – September 2017 and April 2018 with representatives of Member States from France, Germany, Estonia, Poland and Portugal revealed that civil servants and governments take the process of coordination of national policies in the framework of the Semester very seriously. Civil servants and diplomats from big Member States in charge with the European Semester – including France and Ger-

^{16.} Zeitlin. and Vanhercke "Socializing the European Semester?", 28.

many – declared in these interviews that the process of coordination itself is even more important for political actors than the outcome in terms of implementation of CSRs. The process itself is valuable as it helps Member States to discuss ideas about economic convergence, to understand their respective domestic situation and, ultimately, to create trust among them. In the framework of the Semester, EU and national actors discuss economic and social issues of a great importance for European societies. However, most of them take place behind closed doors, in expert committees such as the EPC, EFC, SPC or EMCO. To increase publicity, the national and European phases of the European Semester needs to be more visible and reach out to citizens, keeping them informed and involved in the debates. The process of coordination of policies needs more publicity, transparency and accountability.

Conclusion

Since its first iteration in 2011, the European Semester has witnessed several transformations. While some of them find their origins in the Two and Six Packs, others are the result of compromises, learning and informal institutional arrangements. Since 2011 onwards, EU institutional actors have sought to improve the coordination of macroeconomic policies, adjusting this process that links the input to the output (throughput legitimacy) and allowing more actors to participate in the formulation of the AGSs and the CSRs at the EU level (input legitimacy). However, in order for EU citizens to understand the reforms planned by their governments, greater accountability is needed about who decides what, why and how. Although the process of coordination has been considerably improved, its accountability and effectiveness remain a matter of concern. While EU institutional actors have sought to improve the process in terms of input and throughput legitimacy, the level of implementation (output legitimacy) remains low as the translation of recommendations into substantial domestic reforms depends on the willingness and the capacity of Member States to follow the recommendations proposed by the Commission and approved by the Council.

Ambitious ideas for new reforms are numerous and have been exposed by a variety of EU institutions and experts. However, the political context is not favourable to changes involving more transfer of power to the supranational level. While Member States seek to maintain the control over their ability to conduct domestic reforms, refusing to empower the Commission, in contrast, within the Commission, the college of commissioners promotes ideas putting forward the empowerment of the Eurozone president and an increased fiscal capacity to ensure the stability of the EMU.

Abstract

This article examines how EU institutional actors have sought to strengthen the input, output and throughput legitimacy of the European Semester since its first iteration. It shows that since 2010 onwards, the Semester has been rationalized several times, in different ways, either de iure (by the Two and Six Packs) or de facto, through interactions and interinstitutional agreements. The article is organized as follows: the first section introduces the European Semester putting forward its main features and the actors involved. Section two underlines some of the legitimacy problems engendered by this policy tool over time, while section three shows how the European Semester has been transformed to resolve its legitimacy gaps not only through legal change but also through more informal practices such as learning, negotiations and compromises between EU institutional actors.

Résumé

Cet article analyse la manière dont les institutions européennes ont tenté de résoudre les problèmes de légitimité du Semestre européen depuis sa première itération. L'article montre que depuis 2010 le Semestre a connu plusieurs adaptations tant de iure (suite à l'adoption du Two et Six Pack) que de facto, à travers des interactions et accords interinstitutionnels. L'article est organisé en trois temps : la première section présente le Semestre européen, mettant en exergue ses caractéristiques et les acteurs impliqués. La deuxième section passe en revue les problèmes de légitimité, alors que la troisième et dernière partie se penche sur l'évolution institutionnelle du Semestre comme résultat de l'évolution de sa base légale et des processus d'apprentissage, de négociation et de compromis entre les institutions européennes.