

Things started to go wrong after the outbreak of the financial and economic crisis (2007/2008) → Financial and economic crisis as a watershed in the long-term development of European integration: from permissive consensus to widespread contestation [constraining dissensus, Hooghe and Marks]

- The **economic difficulties** of EU, which were **evident even before the crisis** (lack of competitiveness in international economy), were tackled by the **Lisbon Strategy (2000)**, which aimed at establishing a knowledge economy, based on innovation and research.

What are the factors we need to consider in order to understand the current difficulties?

a. The distinctive profile of EU decision making → It is a very **opaque** process in which interests, bureaucrats and experts played a major role. the **integration process** was almost exclusively led by **supranational institutions** (the Commission, whose life depended on this further expansion) and **political and administrative élites**

b. The complex division of competences between the EU and Member States → **exclusive, shared and supporting competences.**

c. The end of permissive consensus → **Initially, EU as a political system was not important to general public** and national political systems, led by political and economic elites at EU level. In fact, European Parliament were labelled as **second order elections**. As suggested by **Sharpf**, EU relied largely on **output legitimacy**: based its credibility and legitimacy on its **capacity to solve problems**. → **people were in favour of EU until it delivered benefits**. Following financial and economic crisis, **people started to realize there are also costs involved**.

d. The rise of a clear division between Northern and Southern Europe → The solution taken by EU for the economic crisis was not to inject more money in the system, but rather to **introduce austerity measures**, according to the rules of **Washington Consensus** [measures set by IMF and WB, concerning privatization, cut to public expenditure and services, liberalization and de-regulation]. **Southern MSs** reacted borrowing money and issuing state bonds: it resulted in a **sovereign debt crisis** and a **deterioration of social conditions**.

Constraining dissensus

- **People's opinions towards the EU**: a) is **multidimensional** and cannot be described on a one-dimensional scale from skepticism to support; b) has to be considered **together with people's opinions about their nation state**; c) is characterized as **unified** rather than ambivalent in nature.

- The end of the permissive consensus has also to do with the narratives that politicians have been using.

POPULISM: CONCEPTS AND CONDITIONS FOR ITS RISE IN EUROPE – HANSPETER KRIESI (2015)

Two versions of the concept of populism, distinct but complementary.

1.1 Populism as an ideology

- Populism is an **ideology** that considers society to be ultimately separated into two antagonistic groups: the **virtuous people** and the **corrupted elites**, which have abused their position of power, separated by **Manichean binary outlook** that underlines **positive valorization of people against the denigration of elite**. → **politics should be the expression of general will**, which has to prevail over any minority.

- aim is to **realize democracy's promises** (illiberal version of democracy: no checks and balances, direct link between people and decision-makers), **whose decline is due to the erosion of sovereignty of people**.

- This is a **thin and vague ideology**, as it **fails to provide a comprehensive answer** to political questions of societies; it is **rather combined with other thick ideologies – nationalism or socialism** – to add specific content.

- Monolithic conception of people (homogeneous category) → Polarization → exclusion of others.

1.2 Populism as a political strategy

- Populism is a **specific way of competing for and exercise political power**, through which a **personalistic leader** seeks or exercises government powers based on **direct, unmediated and non-institutionalized support** from large numbers of mostly unorganized followers.

- charisma is difficult to sustain: **leaders are helped by organizations** that are **personal parties** (product of leader and are not really present at local level) or **personalized parties**, (dependent on leader but also highly organized at local level).

- **Monolithic conception of leader** → **represents demands of people** (vox populi)

→ **populism needs both a polarizing ideology and a leader who mobilizes masses** in order to govern in the name of people, combined in a **project of political renewal: ideology** refers to **substance of political mobilization**, populism as **political strategy** to its **form** (typical of right movement parties).

Conditions for the rise of populism (movement parties both from right and left) → Populism thrives on **tensions between redemptive face of democracy** [better world through action of sovereign people], **and its pragmatic face**: people perceive a **lack of power or willingness to act in name of collective interest**.

- The precondition for rise of populist parties are **crisis of representation that undermines citizens' belief in redemptive capacity of democracy** (immediate cause), and **2 sets of facilitating conditions** (structural causes): **role of the media** and **role of the economic crisis in contemporary Europe**.

2.1. The basic condition: a crisis of representation

Populism is **intrinsically linked to crisis of different types**:

- Political → **crisis of representation**: popular dissatisfaction of citizens concerning political representatives
- **period of social transformation and big economic problems**

- current rise of populism in Europe can be linked to a **crisis of representation**:

i. Western Europe → Mainstream political parties (catch-all) have been **unable to provide answers to citizens in light of socio-economic changes** (globalization) and to **mobilize voters** (declining voter turnout, increasing volatility of vote, decreasing party identification) → **erosion of mainstream parties' representation function + increasing tension between responsibility [representatives of citizens] and responsiveness** (parties are not looking at the relationship with citizens but rather at their position inside the government)

ii. Central and Eastern Europe → **dissatisfaction and low level of institutionalization** provided a good ground for an **anti-elites sentiment** that led to **centrist populist movements**

2.2. Facilitating condition I: the role of the media → enhance populism as a political strategy

- Contemporary media generally contribute to the crisis of representation and to populism as political strategy through the **new media logic** that **reduces the role of party apparatus**, **links party leaders more directly to voters** → privilege **elements that are part of the populist discourse** (focus on conflicts and scandals, dramatization, polarization, emphasis of common sense of people over elites' discourse), **tends to personalize politics**.

- post-truth politics, which is using **new media as an instrument to disseminate fake news**

- **little empirical evidence for these assumptions**, but data show voters' evaluation of leaders has gained importance

2.3. Facilitating condition II: economic crises → catalyst for rise of populism as an ideology

- An economic crisis **enhances the antagonism between people and elites**, as it **deepens economic inequalities**.

The sovereign debt crisis in Europe provided an opportunity both for left-wing and right-wing populism to **reframe economic conflict in nationalistic terms**, also attacking supranational elites.

- economic crisis **may result in a political crisis**, as mainstream parties will implement **austerity measures imposed by supranational level**, inconsistent with their ideology and eventually, weaken attachment of constituencies → **combined effect of the two crisis is particularly conducive to populism**.

- **Italy and Greece** → **correlation of populism with an economic crisis that was followed by deep political crises**

- In **Nordic and Western countries (except France, impressive rise)** → **impact of the economic crisis on populism was rather limited / solid populist parties were already present**

- **Central and Eastern European countries** → general background of dissatisfaction with governments, **country-specific political crises (large-scale scandals) contributed to populists' success**

- **English-speaking countries** (Ireland and UK) → similar cases but with contrasting outcomes: **UKIP confirm the relation** between economic crisis and populism, while **Ireland refutes it**

INPUT, OUTPUT AND THROUGHPUT LEGITIMACY AT THE EU LEVEL

- **Legitimacy** → People feel that **those who are in charge are entitled to take decisions affecting them**.

- **Distinction between power and authority (Weber)**

I. Power → **People obey because they are forced by the ruler**

It depends on the **resources** (military, financial) **owned by actor that exerts power**: **asymmetry** in resources of two parts that **results in a relationship of power**, as weakest actor will abide to conditions of the most powerful.

II. Authority → **People obey because they think it is legitimate for the ruler to rule**

It depends on **perception of legitimacy** of the ruler: there is a relationship of authority, as **weakest actor will obey to ruler regardless of his resources**. **Elements of power might be present**.

- **Democracy and legitimacy usually tied to national institutions and practices** → **EU can be considered democratic in terms of institutional setup**, but in a way that is different from nation states (governance instead of established government, strong but indirect representation + weak direct representation, non-majoritarian institutions)

- Scholars considered **legitimacy of supranational governance** and its **effects on national democracy and legitimacy (very differentiated, EU governance multi-level, multi-centered, multi-form)**.

- They summarize this **inter-relationship using concepts of systems theory**

a. output legitimacy [effectiveness of EU's policy **outcomes for the people**] → policy-related performance of **non-majoritarian institutions**

b. input legitimacy, [EU's responsiveness to citizen as a result of **participation by and representation of people**];
 → EU's majoritarian institutions like Parliament and Council and on practices involving representation of citizens
c. throughput legitimacy [accountability, transparency, and efficacy of EU's decision-making processes, along with their openness to **pluralist consultation with people**] → **interest intermediation with people**

→ **Legitimizing mechanisms** **split between the supranational and national level of governance** = EU level, output governing effectiveness *for* people and throughput interest consultation *with* people vs national level, input political participation *by* people and representation *of* people → Dynamics according to which EU level processes put pressure on national level input.

- **Increasing one legitimizing mechanism may have negative repercussions on another, as well as on legitimizing mechanisms of national democracies**

- Three types of legitimacy

1. Input legitimacy → **Connection between the citizens and the rulers**: political participation by people and citizen representation of people

- At **national level** = **representation of people through direct election of members of Parliaments**; based on the compromise of majority's victory, consolidating over time.

- At **EU level** = **quality of EU's representative bodies and electoral processes**, how these channel and/or **respond to citizen demands**, whether citizens themselves offer direct or diffuse support for EU institutions.

- European Parliament **does provide for direct citizen representation, it does not make the grade as input legitimacy by and of the people**, due to different factors: **Complexity of the system; Blurring between public and private spheres in EU policy making; Difficulty to understand where exactly decisions are taken; Multi-level, multi-centers and dispersed relationship between people and institutions; Lack of possibility for EU Parliament to overthrow Commission or Council due to political reasons**

→ **Limits to input legitimacy**

- **Lack of a politics of traditional partisanship** more relatable for citizens; **rather a politics of interests**, national (Council), public (Parliament) or organized (Commission).

- **Lack of party differences and left-right political contestation**, submerged by a **general quest for consensus and compromise** (co-decision, **Commission's consensus-oriented technical approach to policy initiation**).

- **Weakness of European political parties**, not very cohesive

- **Lack of a European demos and of a European public opinion**, also due to the **lack of transnational media**

→ EU level can be characterized as **policy without politics** vs **national politics without policy** → **policies are transferred from national level to supranational EU**, leaving **national citizens with little direct input on EU-related policies** that affect them = Decline of permissive consensus and rise of constraining dissensus.

- Issue is **how to politicize within the context of EU institutional set-up** (lack of citizens' identity, collective will and a developed public sphere)? a **greater majoritarian component** in Parliament and Council would be **premature**.

EU might do better with **proportional representation system like Germany** → Initial polarization, grand coalitions.

2. Output legitimacy → **Effectiveness of policies: ability of EU institutions to govern effectively for the people**.

- **EU democratic character on the bases of output legitimacy; Majone** → **EU's legitimacy is based on delegated responsibility of non-majoritarian institutions** with their high expertise to produce effective policies

- **Permissive consensus** of the first decades of EU integration → **everyone was gaining from outcomes of EU (positive sum game)**. The **economic crisis** emphasized limits of output legitimacy.

- Alternative: normative power → **output legitimacy for the people based on what EU can do in the world**

→ **Limits to output legitimacy**

- Assumption according to which **output is necessarily good if it is produced by independent regulators** → ignores the differences between non-majoritarian institutions at EU (no political balancing, impossible to alter decisions) and national levels (operate in shadow of politics, tight control). Majone: Due to the restricted competences of EU, **at the beginning, the indirect legitimacy provided by MSs was enough to delegate tasks to non-majoritarian EU institutions**. With the expansion of competences brought about by Single European Act (1986), Maastricht Treaty (1992) and case law of ECJ, the issue of legitimation became evident.

- **Possibility of decisions taken at EU level to be suboptimal (Scharpf)** → Compromises to **strengthen Parliament's position with respect to Council**

- **strengthen Parliament's position with respect to Council** (difficult to even identify a common interest)

- Elites discourse and **media-carried "communicative discourses"** not able to achieve to legitimate EU, but rather blame-shifting.

3. Throughput legitimacy → Internal policy-making processes through which decisions go from input to output within the black box of EU governance.

- not only scrutinize efficiency, accountability and transparency of processes, but also the extent to which citizens – organized in interest groups (business interests, but also more diffuse majority interests such as consumer groups, environmental groups, social movements) – have a direct influence on policy-making → pluralist-type consultation (functional representation) in Commission's Comitology

- To enhance democratic legitimacy of EU

→ Limits to throughput legitimacy

- Distance of this supranational policy-making from representative democracy by and of people that citizens see as most legitimate; also not open to most people (difficulties of transnational mobilization).

- Characteristics of institutional processes of decision-making: (a) impossibility to overturn a decision; (b) lack of transparency in Council's meetings; (c) low influence of Parliament; (d) unanimity rule for treaties, lead to treaty delays, deadlock; (e) uniformity ideal for further integration, prevents enlargement through graduated membership

- Commission's funding of institutions of civil society involved in functional representation at EU level.

- Short time perspective of politicians, who do not focus on urgent issues such as climate change.

→ So how would one remedy the problems of throughput legitimacy?

- With regard to the rules → Replacing unanimity rule with supermajorities, opt-outs on treaties and abandoning the uniformity ideal in favor of more differentiated integration.

- With regard to pluralist access → Through more policy with pluralist politics; national governments help citizens to be involved in supranational decision-making, improve national inputs.

- But it cannot be a substitute for input legitimacy.

Majone → Legitimacy is strictly linked to effectiveness, but the attention is generally focused on democratic deficit rather than effectiveness of outcome (process as main criterion of evaluation). Lack of reasonable level of effectiveness in economic terms.

The roots of the legitimacy problem → Since European Communities, non-majoritarian institutions' [bodies not directly accountable to voters or elected representatives, which exercise important public functions] regulation of economic and social areas that are also regulated by agencies in national democracies;

→ The regime of regulation and control of national budgetary and economic policy-making established by the Stability Treaty (2012) significantly constrain the role of national parliaments, which can adopt the budget only after the Commission's approval; domestic processes become little more than administrative containers. The democratic deficit of EU may turn into democratic default, as mechanisms recently set up to solve the eurozone crisis clearly reveal a willingness to sacrifice democratic legitimacy to rescue the monetary union.

THE EUROPEAN COMMISSION: POLITICAL AND TECHNICAL PROFILE

- strong formal institutional and informal means to influence dynamics and outcomes of EU integration: it is at center of inter-institutional bargaining and lobbying activities of regional, national and European interest groups.

- More controversial are the assessment on motives driving Commission's actions and the extent to which it independently influences the course of European integration.

Organizational dynamics

- MSs delegate functions (legislative, representative, monitoring) to Commission in order to overcome collective action problems by reducing transaction costs of bargaining and increasing credibility of their commitment; such delegation poses the risk of supranational agent going beyond its remit to realize not only interests of MSs (principals), but also its own.

- It is both a political body and bureaucracy: the principal organizational units are divided into two levels.

a. Political level

- Commission President → leads the weekly meetings and represents the Commission externally,

- College of Commissioners → political leadership body at the top of internal organization; its political composition reflects MSs governments of when it was firstly appointed.

- Conflicts arise between different DGs (sectoral conflicts) or regional lines (Commissioners of a group of MSs sharing common interests in a particular issue), but not partisan conflicts (consensus-seeking modus operandi).

- Intra-institutional dynamics → Commissioners from the same party family regularly meet for consultation also with members of the Parliament and members of governments.

- **Commissioners' cabinets** → Six personal advisors, of which no more than three may have the same nationality as Commissioner. It is point of connection between Commissioner and administration, but also with other Commissioners with a linked dossier. It interacts with Council's working groups and Parliamentary Committees.

b. Bureaucratic and administrative apparatus of Directorates General and Services (49)

- Each DG deals with a particular substantive policy area, whereas services are staff organizational units that cover horizontal functions cutting across policy areas such as budget, translation, and legal service. DGs and Services are horizontally divided into several directorates with different responsibilities which dispose of a number of units.

- These are led each by a **General Secretary**: point of contact between personal cabinets of Commissioners and permanent administration.

- There is a **hierarchical bureaucratic logic**: each DG is organized according to a vertical logic

- significant manpower for running Commission's everyday work in preparing and managing EU programs, drafting policy proposals, and monitoring their implementation.

- There is an **organizational socialization process**, as people are influenced by the organization they belong to, and they adapt to procedures and rules enforced in that particular organization.

Development of the European Commission

- Throughout history, Commission has strived to strengthen its position and that of EU on the whole.

- First reform with Prodi commission → **Kinnock reform (2000)** had the aim of restoring Commission's public image after the resignation of Santer Commission (1999)

- Significant **institutional growth and diversification** in development of Commission caused by:

a. **Increase of competences through treaty reforms** → Increase of DGs and administration: from 9 (1958) to 41.

b. **Territorial enlargements from the original 6 MSs to the current 28 MSs** → Increase of Commissioners from 9 in 1958 (6 MSs: France, Germany, Italy, Spain, the UK entitled to 2 Commissioners each) to 27, one for each MS. **Lisbon Treaty provided for reduction to 2/3 of MSs represented** through a **rotation system** to facilitate decision-making, but never implemented due to compromise after Irish referendum. **This reduction could affect the acceptance of Commission decisions.**

c. **Strengthening through treaty revisions of power of Commission's President in internal organization** as well as those vis-à-vis individual Commissioners → Since Amsterdam Treaty, **formally involved in selection of MSs' candidates** for Commissioners and has **right to exercise political leadership**. Since Nice Treaty can **allocate responsibility** among Commissioners, and since Lisbon Treaty can **request resignation of a Commissioner**. There is a **trend of presidentialization of Commission**.

Commission position in EU's political system and contribution to policy-making

- Commission's powers varies over time, but also across issue areas (strong powers in competition, external trade) and due to profile of Commissioners → **Commission's impact on EU integration is subject to fluctuation** depending on wider institutional, political and economic context, and internal organization and leadership

- From the beginning, Commission had a **considerable power in the legislative policy-making, particularly in areas decided under consultation procedure.**

- Yet, its power to use its institutional resources in EU policy-making was severely restricted by empty chair crisis provoked by **De Gaulle in 1965** over a attempt of Commission to have its own independent budget → It resulted in **Luxemburg Compromise (1966)**: decisions deemed by governments as a threat to their country's vital interests needed to be taken unanimously, even if treaty provided for QMV. **It limited Commission's room of maneuver in policy-making for almost 20 years (1965 – 1985, Eurosclerosis) during which Commission lost its leading role.**

- **Commission took again center stage in early 1980s**, with **white paper on completion of single market**, was made urgent by economic difficulties. In 1986, Luxemburg compromise came to an end with **Single European Act**: it was **start of Commissions' golden years (1985 – 1995) under presidency of Jacques Delors**, towards single market.

- **Maastricht Treaty** saw **significant deepening of integration with the EMU**. **Commission was not only crucial in attaining this step, it also gained important monitoring functions over MSs economies.** At the same time, second and third pillars indicated that **MSs saw competence transfer to Commission also as critical**, wanted to **prevent expansion of self-empowerment**, but it meant to lose cooperation benefits.

→ **co-decision, now ordinary procedure**, has reduced **Commission's formal agenda-setting power.**

- The Commission combined its legislative agenda-setting powers with its **strong role as guardian of Treaty and administrator of EU competition law** to establish new policies.

- It **increase the credibility of governments' cooperative efforts** through threat of infringement proceedings.

- **Majone** conceptualizes Commission as a **non-majoritarian institution**. The growth of EU regulation of last decades is due to **Commission's interest for extending its competences**: due to its **low budget**, it has to resort to **regulatory policy-making**, with **support of large business**, who prefer **harmonized European rules**.
- **Commission has become a victim of its own success**: unlike low integration in late 1980s, it has now a significant workload = **diminishing returns to entrepreneurship**.
- **institutional developments** need to be addressed with **internal changes resulting from extension of EU competences**, **extended application of supranational (QMV) decision-making**, and **growth of EU's territorial scope**.

THE EUROPEAN COMMISSION: INTERNAL POWER AND ORGANIZATIONAL DYNAMICS

Linking Agenda Setting to Coordination Structures: Bureaucratic Politics inside the European Commission

- The list of a government's priorities is known as its **agenda** (policy cycle): **determines what issues will be subjected to decision-making**.
- In EU policy-making, **agenda setting** (when an issue secures the attention of policymakers), which is determinant for the policy formulation (**defining the issue and what kinds of solutions are put in place**) and outcomes is **dominated by Commission**.
- There are three kinds of agendas, public, media and political; and inside the political there are: **governmental agenda** [set of issues that are being discussed by policy making institutions] and **decision agenda** [set of issues subject to decision-making].
- In reality, **different agendas for different EU institutions can be identified**, which may overlap but are not identical; even **sub-units of institutions** may have different agendas.
- However, **little attention is paid to** the actual process that takes Commission to assume a certain policy position and put forward a certain proposal → Theoretical concept of Politics of problem definition (outcome of political struggles) and Framing, and Venues (**Institutional policy making units which are more receptive to some issues and concerns than others**, according to their agenda).

- **Impossibility to assume a uniform Commission agenda** due to the presence of **different organizations with their own internal logic and structure**, also due to the indirect influence of stakeholders, lobbies and interest groups; DGs and Services are **horizontally organized into Directorates**, including one Directorate General with specific competences and responsibilities, which then are **collectively organized according to a vertical hierarchical structure of authority** (each Directorate has a vertical hierarchical line) → The primary interest of each organizational units is to **strengthen its own position vis-à-vis the other units (lack of coherence among EU policies)**.

- **Each proposal made by Commission** is the **result of negotiations and compromise between different DGs** → Conflicts solved by **the Secretariat General** (President's Cabinet), with **organizational resources like the impact assessment and inter-service groups**.

2. Bureaucratic Politics in the European Commission

2.1 The Basic Model of Bureaucratic Politics

- **bureaucratic politics** → **Bargaining along regularized channels among players positioned hierarchically within the government** (Allison, 1969).

Bureaucratic politics is highly relevant in **explaining the biases to particular policy framings on EU's legislative agenda that result from the Commission's internal dynamics** → decision-making of administrative sub-organizations (where most of Commission's decisions are taken) has a **political quality that requires to focus on preferences of bureaucratic actors and mechanisms of differing preference aggregation**.

- This decision making structure operates through **pre-selection of major players, determination of their points of entrance and distribution of particular advantages and disadvantages**.

- Applying to Commission, **horizontal loyalties follow sectoral lines**: preferences of DGs arise from **retention or expansion of competences, initial raison d'être, policies and instruments already controlled**. By contrast, **vertical loyalties vary** from **functional policy concerns at lower levels of DGs**, to **more political considerations based on nationality and partisanship among administrative and political leaders of DGs**.

2.2 The Structure Coordinating the Commission's Bureaucratic Actors (internal decision-making)

- internal coordination of varying preferences on legislative initiatives is an **increasingly, still only partially formalized process**.

1. Informal Coordination → legislative drafting starts with a **phase of informal coordination within lead DG**, who gathers legal and practical information, **contacts external stakeholders** and **sets its political position in a first legislative draft**. It **largely determines the frame of legislative draft**: almost full discretion in **decision on whether**

to inform and consult other potentially interested DGs, dealing with potential opposition, or keep proposal to itself. There is an increasing formalization of this first phase, started with Kinnock reforms (2000).

2. Formal coordination through Inter-service Consultation (ISC) and impact assessment (IA)

- Secretariat-General (SG) is pushing for implementation of these procedures → make it difficult for lead DG to exploit informational and procedural advantages: communicate proposal in order for other DGs to intervene.
- Introduced in 2003, IA is now compulsory for major legislative proposals, and analyses what would be outcomes and expected results of a proposal if it was implemented. lead DG is responsible to compile the IA, but other DGs are involved in control of its quality through Impact Assessment Board and through Impact Assessment Steering Groups, which offer a consultative role for other DGs whose policy area may be affected by the proposal.
- Through inter-service consultation, lead DG must obtain the approval of all DGs concerned with its proposal: it is an institutionalised way of regular cross-DG exchange; consultation of SG and legal service are compulsory, whereas which DGs should be involved is again up to lead DG according to strategic considerations and coalition building. Interests of horizontal services, and in particular of SG, can be circumvented less easily by lead DG.
- The DGs consulted usually have to respond within 15 working days and may grant one of three opinions:
 - (1) A disapproving negative opinion → usually bilateral talks between lead and disapproving DG follow. If no agreement is reached, lead DG can withdraw its proposal, draft a new text, or hand conflictive points over to subsequent stage of coordination.
 - (2) An accord
 - (3) An agreement subject to certain substantial comments → It is most common, and it obliges lead DG to either re-phrase the legislative draft or to attach the comments as open points for later political coordination.

3. Political coordination → Only in this final phase political level, Commissioners' cabinets, is involved.

- The written procedure is initiated at request of one or more Commissioners, if administrative coordination has settled all conflicts on draft proposal. All Cabinets receive copies of agreement and have the opportunity to respond before a given deadline, otherwise their agreement is assumed.
- The oral procedure is activated if some of Cabinets and Commissioners have objections on the initiative or if the ISC at administrative level did not fully settle inter-DG conflict.
- In the oral procedure horizontal coordination takes place in three consecutive negotiation fora:
 - (1) The 'Special Chefs' meetings → sectorally responsible members of all Commissioners' Cabinets and is chaired by respective member from Commission President's Cabinet. I
 - (2) The Heads of Cabinet meetings (Hebdo) → chaired by SG, Heads of Cabinet seek to achieve consensus on as many points as possible. If they unanimously agree on a document, it is treated as 'A point' without debate in subsequent College meeting. If no agreement is achieved, 'B point' for oral discussion.
 - (3) The College meeting → Formally, take decisions by simple majority, but actual voting is rare.

2.3 Structural Advantages of Specific Bureaucratic Actors

The process shows that some actors hold advantages when internal conflict exists: rather than aggregating interests in a purely functional manner, actors may intentionally or unintentionally determine contents of EU legislative agenda, changing substance of relevant policy proposals.

- H1: The bureaucratic interests of lead DG strongly impact on legislative agenda proposed by Commission.
 - Equipped with strategic and informational advantages, lead DG writes the first legislative draft, foundation of subsequent negotiations. At several stages it deliberately chooses the venue most beneficial to its own interests: it decides whether to already accommodate opposition of other DGs or to pass it to the following step.
 - Similar discretion on who is consulted exists in second stage of administrative coordination. If there are conflicts, the lead DG can decide whether to accommodate opposition or to hand the issue to political level.
- H2: The Secretariat-General (SG) acts as gatekeeper in allowing the extent to which particular bureaucratic interests can bias the legislative agenda proposed by the European Commission.
 - Since the institutionalisation of ISC and IA, SG may add participants to an agenda-setting process during the first phase. Likewise, its mandatory consultation during ISC grants it a resource to lead the position formation. By chairing Hebdo meetings at third stage of internal coordination, SG furthermore provides a bridging function between policy-making at administrative and political level.
 - SG's powers do not necessarily overrule the lead DG's powers. SG's resources in terms of manpower and stakeholder contacts are much more limited than those of DGs. Still, it can constrain a lead DG's discretion to bias a legislative proposal. In abstract terms, decides on whether extreme positions can go ahead.

- These hypotheses concern horizontal coordination; in **vertical dimension**, **process does not yield equally strong imbalances among bureaucratic actors**. The administrative level can decide whether conflicts with other DGs are settled during ISC or to hand issues to third phase of coordination, with Commissioners and Cabinets of opposing DGs have a formal say. However, **administrators have incentives to sort out conflicts themselves**.
- The **formal structure does not exclude political actors**. Commissioners are free to engage early on.

3. The Aggregate Picture: Can Bureaucratic Politics Systematically Bias the EU's Legislative Agenda?

Bureaucratic politics are at play where internally different positions prevail: in case of deviating positions across DGs, lead DG exploits informational or strategic advantages to push its preferred position to final Commission proposal (H1). Furthermore, the support of SG explains why particular positions made their way to final Commission proposal (H2).

- Moreover, **bureaucratic roles are unevenly distributed in Commission**, which also has an impact on legislative agenda. Some DGs could **rarely enjoy strategic and informational advantages of being the lead DG**, such as **DG REGIO (regional policy)** and **DG EAC (education and culture)**.

But also the **influence of individual DGs in consultation on proposals under responsibility of another DG** varies a lot. **DG MARKT (internal market and services)**, acted rather infrequently as the lead, but was often consulted by other DGs during legislative preparation. This is also true for **DG ENTR (enterprise and industry)** and for **Secretariat-General (SG)**, second-most consulted service (gate-keeping role of SG entailed in H2).

→ **To sum up**, application of bureaucratic politics (Allison 1969) to Commission's policy formulation yields results.

- **Different bureaucratic roles within Commission face uneven opportunities and constraints in including preferred frames in a final legislative proposal**. **lead DG decides which DGs involve** and whether **diverging position should be solved at administrative or political level** on the bases of its preferred outcome. **SG has also a gate-keeping role**, as it may enforce specific political choices, promoting political priorities of President of Commission [**presidentialization of Commission**].
- **Opportunities of bureaucratic politics are distributed unevenly across DGs**: certain policy frames have a systematically lower likelihood of being represented on EU's legislative agenda.

- The multiple streams model –Kingdon (2003) → **Issues rise to the top of the agenda if the three streams align**:

- **The problem stream** → Development of problem perceptions among policy makers.
- **The solutions (or policy) stream** → Proposal for government action.
- **The politics stream (or polity)** → Political activities and developments, such as elections, lobbying campaigns and shifts in public opinion.

- People (in government or private sectors) **spend their careers developing policy options they are interested in, irrespective of any specific problem** connected to them, rather than first identifying a problem. **When a suitable problem arises, they try to link their policy options to that problem**, in order to sell it to decision makers.

- Although the three streams develop separately, sometimes a **problem is seen important, a feasible solution is available and political events are favorable**. This is a **policy window or window of opportunity**: the issue will move to the top of the political agenda, until attention fades and other issues gain importance.

THE EUROPEAN PARLIAMENT: EVOLUTION OVER TIME AND CURRENT COMPOSITION

- **Progressive expansion of competences** → from being a purely consultative body with members seconded from **national parliaments**, to being vested with significant legislative (**co-decision procedure**), **control** (**appointment of Commission and power to force its resignation**), and **budgetary powers** (shared with Council).

- Despite this, **falling turnout** since the first direct elections of 1979: **permissive consensus + trade-off between responsibility and responsiveness**

Elections → European elections are **second-order elections** (model developed in 1979 by Reif and Schmitt).

- **Voting decisions** in Euro-elections are **heavily influenced by domestic party-political environment**, due to the strategy of **national parties** that control candidate selection and carry out electoral campaigns over a right-left familiar dimension (usually internally fragmented over EU issues), and in part to **lack of a EU public sphere**.

(1) Turnout is lower in EU elections than in national elections (from 63% in 1979 to 43% in 2009), despite growing empowerment of European Parliament; they are less important.

(2) Government parties will suffer losses in European elections;

timing of European elections plays a crucial role: government parties will perform worst if elections take place halfway through national parliamentary electoral cycle (what government has been doing); **when EU elections are just after or before national elections, governing parties do better** → voters use EU elections to protest against governing or mainstream parties, with governing parties consistently punished.

(3) Larger parties will do worse and smaller parties will perform better in European elections.

Governing parties may lose votes because of **disconnect with voters on issue of EU integration**: governing-party voters who are skeptical about it are likely to abstain in EP elections, while small national parties have chances to do better, as citizens feel like not much is at stake.

Party system → The **political and social heterogeneity of EU is reflected inside the groups**, with around **170 parties from 27 MSs grouped into 8 political groups**, which gradually consolidated their position in Parliament.

- **Maastricht Treaty** assigned them a **specific role to play in EU political system**, reaffirmed by Lisbon Treaty: they **contribute to forming European political awareness and to expressing the will of citizens of the Union**.

- Since 2004, Euro-parties are funded through the EU budget.

- **Not all political groups have representatives from all MSs**;

- The **main cleavage** structuring competition in the Parliament is the **familiar left–right dimension**; since **2008**, **second main structure of competition** along need of further integration.

- **centralization of power in the hands of the 2 larger groups + process of polarization (towards right wing)**

→ **marginalization of smaller groups**: the absolute **majority requirement** for some policy areas and **intra-institutional aspects** [gets amendments accepted by Commission and Council] **facilitate cooperation between EPP and S&D**

- **Euro-parties have become ideologically increasingly similar**

- Ladrech → Euro-parties are networks of like-minded national parties that facilitate information-sharing and, **within certain constraints, also the advancement of policy objectives**.

Organizational dynamics → MEPs as **agents serving multiple principals**, pulling in different directions:

- **National party (selection process of candidates)**

most powerful principal as they **control candidate selection**. Usually, preferences of national MPs and MEPs over integration are quite similar, but with time, **MEPs usually become more pro-European**.

Voting behavior in Parliament provides further evidence: **MEPs usually follow European group**, but **when they receive conflicting voting instructions, they are more likely to side with their national party**, particularly when leadership has **better opportunities to punish and reward (re-election) MEPs**.

- **Political group in the EU Parliament**

Despite the fact that European groups **control important benefits— committee assignments and speaking time**— it is the principals that control candidate selection (national parties) who ultimately determine how MEPs behave.

- **Voters**
- **DG that deals with the same issue (corresponding figure in the Commission)**
- **Stakeholders (network of interest groups, experts)**

Influencing EU politics

- Parliament **define its own internal rules**.

- **Increasing delegation of powers and authority to committees**, where **individual rapporteurs** [and shadow rapporteurs] are **in charge of an issue** and draft **detailed reports that form the basis for parliamentary resolutions**.

- As committees enjoy extensive procedural rights in the Parliament, it is **in the interest of both party groups and national parties to influence committee work**: former through **group working parties** and the **allocation of committee chairs and reports**, latter to use **Committee assignments to achieve their policy goals**.

- **Political dynamics of co-decision procedure** → It has resulted in a **dramatic increase in interaction between Parliament and Council** (high share of legislation adopted through early agreements of informal dialogues).

- **Reduction of inter-institutional rivalry** contributes to **technocratization or depoliticization of EU decision-making** and makes it difficult to observe how decisions are made and how different actors contribute to them.

- Increasing **importance of party politics even inside Commission** - due to **stronger control of Parliament over selection of both Presidents and Commissioners**.

THE EUROPEAN COUNCIL AND THE COUNCIL OF EU

composite organization of committee governance that represent national interests through:

a. Head of State/Government, meeting in **European Council**

b. National ministers, meeting in the 10 configurations of the **Council of the EU**.

- **indirect legitimacy**, which proceeds from citizens through **national parliament and government**.

- **mixed-motive setting**: to **safeguard national interests** but to also **subject them to a collective legitimation process that determine what are acceptable interests in EU context**. The **image as a purely intergovernmental bargaining table is misleading** → **collective dimension** **imparts a sense of responsibility for national agents** to make **joint decisions** and move legislative workload forward by **finding solutions that everyone can live with**.

The Council as a consensus-inducing environment for joint decision-making → Institution designed to pattern mutually reinforcing habits of cooperation and consensus-seeking around a social environment where trust, reciprocity, and adherence to group norms become habitualized within segmented “clubs” of policy specialists.

- There is a **process-level dimension of informal norms** whose function is to **routinize** a global, collective preference for consensus-based decision-making, which is also favored by the weak political party dynamics → Decisions are taken by consensus even when QMV is formally envisaged.

- The **institutional setting**, as well as fostering a **norm-rich and consensus-inducing social environment**, also instill **repeated face-to-face encounters** where trust, mutual responsiveness and reciprocity can accumulate social capital and in-group patterns of affect.

- Forums with higher levels of issue intensity and/or cross-sectoral mandates also tend to follow more group norms and rely on consensus compared with those who hold narrower mandate.

The Evolving Institutions of the Council System → internal organization has undergone incremental and informal revision over time. It shares **substantial legislative authority with Parliament** → A “**shared legislative culture**” has emerged in **Council–European Parliament relations**, which has greatly improved the efficiency of finding agreement through dialogues [close contacts between senior officials in the CGS and Parliament Secretariat, and it relies heavily on Council's traditions of insulated, *in camera* negotiations].

- It has the function of **providing strategic leadership**; it is the **most informal negotiation venue**, to provide a forum to solve politicized or divisive issues → Hybrid nature demonstrated by **supranationalising decisions** (single market and currency, upgrading of CFSP).

- It has **enhanced executive functions** through:

A. European Council summitry → internal logic is **not a bureaucracy** (vertical hierarchy), rather a **clan**: decisions have to do with informal dynamics, shared values, a sense of common belonging, issue intensity. People develop a sort of common belonging and polity community. → **Contradiction between formal institution structure** (clear elements of hierarchy) and **networking relations of authorities** (impossible to identify where the components of an agreement are reached).

- **de-facto decision-making bodies at preparatory level** were created: COREPER I and II → preference for *in camera* negotiations and a reliance on de facto decision-making.

B. Rotating presidency [6 months for each MS] → Until 70s was administrative chore, evolved to meet **growing functional demands** for agenda management, brokering compromise efficiently, and representing EU outside.

- It diffuses power and provides each country with an opportunity to influence outcomes

- It involves showing partiality and delegitimizing minority views in favor of an emerging majority → It is part of Council culture to **anchor individual rationalities to group community standards** based on role expectations

C. increasingly powerful Council Secretariat [Council bureaucracy] → informal brokerage functions: it **pushes agreements and provides more continuity** in Council operations → **Reputation of honest broker previously reserved to Commission**: institutional memory and expertise to **find compromise solutions everyone can live with**

→ **To sum up**: as EU's premier interstate negotiation venue, **Council operates in a distinct institutional social environment**. The best single indicator is the **body of (mostly informal) group norms** which proscribe and prescribe behavior and work to instill consensus-seeking habits in negotiations. **Insulation and *in camera* methods of repeat, face-to-face interaction** help maintain the **high levels of generalized trust and reciprocity** necessary for mutual accommodation and deliberating collective outcomes. Group norms are used to legitimate members' pursuit of self-interests.

REGULATORY POLICIES AT THE EU LEVEL

The rise of the regulatory state in the EU (end of the 80s) - Majone

- **Regulation** → **Distinctive mode of policy-making and state intervention in economy and society, favoured by privatization and de-regulation**; replaced **dirigist state** (public ownership, centralized administration). It has a single normative justification: **improving efficiency of economy by correcting forms of market failure** such as monopoly, imperfect information, negative externalities.

- **Role of the state in US vs EU** → While in US **State has an indirect and very limited role**, as independent agencies regulate what private actors are allowed to do to enhance efficiency of economy correcting market failures as monopolies, **in EU (UK and France) State had historically a huge role**: intervened directly in economy through public ownership and nationalization to correct market failures, also to protect public against private interests.

- Moreover, while in US tradition of regulation by independent agencies goes back to 1887, in EU regulatory issues have been treated either as administrative or judicial
- During the 80s three steps can be identified:
 - a) **Privatization/Liberalization (1979):** Thatcher blamed social policy for bad economic conditions, state went from a producer of goods and services to ensuring that all economic actors play by agreed rules of game.
 - b) **De-regulation:** reduce red tapes and make the market freer. There was a decrease in quality of services, for instance of railways, so a new process of regulation started at the end of the 80s.
 - c) **Re-regulation (late 80s):** protecting citizens' interests, with a different kind of action. state was not directly intervening in economy, but just acting as a regulator → sale of key industries parallel to development of a whole new regulatory structure, enforced by regulatory agencies that regulated prices, ensured compliance of private firms, acted as a channel of consumers complaints. was also strengthened by EC competition law.
- **Lowie's categories of public policies:**
 - a) **Distributive policies** → Giving everybody something; it is not clear who pays, as costs are usually hidden and are passed to new generations (Erasmus project, in which money are given to all MSs).
 - b) **Redistributive policies** → There is a large group who pays and a small one benefitting from a redistribution of money (structural funds, cohesion policy). Losers want to reduce distributive elements (distributive drift), as with welfare state. It is difficult to find a purely redistributive policy.
 - c) **Regulatory policies** → Limited influence of budgetary limitation, as it doesn't imply money; unlike MSs, EU cannot directly tax citizens. This is the reason why EU could basically act only in the regulatory field.
- **Normative theory of regulation** → Regulation of economic activities is justified only when the market is not able to produce a social pareto optimum (monopolies, negative externalities, asymmetric information), therefore to enhance its efficiency (only when cost of regulation is lower than benefits produced with it – regulatory failure).
- **Positive theory of regulation** → Regulation is acquired by an industry and it is operated primarily for its benefits.
- Much of the recent regulation in EU can be explained in normative, public interest terms.
- **Administrative regulation** is economic and social regulation by means of agencies operating outside the line of hierarchical control or oversight by the central administration; its growth accelerated in the last two decades.
- In some MSs, such as the UK and France, regulatory agencies already flourished during 70s
 - Reasons: need of expertise in complex technical matters, agency structure may favour public participation through consultations or public hearings, free from partisan logics and political influence, greater continuity and stability, as they are not subject to elections, more flexibility, protect citizens from bureaucratic arrogance.
- The European Community as regulator** → The growth of administrative regulation in EU owes much to perceptions of a mismatch between institutional capacities of MSs and growing complexity of policy problems.
- Despite the limited resources provided by the budget, Community regulation has kept growing, in some cases despite the lack of explicit legal mandates, as the case of environmental protection until the Single European Act
 - **Regulatory policies are not constrained by budgetary limitations, as costs are born by firms and individuals who have to comply.** Due to lack of resources, only way for Commission to expand action through expansion of its regulatory activities, supported by export-oriented industries (avoid divergent national regulations in MSs).
- a. Tightness and rigidity of EU budget
- b. The desire of Commission to increase its influence by expanding its competences
- c. The preference of multinationals for dealing with a uniform set of rules
 - Traditional theories have overlooked two issues:
 - i. problem of regulatory failure in international contexts: not enough credibility of intergovernmental agreement
 - ii. The requirement for regulatory policy of high level of technical and administrative discretion: aim of making regulation more credible and stringent, compared to weak enforcement of national regulator. in reality even Commission tends to be not so strict in the enforcement of its rules
- **State interests** → MSs interested in lowering transaction costs [search, bargaining and enforcement cost]; EU will require a stricter enforcement of rules; cross-border externalities and asymmetry of information among MSs (would benefit powerful MSs) → supportive of this role of Commission, but to a certain extent: tried to make Commission depend on information provided by national bureaucrats and experts BUT manages to overcome these limitations through ISSUE NETWORKS (comitology) made of external experts, academics, public-interest advocates and representatives of economic and professional organizations; they act as policy entrepreneurs (policy window opportunity).
- Budget constraints, bureaucratic and economic interests, poor credibility of intergovernmental arrangements and the highly technical nature of most regulatory policy-making explain growth of Community regulation.

Critical points

- **Role of non-majoritarian institutions in democratic societies** → Concerns are expressed for the lack of political accountability, considering importance of regulatory policies, and a tendency to be captured by private interests.
- The US experience has shown that regulation can be kept politically accountable by a combination of instruments: legislative and executive oversight, strict procedural requirements, public participation and substantive judicial review. Measured against these standards, EU regulation seems highly discretionary, due to weak accountability to Parliament, weak judicial review, absence of procedural safeguards and insufficient public participation → Not transparent but higher efficiency.
- **Lack of budgetary discipline as cause of structural weaknesses** → economic inefficiency and inadequate political oversight, little coherence.
 - Lack of coordination → regulatory clearing house (centralised control by Commission)
 - Cost of over-regulation, which is not economically sustainable → regulatory budget (budget constraint on total private expenditures mandated by regulation)
- growth of EU regulation paradoxical qualities: by imposing a tight budget, MSs wished to restrict decisional autonomy of Commission, but regulatory activities cannot be controlled by traditional budget constraints.
- Terms of debate about the democratic deficit of EU paradoxical, as it is also present at national level (courts and regulatory agencies), but it is more felt at EU level due to the importance of regulation in EU policy-making.

EU BUDGETARY POLICIES AND THE 2014-2020 MULTIANNUAL FINANCIAL FRAMEWORK

→ **Revenues**: how is the EU budget financed (three types of sources).

→ **Expenditures**: In the multiannual budget, a certain amount of money is allocated for each of the 7 years; ceilings of maximum expenditure are set for the main headings of the budget, which then are divided into sub-headings.

- **Commitment appropriation** (a decision to spend money): what EU intends to spend on different matters, but it doesn't mean that EU will actually be able to spend that amount of money. If money committed to a certain issue end up not being paid, they can be reallocated to a different field.

- **Revenues** → There are three types of own resources financing the EU budget.

- 1) **GNI-based resources**. Own resources based on gross national income: each MS transfers a certain percentage of its wealth to EU budget. GNI contributions account for **70%** of total EU budget revenues.
- 2) **Custom duties and sugar levies (agricultural tariffs)**. Traditional own resources: consist mainly of custom duties on imports from outside the EU, and sugar levies on the imported sugar.
- 3) **VAT-based resources**. Own resources based on value added tax (VAT): **0,3% of MSs harmonized VAT base** goes to EU budget.
- 4) **Other sources**. Other sources of revenues: taxes and other deductions from EU staff salaries, bank interests, contributions from non-EU countries to programmes, interests on late payments and fines.

- **Expenditures** → There are 5 main headings, made of multiple sub-headings.

1. Smart and inclusive growth (47%)

a. Economic, social and territorial cohesion (34%) → It was introduced by Delors (1989) to address economic unbalances among regions across Europe: it is a redistributive policy, and at the beginning mostly Southern European regions would benefit from it.

- **Cohesion fund (19%)** is for countries as a whole that have less than 75% of the average European GDP

- **Regional convergence funds (49%)**, aimed at specific underdeveloped regions within MSs.

- **Transition regions (10%)** are those areas that have been improving their situation,

- **Territorial cooperation (1%)** is a cooperation between regions of different MSs, to strengthen communications.

b. Competitiveness for growth and jobs (13%) → It was introduced as a distributive element, in order to soften the controversy between the Eastern Europe countries and the Southern countries.

2. Natural resources and sustainable growth (39%)

agriculture sector. At the beginning, support farmers' incomes, with negative side of agricultural over-production.

Shift to a protection of agricultural environment to preserve environment. Now, also modernization of the sector

3. Global Europe (6%) (European neighbourhood instrument, instrument of pre-accession assistance, humanitarian aid and development cooperation instrument)

4. Administration (6%)

5. Security and citizenship (2%) (decentralized agencies, asylum and migration fund, internal security fund)

- **European Development Fund** → not financed through EU budget, goes to MSs former colonies (ACP countries); result of direct negotiations among MSs, which want a tighter control on money, but still handled by Commission

DEVELOPMENT AND COOPERATION POLICIES

- The relation between **supranational (EU institutions) and national level (MSs)** needs to be considered, due to:
 - (i) The **funding issue**, as the European development fund is outside of EU budget (voluntary contributions of MSs).
 - (ii) The **heterogeneity** of MSs' interests and strategies: development policy in Africa is part of MSs foreign policy.
 - (iii) The **legal nature of EU competences** in this field → Development policy is a shared competence
- **Not sure whether there is consistency among different policy areas in overall action of EU in African countries → potential conflicts between different DGs**, and the **priorities of more powerful DGs (such as Trade) usually prevail**.
- **Political actors constrained by legal framework and policy legacy → compromises of previous decision cycles**.

SOCIAL DIMENSION OF GLOBALIZATION AT TURN OF CENTURY: FROM WASHINGTON CONSENSUS TO MDGs

- **Untill very recently, social implications of globalization were largely disregarded** in favour of economic aspects → now International organizations speak now about **a fair and inclusive globalization**. Is it really paradigm shift?

The economic and social dimensions of globalization

- Washington Consensus: dominant economic paradigm **in 80s and early 90s**; **set of rules** put forward by financial institutions in Washington (IMF, WB) and economic agencies of US government **to deal with financial crisis** that started in **Latin-American countries** in 1982 → Market fundamentalism = **less State and more market**: **fiscal discipline, privatization, deregulation, financial liberalization, secure property rights and unified and competitive exchange rates**. It is one size fits all approach → **GDP would automatically reduce poverty** and solve distributive problems; **social policy had a merely residual role**
- **Bad international economic scenario in the 90's (Latin America and Sub-saharian Africa) + Stiglitz as chief economist of WB (1997) + Paradox case of Asian tigers (economic success achieved with protectionist policies and massive State intervention)** → Starting point for **revision of Washington approach from within international organizations that sponsored it** (more generally economists).
- economic arguments to **contest the one-size-fits-all approach** → **importance of specific circumstances of each country + Institutional fundamentalism** (Governments and markets are complements) + **conception of development as increasing GDP is fallacious** → in late 90s, monolithic front of development strategies promoted by international agencies began to crack, with a **first legitimization of the idea of a more ambitious social policy: combined economic growth with effective social policies concerning education, health, sustainable development and gender equality (in practice established from 2005)**.

The UN in search of a role: the gamble of Millennium Development Goals (2000)

- Report (*We the Peoples*) of Secretary General, Kofi Annan – 2000 → **strategy to relaunch UN** and redefine its very mission, after a **critical loss of credibility** (spread of AIDS in Africa, deadlock of negotiations about climate change, local armed conflicts).
- **Catalyst for the coordination and stimulation of collective action at global level**, including new global non-state actors of NGOs and agencies.
- Weak implementation (**parameter in deciding on national strategy**), also due to Twin towers attacks (change of world priorities).

The present scenario: any languages, uniform lack of commitment

- Fragmentation of the **sector organization of UN agencies (operational autonomy and competition to obtain funds)**; **structural weakness compared to IMF and WB (strong counterparts inside individual countries)**; **importance of an overall reform of UN system** → Lack of single voice with a unified and coherent planning
- **World Bank** → Arusha Declaration = new frontiers of social policy were: (a) **policies that recognized and promoted universal rights and responsibilities of citizens**; (b) foster an **accessible, responsive and accountable State**; (c) strengthen capacity of States to mobilize revenue from citizens, **diminishing reliance on external aid**.
- **Report on the Social Dimension of Globalization (2004) of World Commission**, set up by ILO and chaired by Presidents of Finland, Tanzania → **fair and inclusive conception of globalization**, in line with MDGs; denounces **industrialized country protectionism + gap between principles and practices** of international aid for development.
- **A report of 2008 commissioned by ECOSOC** set another **relaunch plan that raised stakes even higher** (universal services for children, health services, and old age pensions) → Confession of impotence
- Although **neo-liberal paradigm still seems firmly anchored**, **alternative approaches have gradually emerged** in the last decade and are beginning to appear in individual countries' development plans as well.

THE EUROPEAN UNION AND GLOBAL SOCIAL POLICY. DISCOURSE AND POLICY PRACTICE

1999 and 2001, the founding blocs of current strategy

2002-2004 slow-down

2005 crucial step of approval of European Consensus on development + other legislative acts, due to external and internal factors

1. 1999-2000: The Turning Point in EU's External Social Policies

- Initially narrow focus on providing core labour standards through trade, seen as sophisticated version of old protectionist barriers = trade liberalization only in sectors in which possess economic advantages (services, intellectual property) → sensitivity about social dimension of globalization largely confined to trade issues

- external aid policies → economic and business oriented (required to resort to technical staff and firms from donor MSs) + lacked coherence (historical links of MSs with former colonies).

- 1999, turning point due to the interplay of both exogenous and endogenous variables.

- Exogenous variables

a. The WTO Seattle Summit, for the first time a no-global movement emerged (backlash against globalization)

- Endogenous variables

a. An unprecedented institutional crisis led to Santer Comm. resignation, allegations of frauds and corruption + Balkans conflicts

- Prodi proved to be aware of the challenge of restoring EU's credibility → Two aspects to set the social dimension of external policies on new grounds → close the gap between rhetoric and reality (largest aid donor)

i. The need to redesign EU role in the global arena → civil power projecting model of regional integration based on democracy and solidarity and freedom.

ii. The need to radically reform management of external aid and budget allocation to guarantee democratic accountability, transparency, effectiveness and a sense of purpose

- What external policies should 'deliver' after organizational reform?

i. A new globalization that promoted social equity and worked to everyone's advantage → grasp the opportunity to offset negative aspects of globalization and promote social equity

ii. Further regional integration at African level (and also at EU level) → Inter-regional cooperation can be effective only if regions involved are strong and well-integrated = AFRICAN UNION (2002)

→ social component of external policies as part of broader strategy to make EU a global leader in global arena.

b. The phasing in of the Amsterdam provisions concerning CFSP and the subsequent appointment of Javier Solana as Secretary General of the Council and High Representative for EU Common Foreign and Security Policy. Attention had to switch from economic issues, but Prodi emphasized more social issues, while Solana was more focused on the pursue of democracy, rule of law and human rights.

2. From discourse to practice: the first organizational measures (2000-2001) - PRODI

- Re-organize management of development cooperation through Commission's organizational reforms, from a procedure-oriented to a policy-oriented organization.

1) Poverty reduction as the main focus of EC development programmes and other policy fields in developing countries (STATEMENT OF 2000, program of action of 2001)

2) Guidelines to draft Country and Regional Strategy Papers

- strategy document to plan focused development interventions, implementation phase,

- negotiated with 48 ACP countries of Sub-Saharan Africa (country ownership) → consultation of civil society

- choosing the priority of EU action: 2 or 3 focal areas in which invest (principle of concentration): MDGs related areas + cross-cutting issues as human rights, gender equality, and environmental concerns

3) From a geographical assignment of responsibilities to DGs to EuropeAid Cooperation Office established as a single DG to handle external aid → DG Development (ACP countries) and DG External Relations (non-ACP countries) charged with programming phase, DG EuropeAid focused on last 5 stages, especially implementation.

- managed by a 'political' board with representatives of different DGs → enhance horizontal co-ordination

4) Involvement of Commission's delegations in receiving countries - project management and implementation

- Able to work with actors at local level (NGOs and civil society), more transparent implementation process.

- Structural consistency between internal and external EU policies (white paper on governance – accountability, transparency, decentralization, civil society involvement), but lack of an overall coherence

- Partnership agreements between EU and developing countries → Cotonou Agreement (2000) signed by European Community and its MSs and 78 ACP countries [1975 with Georgetown Agreement] (except Cuba)

- Dimension was primarily political → social goals as part of broader political strategy [Prodi], no new resources committed + ACP countries do not include all African countries, especially Northern African countries.

3. 2002-2004: Navigating in troubled times

- After activism, 2002-2004 as a flat period, yet crucial things happening under-water → Documents of 2005
 - New international scenario after September 11 terrorist attack → New defense and security priorities = MDGs had disappointing results, despite 2005 Millennium Project.

- *Report on the social dimension of globalization* (2004) of World Commission, set up by ILO and chaired by Presidents of Finland and Tanzania → international negotiations were deadlocked, due to the war on terrorism + assessment of advancement of global social policy:

i. Globalization had to be judged for its capacity to provide decent work; for meeting their essential needs (Beveridge's 5 giant)

ii. It builds on MDGs strategy (first step towards a socio-economic floor for global economy)

iii. It acknowledges frustration and resentment expressed by African representatives for risk of re-colonization.

- Participation of EU (endorsement of final recommendations) → reference to social cohesion, importance of regional integration

- Strategic Partnership with ILO (DG DEV and DG Employment)

4. From 2005 onwards: the social dimension of EU external policies

- Statements, communications and policy measures approved by EU institutions in 2005 → Paradoxically, Iraq war and US unilateral and aggressive policy accelerated emergence of a fully-fledged EU development strategy linked to MDGs: pushed EU to decide its own strategies to progressively become a global actor in multipolar world.

- The *European Consensus on development* (2005), Joint Declaration by Council, Parliament and Commission → take-off of current EU development policy;

- Underlying political dimension → development policies as soft power, precisely as a pillar of foreign policy.

- Framework of common principles within which EU and MSs will implement development policies in a spirit of complementarity, DUE TO difficulty of harmonizing MSs' views and priorities → structurally weak commitment

- The *2007 Annual Report on External Aid* → Commission = 3 identities of political player, development agency, donor administration → seeking ways to effectively combine them

- Lack of coherence in EU model → Contradiction between market-oriented internal policies, and socially oriented aspirations in external policies.

REFOCUSING DEVELOPMENT CO-OPERATION IN AFRICA: EU AS A GLOBAL HEALTH CHAMPION?

- Development package set stage of current EU intervention: along with an upgrading of aid appropriations, EU emphasized its commitment to MDGs and its focus on Africa, especially most off-track countries respect to MDGs.

→ Still, gap between discourse and policy practice: in Sub-Saharan CSPs little aid is funneled to MDGs, EU policies self-defeating vis-à-vis emerging economies (China) + EU aid programs sectorally and geographically dispersed.

- Opportunity to politicize the debate on development cooperation by addressing the relationship between existing national interests and EU external action openly → Healthcare as an optimal candidate to refocus development policy to mutual interests of EU and beneficiaries.

1. 2005-2007: the Grand Design of EU Development Cooperation in Africa

- *Comprehensive Package on Development Cooperation* (2005) approved by European Council → fully-fledged development strategy tightly anchored to MDGs. Three elements:

I. A considerable stepping up of EU aid budget (setting higher intermediate ODA targets: 0.51% of ODA/GNI by 2010, new MSs up to 0.17%)

II. A comprehensive strategy on policy coherence – commitment to MDGs: Commission discussed direct and indirect impact of non-aid policies on achievement of MDGs → 11 policy areas, specific coherence for development commitments for each of these.

III. A focus on Africa in order to ensure that Africa is number one beneficiary of new approach (largest global donors, 55% of ODA); resources allocated to Sub-Saharan Africa through European Development Fund (3 - 4 billions every year) and European Investment Bank.

- *European Consensus on Development* (Dec 2005), jointly agreed by Commission, Council and Parliament → hallmark of EU's new vision of how to address development in globalized world, based on development package.

i. Framework of common principles for EU and MSs development policies in complementarity;

ii. Commitment had to be increased, especially in terms of money.

iii. It politically attempts to present EU as a united front.

iv. Connection of economic growth to democratic institution building and good governance → instrumental in achieving MDGs and global poverty reduction (Institutional fundamentalism)

- European answer to failure of market fundamentalism, but strong neo-liberal inclination of EU internal policies

- But factor to be considered:

- The legacy of its economic/technocratic and business-oriented aid programs, influenced by historical links of MSs with former colonies (EDF in line with this: outside of EC budget and directly financed by MSs)
- The increasing intervention of the US, stepped up presence in crucial areas: health, education, technology
- The aggressive competition of South-South co-operation, particularly by China and the BRIC countries (changing geo-political context: downward trend of multilateral organizations; markets for African commodities exports; shared historical experience of Western exploitation; China's non-interference in partners' internal affairs > EU conditionality)

- Pursuit MDGs through Country ownership + Budget support (likely to feed exclusionary elites and institutions)

→ Consensus represented equilibrium between conditionality and non-interference

- Special Report of European Court of Auditors → negative with respect to budget support on health services in Sub-Saharan countries: did not lead to increased resources for national health; lack of performance indicators targeting such increase in budget support contracts (Commission's fault)

→ Architecture of EU development policy designed by 2005-2007 reforms firmly placed social goals at forefront of EU's action, but it did not translate into intervention in fields directly linked to MDGs: health and education.

2. EU priorities in Sub-Saharan Africa: forgetting about the MDGs

- At operational level, policy prescriptions of official discourse focus on what EU describes as necessary pre-requisites for attaining MDGs: institutional building, infrastructure and economic growth.

- CSPs: focal issues classified in 10 categories according to the functional sector → Budget support, transport infrastructure and good governance have the highest share. marginal role of MDG-related sectors of education (5) and health (4) and water sanitation (9).

- Reasons: complex decision-making process at EU level; MSs' bilateral development cooperation policies; opaque resource allocation (not only in the case of EDF) → MSs national interests, demands of beneficiary countries and interests of lobbies and stakeholders in Brussels.

3. EU development policy at crossroads?

- NGOs have criticized EU's development cooperation strategies in Africa, for neglecting educational and healthcare needs → proportion of ODA aimed in 2005 to education and basic health in Sub-Saharan Africa (8%) and in Latin America (25%) demonstrates

- Commission Staff Working Paper (2011) → analysis of the major shortcomings of EU development policy:

- i. accelerated action is needed to achieve MDGs by 2015;
- ii. EU aid is too sectorally and geographically dispersed;
- iii. complex and uncoordinated nature of aid allocation patterns (overlaps and duplication, gaps in overall supply).

- At deeper scrutiny these look as symptoms → real driver: power relationship between MSs and Commission, in which MSs have the lead and Commission is the donor of last resort, also due to nature as shared competence.

- Briefly addressed by Commission in Agenda for Change (2011) → Long list of priority areas; lacks clear, concrete commitments, insists on more stringent implementation of existing procedural requirements (complementarity, coordination) to increase the effectiveness of development policy.

4. The Council and the European Parliament's reactions to the 'Agenda for Change'

- The Council's conclusion on Agenda for Change reflect three elements:

a. For the first time, Council endorsed the need to differentiate EU strategy towards developing countries, Bifurcation in the geography of EU's external action → development cooperation for countries most in need (Sub-Saharan Africa) vs. strategic cooperation on mutual interests with more advanced middle-income countries (South Africa) → ownership principle (exclusive reference to partner's priorities) as a failing strategy.

b. Council underlined that among emerging economies some had become donors themselves (BRICS).

c. Council strongly re-affirmed 2005 commitment for each MS to devote at least 0,75% of GDP to development aid (0,35% for recent MSs) → in 2011 only Sweden, Luxembourg, Denmark and the Netherlands had reached it, striking position of Germany, with only 0,38%. need for a more politicized debate on development cooperation.

5. Health diplomacy in Africa: a potential win-win strategy for the EU

- Building a coalition in favour of a strategic connection between EU development and foreign policy should start from: **Germany, the UK, France** and **Scandinavian countries**, adding the **Netherlands**.

- **Three kind of sectors must be excluded** to reach development aims and achieve political visibility:

a. The sectors in which there are **conflicting interests with developing countries** → **Agriculture**

b. The sectors for which **Europe has clearly no common profile** → **Education**

c. The sectors where **other countries have a clear competitive advantage in the global arena** → **Infrastructure**
→ **healthcare is an optimal candidate for launching a new development co-operation strategy more effective and politically fruitful**; Six main arguments, ranging from geo-political to technical fact:

1) Starting in 2008 the international mainstream approach to global health problems witnessed a paradigm shift in a direction which is in tune with Europe's historical legacy in the field; (WHO)

- **World Health Report 2008** → from **single-disease initiatives**, which dominated the 90s (HIV, malaria, tuberculosis), to a **focus on primary care and health system strengthening**. **Main reasons:**

- **Temporary spotlight and more money** have not always had a beneficial impact on public health → short-term predictability of aids.

- Side effect of single-disease initiatives is to **take over healthcare workers who once dealt with basic health** issues that lack activist constituencies, due to pay differentials in wages by local governments and by int. organizations.

- Top killers in developing countries are maternal mortality, intestinal infections and pediatric respiratory; major driver of life expectancy is child survival → **80% of people in developing countries don't access to health facilities**

2) **The new emphasis on strengthening primary care and national healthcare systems gives European countries a competitive advantage with respect to both the US and emerging economies;**

- **EU's long-standing and diversified experience in public health and social protection systems of different logics (Bismarckian or Beveridgean).**

- **US score very well in terms of healthcare quality, research and technology, not in universal access; emerging powers** succesfull in labour-intensive economic sectors → **Current policy window might no longer be open for EU: BRICS** are promoting US health activities to strengthen their alliance; became themselves biggest suppliers of essential affordable medicines on a equal partnership model (rather than donor-recipient traditional model).

3) **The trends and outlook of medical scientific and technological development offer an exclusive opportunity for linking EU internal policies on public health and research and innovation with development cooperation policy;**

4) **The European med-tech industry - which already enjoys a global leading position- could play a crucial role in supporting the re-focussing of development cooperation with both internal and external beneficial effects;**

- **competitive advantage held by European companies** → **respect to regulatory processes and intellectual property laws;** predictable, cost-efficient and fast, compared with US, where rules change constantly.

5) **As a side-effect of internal difficulties, the US is increasingly losing its hitherto leading role in the global health arena, thereby offering the EU an unforeseen opportunity to fill the current power vacuum;**

6) **Last but not least, by concretely presenting itself as a health champion, EU could achieve the visibility it totally lacks at present among the African citizenry at large, and perhaps gradually help cancelling the bad memories that are connected to European colonial domination.**

→ A potential advocacy coalition in favour of **turning EU into a global health champion** should **include stakeholders usually focused on EU internal health** and **innovation policies**, starting with European medical technology industry and DGs Connect, Health and Consumers.

→ Goal is to **export a "European brand" of healthcare**, but **extreme fragmentation of current efforts** (UK preference for bilateral programmes vs France preference for multilateral organizations) as major obstacle to achieving any coherent strategy → Need for a strong leadership

→ **Winning strategy is to build horizontal twinning** (ministry to ministry, hospital to hospital, company to company) = reduce knowledge gap and limit intermediation costs.

- Favourable external factor: **increasing politicization of health issues in the global arena**, rise of health diplomacy.

- **social entitlements play a crucial role** in tightening bonds between State and citizens → **contribute to democratization**.

- Getting engaged in multi-track health diplomacy and cooperation would **improve EU's political leverage** and its **current image in the eyes of African citizenry** at large.

THE EUROPEAN UNION AND GLOBAL GOVERNANCE FOR HEALTH

- **Ebola outbreak** → potentially **dramatic health risks** → Questions on the existing global health governance:

i. **Despite WHO's ambitions, no single agency coordinates global health policy**

ii. **Health aid framework** has become **extremely complex** and interventions are highly fragmented.

- Reasons for EU to focus on healthcare → to **improve its visibility** and political leverage, to **reach an effective result** in one sector, rather than allocating money in a lot of different project, to exploit competitive advantages compared to China and the US.

- The first **EU's fully-fledged global health strategy (2011)**, despite **unfavorable legacy policy**:

1) The shift from **single-disease initiatives to a general approach aimed at strengthening national healthcare systems** (maternity and infant care) to reach a universal access to basic healthcare – WHO, 2008

2) The commitment to promote an upgrading of WHO's role in global health, **pushing for organizational reform**.

3) The endorsement of the need to actively research on diseases typical of developing countries along with **guaranteeing accessible and affordable medicines and vaccines**

1. 2010: A Stronger EU Vision on Global Health

- Unprecedented activism in external health policy → First **Commission's communication** aimed at delineating EU role in global health, accompanied by **3 Staff Working Documents** and endorsed by Foreign Affairs Council.

i. Health as a transnational risk.

ii. **progress on health MDGs** [EU commitment of 20% of development aid] **off track in most developing countries**

iii. **shortcomings of EU's development co-operation policy**, starting with **lack of prioritization and insufficient coordination with MSs' interventions** (Agenda for Change)

iv. Institutional changes brought about by the entering into force of Lisbon Treaty, which increased EU vs MSs tensions → **blurred division of competences between them: organization and delivery of health services** at national level **responsibility** primarily **of MSs**, but **EU's role** was to **complement national policies in global health**.

- **The Global Health Strategy enshrined in 2010 EU documents** → **Global health as a) worldwide improvement of health; b) reduction of disparities and c) protection against global health threats.**

- Main political goal of EU is to **enhance EU visibility, presence, status and influence** on the world stage.

- Three targets:

1) **Strengthening national healthcare systems to deliver basic equitable and quality healthcare for all.**

- **paradigm shift suggested by WHO in a report of 2008, for re-orienting donors' approach in favour of primary care and health system strengthening.**

- **low predictability of external funding** due to temporary spotlight
- **re money have not always had a beneficial impact** on public health
- **side effect to take over healthcare workers** who once dealt with issues that lack activist constituencies, **due to pay differentials** → might add pressure on already weak health systems;
- top three killers: **maternal death around childbirth and pediatric respiratory and intestinal infections**

- The **Commission's specific operational guidelines** to implement this target:

- **Funding one national health budget and one monitoring process (comprehensive approach)**
- EU aid for health should offer a **predictability of at least three years (MDG contracts)**
- Resource allocation should prioritize fragile states and countries most off-track in achieving health

2) **Strengthening role of WHO** due to fragmentation and lack of leadership in global health arena

- This support is **not unconditional: need to reform of WHO's funding system**, to strengthen its independence and autonomy from private interests and government's priorities, which **undermined WHO's global mandate**.

- Also MSs used to fund WHO for specific projects. (they actively **participate in development of common EU approach only when it suits them**) BUT **single voice** could imply a 'lowest common denominator' position.

3) **Supporting Health Research and accessible medicines** → **intellectual property and patent regulations.**

- Despite the WTP rules on intellectual property (TRIPS), countries can take **necessary measures (TRIPS flexibilities) to safeguard public health** → EU should support third countries in effective implementation of this flexibilities, to be sure that **bilateral trade agreements** are **supportive of the objective of universal access to medicines**. BUT **inconsistency with EU Trade policy** (long history of including **substantive damaging TRIPS due to interests** of the western **pharmaceutical industry**).

2. The Policy Legacy (path dependent pressures and institutional stickiness)

- While between 1990 - 2011 the increase in total global health aid was remarkable, **EU as a whole lost ground** (from 37% of aid to 22%) to the **advantage of US and private philanthropy** (**corporate donations, philanthropy and other private investments**).

- EU **far from 20% of ODA to health and education MDGs** + **marginalization of health issues in EU priorities**, in favour of **budget support, road construction, good governance (CSPs)**. Might be African leaders' fault (Abuja commitment of 2001, of 15% of national budgets to health largely unrespected).

3. From Discourse to policy practice: EU Health Aid

- Five years later, 2010 strategy has **hardly taken off ground** → guidelines and operational procedures put in place only after shock of Ebola crisis.

- **No sign that health priorities have made headway** in this policy field: there is **no significant change in resources allocated to health (ODA) by EU** → decreased **from 8.8% of ODA in 2007 to 8,1% in 2012**.

- Contrary to discourse, **Agenda for change** (crucial role of MDGs in EU development policy) seemed to trigger **broadening of EU policy focus in development co-operation**, not in favour of health or education.

- **Low financial commitment** → In 2012, EU allocation surpassed by the UK, France and Germany.

- Other important elements of the period are:

i. The so called "1 billion MDG initiative" → Two components: a **need-based one targeting the most off-track MDGs**, and a **performance-based one**. It **moved up the relative position of health** compared to other focal issues envisaged by the 10th EDF: from 4 to 12 countries prioritizing health.

ii. The "MDG contracts" → **more predictable form of budget support** covering a **6 years period (budget support of 3 years)**. **BUT** did not contain sufficient provisions to monitor how money were actually used

- **Variable component** (30% of tot commitment) used to **improve public finance management and macroeconomic stability** → **investments in primary care services at local level** involved **small minority of 48 Sub-Saharan countries**

iii. The commitments connected to the 2014-2020 multiannual financial framework → **health** definitely does not appear as number one priority but at least **has upgraded its position** with 1 in 4 countries with it as a focal issue.

- **19 countries out of 24** prioritize agriculture **in contrast to only 9 in the 10th EDF**.

- Only with late 2014 (Ebola pandemic) some **concrete signs of change** emerged in EU's external health policies, before than, official communication had hardly any operational follow-up; **EU's institutional complexity** further **undermines** its **capacity to express a strong position** on key issues such as WHO priorities.

EUROPEAN SOCIAL POLICY

THE HISTORICAL DEVELOPMENT OF EUROPEAN WELFARE STATES

- **Importance of historical dimension and policy legacy** → **Social protection systems** historically developed within national boundaries, so they are **tightly connected to MSs**, rather than EU integration process → EU social policy concerns **dynamics between national governments level and supranational level**.

- **Social rights** are **political products more demanding** than civil and political rights

- At the beginning of the **50s**, the process of **integration was a narrow path**: the **room for manoeuvre** for MSs to construct an European community was **limited to some sectors**: defence and security powers delegated to NATO and USA, monetary integration along Atlantic lines (Bretton Woods) + national leaders **would not delegate powers for the control over welfare state policies** [50s, maximum expansion of social security systems as powerful instrument for consensus building] → **only possible path was that of economic integration** → It started with **European Coal and Steel Community**. It was perceived as a positive factor both for **strengthening the western bloc and providing more resources for national welfare states**.

- In the **70s**, **oil crises** (high dependency on external suppliers) resulted in **stagnation** (**high inflation + economic stagnation**), which led to **high unemployment and currency crises**, producing a deadlock in integration. The 70s are also the **end of the golden age of welfare state**, which had been expanding until that moment.

Welfare state developments in Europe: a brief synopsis

I. Take off phase (1880 – 1920s)

- At the beginning, it is not purely welfare systems, but rather **social legislation**. The proper birth of welfare states occurs with the **establishment of first compulsory social insurance schemes** (in Italy 1998) → **State imposes** on employers and workers a protection against certain risks connected to **an industrial society**, who **had to rely on their job in factories to survive**.

- At the beginning, social insurance schemes with respect to **work injuries**: employers obliged to pay a contributions for each worker. But **not even workers were happy**: they had **self-organizations** that would take care of families of injured workers (**workers parties** of period **revolutionary**, rather than reformist)

- In this phase, all European countries introduced **from one to three social insurance schemes**, the **bases of European welfare state**. The forerunner was **Germany with Bismarck**, while the UK was the last in introducing a social insurance scheme. **Italy is among the forerunners** of social insurance programs, with a program introduced in **1998** for **workers in dangerous industries**.

- As for categories covered by programs, **progressive coverage extension**; last field was self-employed people

II. Consolidation (1920s – 1940s)

- Even in this phase, Italy is among forerunners: before fascist regime, already 3 compulsory social insurance schemes concerning injuries, unemployment and old age (introduced in 1919), due to soldiers coming back from WWI and to avoid that the threat of revolution happened in Russia (1917) [social control].

III. Expansion (1945s – 1975s)

- **Role of social protection in democracy:** it was essential to consolidate democracies in EU after IIWW.
- **Universalization of coverage** → By 1960s, practically all workforce is protected by welfare systems.
- **Benefit upgrading** → Improvement of benefits, both through cash transfers and services (directly provided). a system based on cash transfers, such as Italian, leaves more room for market, as people will have to buy services from it, whereas systems based on services lead to a strong development of public employment.
- **Establishment of second pillars (pensions)**

IV. Crisis and reform (1975 – onwards)

- **Occupational vs universalistic logic** → There are two main logics in the welfare states

1) Bismarck and the occupational logic (1882-1889) → social protection tightly linked to working position of individuals in labor market (negotiation capacity of the category), and social schemes are not equally generous.

- Social protection systems reinforced differences already present

- **Factors behind Bismarck's decision** to introduce social insurance:

i. **Industrialization**

ii. The strength of the working-class movement (SPD)

iii. **Social control purposes** → Occupational groups can be represented either by small or big categories: narrow categories bring high fragmentation of social classes (*divide et impera* logic).

- **Coverage** → first compulsory social insurance programs introduced by Bismarck in 7 years: injuries, old age, sickness. Unemployment was added much later in most EU countries (1930s). Until then, it was considered someone's fault not to have a job; until first economic crises (capitalist society, a structural unemployment).

- **Personal scope** → Compulsory social insurance programs involved only male workers; protection was later extended to wife and children of workers, but not to women as such.

- A compulsory insurance is a way to pool risks, even if not everyone will benefit from it; it is the State that makes it compulsory through a paternalistic perspective. There is an obligation to pay contributions, but also a right to benefit from it. EU welfare systems are largely based on a logic that combines obligations and entitlements.

2) Beveridge and the universalistic logic (1942) → citizenship (not the amount of contributions paid) was enough to make individuals entitled to receive benefit

- The Beveridge report was published during IIWW, under daily bombing of Nazis. → A common sense of national solidarity developed, involvement of all men in the defense of the country, therefore women took the place of men in factories → Since citizens had done so much for the State, State had to reward them.

- **Beveridge's 5 giants** → At the end of the war, the State would fund the benefits and services needed to attack the five giants standing in the way of social progress. = Eliminating want, disease, ignorance, squalor, idleness.

- Beyond basic opportunities provided by State (house, education, healthcare, employment or minimum income support in case of loss of job), up to each individual to improve his conditions → social liberal perspective.

- **Social protection systems in EU** → Welfare state was coined in 1947, but the introduction of social legislation in Europe dates back to the 1880s.

• **External boundaries of social protection systems** → Coterminous with state boundaries

- **Combination of three components:** universal, occupational and means-tested schemes (poor and needy people; highly discretionary) → different redistributive implications.

- **Cash transfers vs services**

- **Funding** → state fiscal revenues [general taxation] vs social contributions (lower wages, higher costs of goods)

EU WELFARE MODELS - Esping-Andersen

1. Liberal [Anglosaxon model] → the UK, Ireland, the US, Australia, Canada

- Predominance of means-tested assistance, modest universal transfers/insurance plans → Beveridgean
- **Target population:** poor people and low-income workers → It has negative implications on social cohesion
- State encourages the market: passively (minimal interference) or actively (incentive for private schemes) → This is a residual welfare state, as it leaves more space for the market, rather than the state.
- ❖ Minimal decommodification from market, as people primarily rely on it to survive, and not the State.
- ❖ Stratification effects: Equality of poverty among state-welfare recipients, A class-political dualism

2. Social-democratic [Scandinavian model]

- Predominance of universal benefits and services of the highest standard
- Target population: all citizens → Strong universalism and solidarity, with low poverty and high inclusion.
- Service rich (active labor market policies) → Difficulty in expanding low-end service sector
- Dual earner model → High female employment, gender equality
- ❖ High de-commodification from market, as individuals can rely on the State and public services it provides.
- De-stratification
- ❖ The role of the State shall be to try to reduce the differences and inequalities present in the market

3. Corporatist-conservatives [Continental model] → France, Germany, Belgium and Austria.

- Predominance of Bismarck public insurance schemes linked to market position, funded through social contributions → Insider/outsider divide
- Transfer heavy, lean on services
- Target population: workers (male breadwinner model)
- Emphasis on subsidiarity (Church, family)
- ❖ Medium decommodification and low vertical redistribution
- ❖ Stratification effects
 - Preservation of class and status differentials → strength of different working categories and capacity to negotiate better arrangements for working conditions, higher protection for high social classes.
 - Gender segregation

4. South European welfare states → In 1996 Maurizio Ferrera suggested that South European countries shall have a proper South European model, which is a variant of conservative-corporatist type:

- Dualistic character of social protection (income maintenance): peaks of generosity (pensions) vs complete gaps (poverty, housing, unemployment, child support) → There is a functional distortion: much attention is on pensions, compared to other issues such housing, poverty and child support.
- Transfer heavy, very lean on social services
- There is a mix of social insurance schemes (Bismarck) for old age, family allowance, unemployment and illness, and a universal pillar (Beveridge) of health care → National Health Services, based on citizenship [the access is not based on position in labor market – occupational logic]. In Italy, there might be a difference on the bases of geographical affiliation of citizens
- Large informal sector (underground labor market) → illegal work and a salary but no social protection.
- Insiders versus outsiders: hyper-guaranteed vs unguaranteed
- High familiarism → Role of the family as an economic clearing house, as elderlies have generous pensions.
- Legacy of clientelism
- Weak/non-existent safety nets (→ Very high poverty)

The welfare state in the Soviet bloc (1950-70)

- Enterprise-based, productivist welfare schemes.
- Broad social insurance schemes (selective exclusions: e.g. farmers) + Universal health care
- Relative under-protection of old age
- Emphasis on child-care and education, as women were into the labor market.
- Widespread clientelism/corruption (“welfare racket”)

- In 90s, collapse of Soviet bloc → total disruption of social protection systems: old systems were dismantled but nothing else was put in place. There was an increase in poverty and a wide spread use of alcohol.

- Transition from socialist collectivism (productivist welfare model) to mixed models (social insurance + residual safety nets, poor services, female earner/carer model) → High poverty and exclusion.

EU SOCIAL POLICY FROM THE ROME TREATY TO THE SINGLE EUROPEAN ACT

- EU influence on MSs' welfare states is made of a combination of direct and indirect effects (EU decisions taken in fields other than social policy) → influence room for maneuver of national politicians in field of social protection.

- Peculiar nature of EU social policy → different from usual MSs' social protections systems: it is a set of loosely connected fields, rather than the typical wider package of measures of risks coverage.

- EU economic nature allows only a very selective engagement → EU interventions are connected to a better functioning of single market, precisely to avoid unfair competition (eliminating non-tariff barriers) = equal

payment between men and women, health and safety standards on the workplace, personal scope of workers rather than individuals as such in the 90s.

- ECJ → also an important actor in EU social policy. It had a positive role, but it **changed its strategy over years.**

1) Treaty of Rome - 1957 [freedom of movement for workers, coordination of social protection systems of MSs, equal pay between men and women]

- Its main goals were to **set up customs unions and the common market**: there wasn't much about social policy, and it was strictly connected to these economic aims → From beginning, **focus on workers and labor market.**

- The founding countries of the European Community were all ruled by **Christian Democrats (centrist) parties** → It implied a **similarity in the approach to problems**. They thought that the establishment of **common market** would enhance the growth of national economies, **bringing revenues that they could use to strengthen welfare states.**

- **MSs dual approach** → A **liberal perspective outside the country** [integration of economies], but a **Keynesian approach internally**, with consistent State intervention in the market.

- Italy requested **mobility of workers**, as the State couldn't provide jobs for everyone; it obtained that movement of workers would also imply no discrimination on nationality grounds and the **right to receive social protection.**

→ **Freedom of movement for workers**, entail **abolition of any discrimination on grounds of nationality** as regards employment, remuneration and other conditions of work and employment.

→ A **legal basis** for Council to adopt **measures** in fields of social security that are **necessary to provide freedom of movements for workers**, **secure the aggregation of social benefits contracted under laws of all MSs.**

- For the first 30 years, little occurred in social policy field: the **implementation of coordination of social insurance schemes** across MSs (directive of 1971), and the **setting up of European Social Fund** to allow vocational trainings for workers who moved to another country → Therefore, the **boundaries of national systems were enlarged**, but only those of social insurance schemes, which were still based on contributions. **Later, also benefits not linked to contributions**

→ Mutual recognition of qualifications, promote improving living and working conditions, promote closer cooperation between MSs in social fields

→ **Right of an equal pay between men and women** for an equal work. Germany was paying much lower wages to women: France saw it as unfair competition

2) The Single European Act - 1986 [QMV, common standard of health and safety in the workplace]

- After golden age (1945-1975), **major slowing down in the economy of EC** (oil crises of **70s**), and consequent **growth in unemployment rate**, up to 15%; this situation also had **social consequences** → According to Delors, deepening economic integration with **single market was functional to overcome EC's economic problems**; connected to social issues because actions and **measures introduced to eliminate non-tariff barriers** (Delors report) also had a social dimension, despite purely economic aim.

→ **QMV for all the areas involved in the shift from a common market to a single market** = **institutions were stuck because of the unanimity rule** (Eurosclerosis in the 70s).

→ Setting up a **common standard of health and safety in workplace**, through gradual implementation by means of **directives**, with regard to conditions and technical rules of MS; provisions adopted **did not prevent MS to maintain or introduce more stringent measures** = otherwise different standards reflected in the cost of labour and prices of goods, being a disadvantage for who had more stringent conditions (**disguised restriction of trade**).

→ Duty for Commission to **facilitate the development of a dialogue between management and labor at EU level**, leading to relations based on agreement = **new model of cross-industrial organizations that enhance dialogue**

3) The Community Charter on the fundamental social right of workers - 1989

- **Principles-based charter of human rights** that apply specifically to **workforce in EU** → workers' rights, rather than citizens, therefore always connected to the idea of building a single market.

- Initially drafted in 1989. **All MSs adopted it, except for the UK** (Tatcher's government), **adopted it in 1998.**

- It is a **political declaration (non-legally binding)** that set the general strategy of MSs and **guidelines**. Currently, an interpretative aid by ECJ in construing meaning of legislation and developing case law, but also served as **basis for EU Charter of fundamental rights** that became legally binding with Lisbon Treaty.

- **Balancing social and economic aspects** → Two sides of EU integration: in construction of single market, **social dimension** cannot be ignored, as it is **functional to economic integration**, should develop in a balanced way.
- **Creating employment** → **completion of single market** would help to solve unemployment issue, a priority to ensure the well-being of the Community.

- **No discrimination on grounds of nationality** → reference to importance of **combating every form of discrimination** (not only on grounds of nationality, but sex, race, opinion and beliefs), became **legally binding with Article 13 of Treaty of Amsterdam**. **Right to equal living and working conditions** had to be granted by MSs to **workers coming from third countries** and their families.
- **Social consensus** *contributes to the strengthening of the competitiveness of undertakings and economy as a whole and to the creation of employment; thus, it is an essential condition to ensure economic development.* → **social cohesion (and social policy overall) strongly favors economic development**. It is a completely different vision from US (social spending as a burden for State). The **Lisbon strategy (2000)** fully based on these grounds.
- **European Economic and Social Council** → represents **neo-corporatist vision of dialogue and cooperation between employers and workers**, a **venue to discuss their views**. good for economy to have cohesive society.
- **Charter as a legal basis** → It served as a legal basis for a lot of **measures of social policy and social protection** taken in following years, even in fields not directly linked to the labor market: **consultation and participation of workers in decisions taken by headquarters**, **Equal treatment for men and women**, **Harmonization of conditions of residence** in all MSS, **Protection of elderly, children and adolescents** (vocational training).
- **Principle of subsidiarity**

4) The social directives of the early 1990s

- In practical terms, the Charter resulted in a social directive and a recommendation (early 90s), which were **minimum floors of protection that had to be implemented by MSs at national level**.

i. **Council directive of 1992** on measures to encourage improvements in **safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding** → practical measures to grant a minimum standard of protection, such as duty not to assign night shift or dismiss pregnant women → still connected to a woman inside labor market, even if more general social consequences.

ii. **Council recommendation of 1992** on common criteria concerning **sufficient resources and social assistance in social protection systems** → It suggests that every MSs shall provide a safety net through basic income programs to combat poverty and social exclusion, but it was not legally binding.

5) The Maastricht Treaty (Treaty on European Union) and the Social Protocol – 1992

- MSs realized that the **Charter was not effective**: economic side of EC was progressing through EMU, while **social side of integration was standing still** → **Social Policy Protocol** was the legal mechanism adopted to solve the impasse reached over social policy of Treaty of Maastricht in 1991. **11 of MSs agreed on a new Social Chapter**,

- **Opposition of the UK** → **Unanimity was required** for Maastricht Treaty, but **the UK** did not agree on social chapter: it **benefited from an opt-out** and chapter was adopted as Protocol concluded by 11 MSs and an **Agreement annexed to the Protocol**. According to it, **all 12 MSs**:

- Agree to **authorize 11 MSs [excluding the UK] to have recourse to institutions, procedures and mechanisms of the Treaty for the purposes of taking among themselves**
- The UK shall not take part in the deliberations and adoption** by Council of Commission's proposals made on the basis of this Protocol and the above-mentioned Agreement.
- Acts adopted** by the Council **on the basis of this Protocol shall not be applicable to the UK**.

→ **Objectives of social policy for both EC and MSs**: **promotion of employment, improvement of living and working conditions, dialogue between management and labour, development of human resources**. The ultimate aim was always to **ensure a fair competitiveness among MSs**.

→ **5 policy areas** (already mentioned in Charter) in which EC shall support MSs' activities with directives by **QMV = 11 MSs could introduce directives + issues at national level concerning these 5 areas could be referred to ECJ**.

- Health and safety on the work place** [already present in the Single European Act]
- Working conditions** (especially for **workers without an open-ended, full-time contract**)
- Information and consultation of workers** (for **multinationals with headquarter located in a different place**).
- Equality between men and women for labor market opportunities, treatment at work** [before, equal wages].
- Integration of people excluded from labor market**

→ Principle of **equal pay between male and female workers** and possibility of imposing **less stringent conditions for women to obtain vocational training**, to compensate for disadvantages in professional careers.

→ **Formalizes the practice of social dialogue**, to **empower trade unions and employers** to take decisions at EU level. **Already used as a practice** in development of EEC, but Social Protocol envisages that social parts (Union of employers and Trade unions of workers) agreements could be transposed into legislative proposals → **A completely different path for EU legislation + a full legitimization of interest groups and work associations**.

- It **didn't produce much** (90s): only **3 directives** on **parental leave**, **part-time work** and on **fixed-term contracts**, which granted a basic minimum protection and lack any stringent requirements → Trade unions represented workers of all MSs: **enormous differences** in management of industrial relations and working conditions among MSs made it difficult to find a shared perspective.

6) The social directives of the mid 1990s resulting from Social Dialogue

- i. **Council Directive** of 1996 on the framework **agreement on parental leave** → minimum requirement to **facilitate reconciliation** of parental and professional responsibilities for working parents; workers shall not be dismissed for taking parental leaves on grounds of urgent family reasons and shall have the right to return to the same job.
- ii. **Council Directive** of 1997 concerning the framework **agreement on part-time work** → It recognizes diversity of situations among MSs and sets out general principles and requirements related to part-time work, in order to **improve its quality and remove discriminations** against part-time workers.
- iii. **Council Directive** of 1999 concerning the framework **agreement on fixed-term work** → It sets out general principles and minimum requirements for fixed-term work by **ensuring principle of non-discrimination, and to prevent abuses** arising for an **excessive use of fixed-term contracts**, shall not substitute open-ended contracts.

7) The European Employment Strategy (EES) – Open Method of Coordination

- **Political conjuncture in mid 90s** → After enlargement of 1995 (Sweden, Austria and Finland), **13 MSs out of 15 had center-left social-democratic governments**, who could not ignore social problems (unemployment across EU).
- It was starting to become clear that **social measures couldn't be implemented through hard legislation (directives)**. MSs started to consider **soft legislation and open methods of coordination**.
- The **European Employment Strategy (EES)** establishes a **set of common targets and broad guidelines for employment policy** (soft coordination of MSs' employment policies); aim is **creation of more and better jobs** in EU → EU sets guidelines to coordinate the action, **MSs have to elaborate national plans** on how to reach EU targets.
- It was an **active strategy**: **vocational trainings for unemployed people**, to match labor demand with labor supply, rather than simple unemployment benefits for income maintenance [passive strategy]. The **focus was exclusively placed on supply side**.
- I. **Improving employability**: Tackling youth unemployment and **preventing long-term unemployment**; Transition from passive measures to active measures.
- II. **Developing entrepreneurship**: **Making it easier to start up and run businesses**;
- III. **Encouraging adaptability of businesses and their employees**: **Modernising work organisation**.
- IV. **Strengthening equal opportunities policies for women and men**: Gender mainstreaming approach; **Tackling gender gaps**; **Reconciling work and family life**; Facilitating reintegration into the labour market.
- **Not legally binding: no sanctions in case of non-compliance** with targets → logic of EES was not to introduce compulsory measures. The **only compulsory point was to produce national plans**, not to implement them,
- EU guidelines → National plans issued by MSs → Recommendation from EU institutions based on national plans.

7) The Amsterdam Treaty – 1997

- The **end of British veto on European Social policy**; **QMV** could be introduced in **sectors concerning employment issues**, but **main mechanism continued to be soft coordination**. A title on occupation was inserted, making promotion of employment in the face of new challenges a priority interest (at least on paper).
- **Objectives of EU**: **sustainable development** of economic activities; **high level of employment**; **equality between men and women**; **high degree of competitiveness** and convergence of economic performance; **protection of environment**; **economic and social cohesion among MSs**.
- Duty for MSs and EC to work together to **develop a coordinate strategy for employment**
- Duty for MSs to coordinate actions with Council to pursue EU objective; employment as common concern.
- Duty for EC to contribute to employment encouraging and supporting cooperation between MSs
- Duty for Council to draw up guidelines which MSs shall take into account in employment policies, providing an **annual report of the measures taken** to implement these guidelines.

8) The Lisbon Strategy – 2000-2010

- EU was economically in trouble → Measures adopted derive from a **comparison with US**. The main difference was that **in US much more people were involved in labour market**; only category not distant was **men 25-54**.
- **EU shall become an economy based on knowledge**, capable of grant **sustainable economic growth**, **more and better jobs** and **greater social cohesion** → **Lisbon Triangle: Competitiveness and Economic Growth + Social Inclusion + Employment**

- a. It requires **better policies for R&D**, by stepping up process of **structural reform for competitiveness and innovation** and by **completing internal market**;
- b. **Modernizing the European social model**, investing in people and combating social exclusion (social protection as a productivity factor).
- c. **Sustaining healthy economic and favorable growth** prospects by **applying appropriate macro-economic policy**.
- Need to **invest more money in research and innovation**: goal of **expenditure of 3% of GDP on R&D** → EU shall concentrate on high-technology goods, **rather than compete with lower added value goods**.
 - **Investments in education and training also favored a higher and better-quality employment** → The targets set to increase employment were to have 70% of women and 40% of older people in the labor market by 2010.
 - The **lowest rates of poverty could be found in MSs with highest level of employment rates** → high employment rate would result in lower levels of poverty and social exclusions, insert of **poor people in labor market**.
 - **ageing population** → **need to reform and modernize social protection systems**, to **make them sustainable**.
 - The Lisbon Strategy **Governance: Soft Coordination** → **open method of coordination** is an inter-governmental means of EU governance, based on *voluntary cooperation* among MSs. It makes use of **soft law mechanisms such as guidelines, indicators, benchmarking and sharing of best practice**.
 - **No sanctions foreseen in case of non-compliance** → effectiveness lays in **peer pressure, naming and shaming**.
 - Following Lisbon Strategy, logic of open method of coordination **extended also to poverty and social exclusion, pensions, and health care and long-term care**.
 - All MSs were required to **set up national plans on how to achieve EU targets**, which were **reviewed by national experts appointed by Commission** → upgrading of knowledge among MSs, an exchange of best practices and among MSs (policy learning).
 - This is a **non-binding strategy**: only some countries have been following it, such as Sweden.
 - In 2005 there was a revision of the strategy, which led to a change in its priorities: the quality of employment and the more genuine social objectives became secondary to growth and jobs priorities (monetarist approach).

The indirect effects of the decision taken at the EU level

- **Social protection is tightly connected to economic and monetary union**: **social spending is an important part of MSs' budgets**, therefore there must be common rules on it to have a sustainable monetary union.
- **economic and financial parameters** (Stability and Growth Pact) set by EU are an **indirect influence on MSs' social protection systems** → **limit room for maneuver of MSs governments to extend social protection**, as deficit spending is not allowed.
- The open method of coordination is an indirect influence on social policy due to economic and monetary union → **EU made sure that MSs were not spending too much in social sector to have an efficient monetary union**.
- It **couldn't be done through the hard method of coordination** → EU tried to convince MSs through soft law that they shall have financially sustainable pension and health care systems, especially given ageing population → open method of coordination was **extended to pensions, health care and long-term care, all connected to trend of ageing population**.

EU social policy has had three main acceleration points:

- a) Early 70s**, due to **social democratic interests**, resulted in labour market issues → The **first action programme**: better employment, better living and working conditions, Involvement of management and labour force in the economic and social decisions → It left some marks but was largely unrealized due to national responses to unemployment, decreasing growth and rising inflation.
- b) Late 80s/early 90s**, **Delors Commission** → Protocol on Social Policy of Maastricht Treaty = Social policy as social dimension of internal market project. It extended **QMV to 5 areas** and ability of collective partners to intervene in EU agenda setting around social policy.
- c) Late 90s until late 2000s** → **Lisbon Strategy**: It was marked by a **more strongly social vision**; initiated a EU policy process in new social fields like poverty and social exclusion, pensions, health and long-term care, **extending open method of coordination**.

The European Court of Justice, and the Laval and Viking cases

- **ECJ is the guardian of the Treaties** → It has been **attentive towards economic rights**, making sure that are fully and equally implemented at the national level of MSs.
- **connection between the correct implementation of internal market and the expansion of social rights** → ECJ considers **citizens as consumers of social policy**, who have to be granted the **right to "consume" social benefits even in other MSs**, due to their right to free movement granted by EU citizenship.

- For many years, ECJ extended options available to citizens, lowering borders among MSs and de-coupling social protection from national health care systems, until **not detrimental to the social protection system of host MS**.
 → The expansion of social rights of individuals as consumers of social policy through case law of ECJ lasted until **Viking Case and Laval cases**, which went in opposite direction of undermining social protection systems and restricting social rights in favor of economic freedom of employers and freedom to provide services.
 - ECJ affirmed that **even if rights in question were outside scope of EU legislation, they still had to be in line with Community law**.
 → The action of trade unions to strike was a threat to freedom to provide services and to freedom of establishment, two rights fully protected by Treaties → Workers had to **justify their need to strike through a proportionality test** [Viking Case], which established a set of **conditions**: collective action needs to have a legitimate aim, must be **justified by overriding reasons of public interest**, must be **suited to attaining the objective pursued** and **not go beyond** what is necessary to attain it.
 → **Posted Workers Directive** establishes a set of **mandatory rules for minimum protection to be observed in the host MS by employers who post workers to perform temporary work in the territory of MS where services are provided**. It went from a minimum to a maximum directive (**Neither host MS nor social partners can ask for more favourable conditions beyond the mandatory rules set in Directive**)

MODELS OF EU GOVERNANCE OF SOCIAL POLICIES

- While domestic politics is determinant, **EU's modes of governance increasingly influence welfare states and labor markets through hard and soft policy coordination** → result of decades of EU integration = **MSs are semi-sovereign with respect to social policies**.
 - **Mode of governance** → **Tool to govern a certain policy area, which aims to involve more actors at different stages of the policy process**. There are four different models of EU governance of social policies:
 1. **(Social) Regulation** → **Legal standards and norms set at the EU level to protect individuals**.
 2. **Hard Coordination** → **EU-facilitated policy coordination (Legally-Binding; High Surveillance; High Enforcement) (Stability and Growth Pact and strengthened SGP)**. It has to do with **economic and financial policies which indirectly affect the welfare state**. It is **legally binding**, so the enforcement is high: sanctions can be imposed.
 3. **Soft Coordination** → **EU-facilitated policy coordination (Not Legally-binding; Low Enforcement) (European Employment Strategy and Open Method of Coordinations)**. nothing happens if a MS does not comply with it.
 4. **Re-distribution** → **EU's allocation to most disadvantaged regions** (social dimension of Cohesion Policy, ESF).
 - The governance aims are mostly **Market-Making**, but there are some **market-correcting** aspects (EES and OMC).

1) Hard Coordination → **EU-facilitated policy coordination, which is Treaty based and legally binding, and where surveillance of MSs policy is high, as are mechanisms of enforcement**.

- **Stability and Growth Pact** → Process of hard policy coordination with EU policies of **budgetary restraint**, represented by benchmarks (maximum 60% public debt, 3% budget deficit) and EU surveillance of MSs policies to ensure compliance of MSs with EMU aims, not to jeopardize it.

- It establishes **two financial limits**, which have indirect pressure on welfare states of MSs → With these, **room for maneuver for policymakers to do deficit spending to finance social policies (health, pensions) is limited**.

- There are **two interlinked mechanisms of influence**: **yearly country specific recommendations** (within **European Semester**) and the **corrective mechanism** (**excessive deficit procedure** if deficit exceeds the 3% threshold), according to which MSs are closely monitored and fines can be imposed in case of non-compliance.

- Recent developments → **With economic crisis, hard coordination became extremely difficult to implement, and new elements were introduced to keep MSs monitored**

- **ECB is now involved in governance process**: it can make explicit policy prescriptions in some fields.

a. Six pack → **Ensuring fiscal discipline**: if **public debt is beyond 60% and the MS fails to demonstrate commitment to reduce it, an EDP can be initiated**.

b. Fiscal compact (2012) → **Reinforcing six pack**: **mandatory balanced budget rule**. National budgets must be balanced: MSs cannot do excessive deficit spending to finance social reforms. If a MS fails to comply, an **automatic corrective mechanism** is triggered (for instance a **VAT increase**, regressive tax affects low classes).

c. Two pack (2013) → **Ensuring fiscal discipline**: **close scrutiny of MSs annual budget proposals by EU**. These **must be sent to Commission for approval before being submitted to national Parliaments**. Commission can request a revision of it. Therefore, **not only ex-post surveillance, but also an ex-ante monitoring mechanism**.

- Overall, impact for national welfare states **mainly on pensions** (cost containment, intergenerational fairness, ageing population) and health care systems → **indirect impact of EU-induced learning through monitoring and strong enforcement**: Fornero pension reform decided by Italian policymakers, but pressured by Commission.

2) Soft coordination: Europe 2020 → EU-facilitated policy coordination which is Treaty-based and legally binding, and which is only weakly enforceable.

- Europe 2020, followed Lisbon Strategy, contains **European Employment Strategy** and **open method of coordination**. It sets up different social targets: high levels of employment, low levels of poverty, social sustainability of pensions and healthcare systems; due to crisis unlikely that most MSs will meet these targets.

- 3 priorities: **macro-economic surveillance, fiscal surveillance, thematic coordination (employment, education, social inclusion)**.

- **Diffusion of ideas, monitoring policies and EU-facilitated policy learning (CSRs)** mechanisms of influence.

- **EES** involves mainly **governmental actors and consultation of social partners**, while governance of **OMCs** differs **according to policy areas**. Recommendations issued through OMC are now **centralized in European Semester**, to increase the overall coherence and impact of different coordination processes.

- In the context of austerity, **Europe 2020 has been reframed around social investments**, emphasizing the need to invest in individuals and their skills throughout life and participation in the labour market.

- **EES** → policy aim of **reaching labour market participation of 75%**, with a focus on **women employment** (reconciliation of work and family life in dual-earner societies). Other key aims: **skills development, improvement of job quality, working conditions and flexicurity**. It is an effective **ideational tool**, although nested in monetarism.

- **OMCs** → Other social policy aims are coordinated in softer OMC processes; **never really triggered a concrete reform process, but are useful at EU level of governance to counter-balance the weight of economic policy actors**. For instance, social exclusion OMC, involve participation of DG employment and social affairs, EU-level NGOs, and to some extent national or local members. However, **since crisis these issues have left impetus**.

- Usually, **effectiveness of soft coordination supposed to be achieved through peer pressure** [none of MSs want to be considered as the black sheep], as **measures issued by EU are not legally binding**.

- In sum, **ideational and some policy influence** through the EES and social OMCs, but **more patchy and varied**.

European Semester → Annual cycle of policy guidance + surveillance measures to enforce national compliance.

- Until 2010, hard and soft coordination were two different procedures. Since 2011, **coexist** in European Semester of poli-coordination. **Commission reviews national reform programs and issues specific recommendations for each MS, in which both hard (SGP) and soft recommendations (OMCs) are envisaged** → **differences in enforcement still apply**: **soft recommendations are not legally binding** (if a MS fails to comply nothing will happen), **while if a MS fails to comply with hard recommendations sanctions are possible**.

- **increase in subordination of social cohesion of MSs to fiscal considerations**, as MSs inclined to follow compulsory recommendations linked to SGP → **It strengthened hard coordination, at expenses of social soft coordination**.

- **socialization of European Semester**: since 2012, **social policy dimension is more consistently integrated with economic dimension**, due to launch of **Social Investment Package** (to achieve human capital development).

- If a country fails to comply with country specific recommendations nothing will happen, but if it exceeds the threshold of 3% an excessive deficit procedure can be initiated.

- Some recommendations issued for Italy in 2018: **guarantee financial sustainability, reduce cost of labour, reduce share of pensions in social spending for other social spending (child care), rationalize family support policies**.

- Through policy coordination, EU has **ideational influence on reform processes in core re-distributive areas of welfare state**. Following the crisis, **EU policy coordination associated with EMU has become more constraining, while policy coordination through OMC has become weaker by standing still**. The two are now joined in European Semester, where **EU advice to MSs is developed yearly in country specific recommendations** → **Modes of governance are now an integral part of the process of national welfare state reforms**.

- An important area in which EU have collaborated in providing advices to MSs is **pensions**, reformed to **meet financial sustainability** (backed up by SGP), largely achieved, **equity and fairness**, still not achieved.

- EU developed a social policy that tends to concentrate on **standards and benchmarks, engaging states in reflective processes, rather than passing laws or imposing sanctions**; processes of **governance** (technic-rational frameworks) → EU has invested in **social power of more subtle forms of administrative and ideological co-optation** to produce a **cultural legitimacy for its innovative forms of governance**, rather than coercive practices.

- **Strongest identity of EU social policy in its methods**, rather than contents. Identity also lays in procedural innovation (relaunch of social policy in late 80s by Delors through debating about EU guiding social principles – moral vision rather than elements of policy, resulting in community charter of fundamental rights of workers).