

The End of Social Europe? Understanding EU Social Policy Change

Paolo Graziano & Miriam Hartlapp

Abstract: The financial and economic crisis has increased attention on EU social policy, yet little policy change has been realized. Drawing on Easton's political system approach, we differentiate demand emanating from the difficult situation following the crisis and support in form of the 2004, 2009 and 2014 European elections. On the output side, we show how social policy has been substantially removed from the priorities of the EU political agenda already prior to the crisis. We argue that it is the contrast between crisis-generated demand and a more long-term lack of policy support that empowered actors interested in deepening economic integration and austerity policies. We present new empirical data that shows how partisan and governmental preferences are channelled through the EU institutions and how thus, changing ideological composition of the Commission as agenda-setter and an asymmetrical intergovernmentalist turn, have been key driver for the substantial decline of EU social policy provision.

Keywords: asymmetrical intergovernmentalism, EU Commission, EU social policy, European Council,

INTRODUCTION

The financial and economic crisis has increased societal and academic attention on European Union (EU) social policy. In mid 2000s, it looked like the EU was going to revamp the social

policy agenda in order to cope with the mounting problems connected to the development of the financial and economic crisis. In March 2008 the Council of the EU Presidency conclusions reconfirmed “the importance of the social dimension of the EU as an integral part of the Lisbon Strategy” (Council of the European Union 2008: 4). Nevertheless, in the following years the main concerns regarded economic stability, public expenditure containment and structural reforms (Blyth 2013). Austerity became a key word in EU public policy and the social dimension – in terms of strategies and resources – virtually disappeared from the EU political agenda (Daly 2012). Even more recent evaluations of the European Semester have outlined that the minimal advancement has been ‘conditional and contingent’ (Copeland and Daly 2018: 1016). Even the various social policy packages promoted in recent years – Europe 2020 (2010), Employment and Youth Employment Package (2012), Social Investment Package and Youth Guarantee (2013) as well as the Pillar of Social Rights (2017) – have been clearly included in an overall policy setting where the social policy competencies of the EU are still very limited within an overall redefinition of EU governance (Graziano and Halpern 2016). Thus, EU social policy seems to be characterized by a tension of high hopes and limited realization.

This is paradoxical since the crisis has triggered increasing unemployment and raised social concerns in almost all the EU countries and therefore EU institutions – and the EU Commission in particular – could have profited from the increasing salience of the ‘problem pressure’ and promoted more structured EU policies aimed at employment creation or unemployment protection, social inclusion and labour standards. This constitutes our empirical starting point: Despite the crisis, why was social policy removed from the EU political agenda? How and why did this happen? Was it really a shift in ideas (as some scholars have argued, for example Crespy and Menz 2015b) or – rather – more long alteration of actor constellations and interests?

To address these questions, we focus on relative bargaining and political strength of actors in the EU political system and within EU institutions. We show that shifts in political strength are crucial to understand how demand and supply of EU social policy are digested in the EU political system. While Easton's (1965) classical political system model abstains from opening the black box 'political system' and is limited to a generic statement that inside the black box patterns of negotiations are affected and in turn produce the output (Easton 1965: 28), we are particularly interested in investigating if and how the different type of inputs affect the interests and relative strength of core actors responsible for producing EU policies, i.e. the development of a new configuration of power relations after the 2004 enlargement and even more so after the 2008-2009 crisis.

Our contribution is innovative under three standpoints. First, while the decline of social Europe is a perceived wisdom, the argument has been substantiated mostly with a view to changes in coordinating policies (e.g. Daly 2012; De La Porte and Heins 2015). In regulatory social policies, in turn, the argument has been confined to the study of one or a few policy areas (Haar 2009; Mailand and Arnholtz 2015). We hold that regulatory EU social policy is equally important to understand the overall course of developments and present data that allows to show that a weakening has taken place not only due to increasing relevance of soft coordinating instruments, but also among regulatory instruments. Many of the regulations adopted are only revisions, while more far reaching and substantial policy advances in form of new directives are in decline.

Secondly, we situate the analysis of 'social Europe' in a wider context of public policy change in order to mobilize a stronger analytical toolkit. For power resource approaches social policy allows to balance the conflict between parties representing labours interests and parties that favour capital interests in the electoral arena (Korpi 1983). At the national level the strength of

left (or Christian-democratic) parties holds strong explanatory power in particular for the expansion of social policy (Schmidt 1996: 168). Yet, election results and the party political composition of the EU institutions as core policy-making actors have hardly found systematic attention in the study of EU social policy so far (Hartlapp 2015 on the Commission; but see Manow *et al.* 2007 on the Council). We argue that systematically considering election results and the shift to the right within EU institutions brings to the fore the misalignment between short term demand and more structural support for EU social policy.

The third reason of the novelty of our contribution regards the debate within EU social policy research – recently reinvigorated by the study of ideas. Publications highlight the reception and reproduction of social myths among organized interests as well as learning and soft emulation as driver of differential social policy developments (Kahn-Nisser 2015). With respect to developments since the crisis, Mailand and Arnholtz (2015) point at the power of dynamic coalitions to push for social policy developments. Crespy and Menz (2015b) linked the lack of EU social policy in the reaction to the crisis to an increasing liberal discourse in Brussel and particularly within the EU Commission (Crespy and Menz 2015a): the benefits of their argument lie in bringing agency prominently back into EU social policy research by stressing power of agents “with ideas, in ideas and through ideas” (Carstensen and Schmidt 2015). Yet, this carries the risks that one can no longer explain when and how ideas matter without turning to these actors.

This is where our argument comes in: focusing on more enduring changes in actor constellations and the effect this has on empowering some interests over others we provide a more substantial explanation. We argue that the main drivers of the policy shift must be researched in the rebalancing of partisan and governmental preferences as channelled through the EU institutions. In sum, Easton’s model allows us to focus on a more dynamic perspective on policy

developments that takes into account if and how actors inside the EU political system are affected by external demand and support and puts back into the equation partisan and domestic interests and their interplay within EU institutions – such as the European Council.

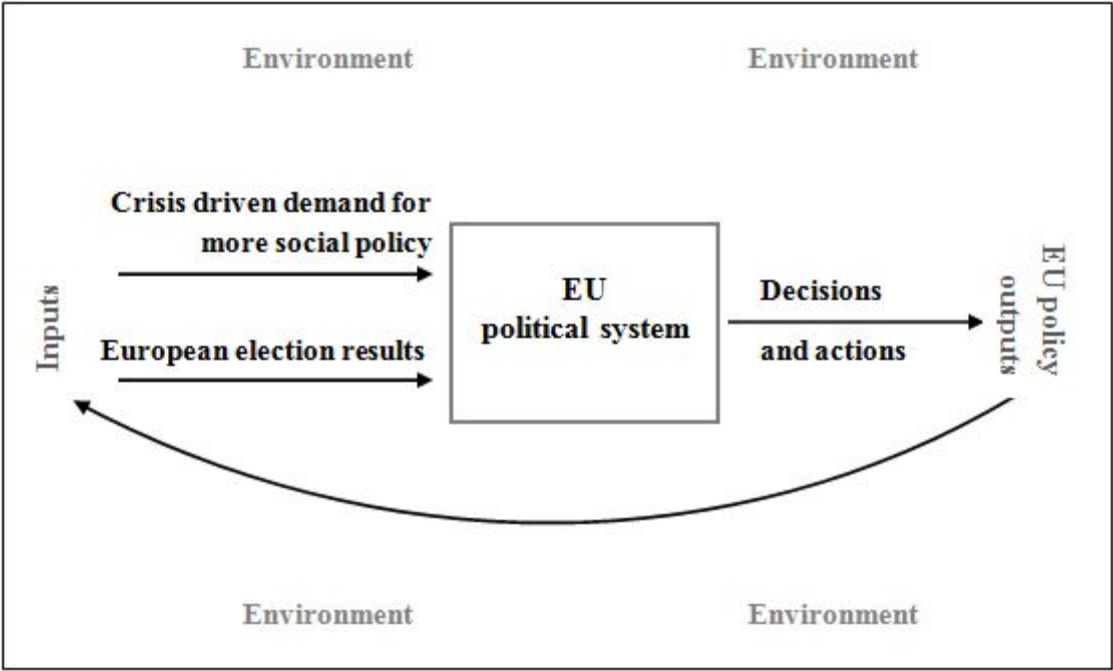
The remainder of the contribution is organized as follows. Section 2 discusses more in detail where our contribution is positioned with respect to the existing literature. Section 3 describes our empirical approach before section 4 presents stylized evidence on the puzzling observation that there is fewer regulatory and coordinating EU social policy output despite demand emerging from the crisis. We then provide empirical support for our argument that abandonment of projects of expanding EU social policies are related to changes in the power relationship within and between EU institutions (section 5). Drawing on different data sets we explore ideological composition of the College of Commissioners and interactions and relations in the inter-institutional process influenced by asymmetrical governance. Section 6 concludes.

EXPLAINING EU SOCIAL POLICY DEVELOPMENTS FROM A DYNAMIC POLITICAL SYSTEM PERSPECTIVE

In Easton's (1965) seminal work on the political system approach, inputs are considered as transactions from its environment into the political system. Inside the political system a number of actors (gatekeepers) compete and use citizens' demands and supports to produce policy outputs according to their interests. As it is well known, the main function of the institutions in a political system approach is to provide the 'authoritative allocation of values' which, in policy analysis terms, could be translated into producing legitimate decisions. Decisions are adopted following specific rules (the regime) in order to respond to the inputs of the members of the political community and various gatekeepers (such as parties, interest groups, and social

movements). Consequently, the output flows from the behavior of the members in the political system rather than directly from its environment (Easton 1965: 27). Figure 1 depicts Easton’s political system approach applied to the EU. European elections and the economic and financial crisis figure as respective support and demand on the system, while EU social policy represents the output.

Figure 1: The EU political system according to Easton



Source: adapted from Easton (1965)

Demand and support

We look at changes in the environment operating as input from the mid-2000s to 2018. We differentiate between (ad hoc) demand and (more structural) support as two sides of the input coin. On the one hand, according to Easton, *demand* on a political system is an “expression of opinion that an authoritative allocation with regard to a particular subject matter should or should not be made by the responsible to do so” (Easton 1965: 38). With the crisis, general

income levels decreased and labour market prospects deteriorated in several countries. And fiscal constraints impacted on welfare state retrenchment and member state capacity for macro-economic adjustment. This had an impact on rocketing poverty and inequality both within and across EU Member States. Against these developments, we can assume demand for EU social policy. One broad indicator for this claim is public opinion.ⁱ For example, when asked for the importance of EU 2020 policy objectives in 2013 citizens ranked highest to “help the poor and socially excluded and enable them to play an active part in society” followed by “modernization of labour markets with a view to raising employment” (European Commission 2013: 30–31). This seems to be a rather enduring demand, as in view of the upcoming 2019 European Elections 78% of citizens want more intervention on employment (citizens only call for more intervention on terrorism) and 70% more intervention on health and social security (European Parliament 2017: 13).

On the other hand, following Easton, *support* can be understood as a “major summary variable linking a system to its environment” (Easton 1965: 156). With this regard, voting behaviour is a relevant category “to reveal the way in which support is distributed, shifted and mobilized” (Easton 1965: 158). And elections represent an essential step in the definition of a policy cycle which culminates in the ‘authoritative allocation of values’. Social Europe has primarily been supported by centre-left domestic governments and by specific European parties (namely, the European Socialist Party - after 2009, Progressive Alliance of Socialists and Democrats). We can expect a weakening of actors seeking social policy goals when there is a decline in the seats share held by these two Europarties (see appendix for the European Parliament [EP] electoral results).ⁱⁱ In this respect, the European elections of both 2004 and 2009 marked a break in the allocation of support for social Europe. Following enlargement, in the 2004 elections the European People’s Party and – especially – the Alliance for Liberals and Democrats for Europe became increasingly stronger in the EP. The situation looked quite different back in the late

'80s and early '90s when a strong Socialist contingent (majoritarian between 1989 and 1999) in the EP supported EU social policies. Consequently, the contraction of social policies at the EU level should start after the European elections of 2004. The 2014 elections slightly changed the scenario but the Liberals still play a key coalition role in the EP. In other terms, and returning to Easton's model, there has been a clear mismatch between *demand* (in line with more welfare) and *support* (in line with less welfare, if not with more austerity), made even more acute due to the limited electoral participation of less privileged voters.

Thus, Easton's system approach is very useful as a general approach that highlights inputs into the political system as explanatory factors for output. However, with respect to EU social policy, the demand does not seem to yield the output easily. In the following we argue that complementing Easton's functional model with a focus on the changes in actor constellations and the resulting relative strength of interests inside the 'black box' is beneficial to solving this puzzle. By linking changes in support with their effects on actors and processes in the black box, we highlight the benefits of a more systematic analytical frame that draws on classical public policy analysis.

Changes inside the 'black box'

Following Easton's approach, we hypothesize that policy changes are related to changes in relative strength within and between EU institutions. Changes within the EU Commission and in the inter-institutional process are in turn influenced by the development of different relative strength balances after the 2004 enlargement and even more so after the 2008-2009 crisis which was particularly favourable to the governments which benefitted from enlargement and were not hit hard – in relative terms – by the economic crisis (Germany and main Central-Eastern countries such as Poland and Hungary).

First, the enlargement process and the political orientation of the EU national governments switched the party-based political centre of gravity in the EU Commission. Therefore, from a bureaucratic standpoint, the momentum of the Delors commission (1985-1995) and its legacy (launch of the EES, 1997) was never reached again in the following Commission Presidencies (Santer, Prodi, Barroso, Juncker). Even the timid relaunch attempts adopted by Prodi (2000-2005) were not capable of contrasting the growing national reluctance to engage in creating a fully-fledged social policy setting at the EU level.

Second, the economic crisis and austerity measures provided differential empowerment with respect to the Member states, namely reinforcing the strength of the German government in a context of “new intergovernmentalism” (Bickerton *et al.* 2015; Maricut and Puetter 2017) and, to a minor extent, some Center-Eastern countries which were not particularly hit by the crisis. Therefore, no relaunch of social policy is to be expected since it was not in the interest of the German and main Central Eastern governments – nor of the German electorate – to engage in a potentially costly (both politically and in EU budget terms) social policy relaunch (Bulmer 2014; Sandoval Velasco 2015).

MEASURING SOCIAL EUROPE

To support the argument developed above we provide empirical evidence at different parts of the causal chain. We use a variety of primary and secondary sources, quantitative data is presented in simple descriptive formats and combined with official documents linked to the policy process.

To describe *output* we draw on an original data base that contains all directives and regulations in EU social policy retrieved from EurLex (1957-2017). To assure selection of all relevant

secondary legislation, disregarding e.g. portfolio origin, two distinct search logics were combined. A directory code searchⁱⁱⁱ was combined with a keyword search for ‘Social Policy’ and ‘Worker Mobility’. The resulting data were merged, cleaned up and double entries deleted. Regulations exclusively based on the *Euratom* treaty are excluded as well as acts that are geographical extensions or specifically apply to single Member States without substantial policy advances. This results in a total of 347 social policy acts.

Two main sources are consulted to provide insights on the *power shifts inside and between institutions* in the EU political system. First, we trace changes in the party composition of the EU Commission by using a data base that provides information on the Commission staff since 1958.^{iv} Since 1958, the first Hallstein Commission, there have been 172 Commissioners and each can be assigned to a party family based on her personnel characteristics to trace shifts in interest constellations over time.^v Secondly, we use information on Council meetings as indicators to exemplify our argument about the asymmetrical intergovernmental shift. Data on the Council meetings is taken from the official website of the European Council (www.consilium.europa.eu). While future research could add more systematic empirical testing, we think that the chosen proxies nicely exemplify our argument.

The output

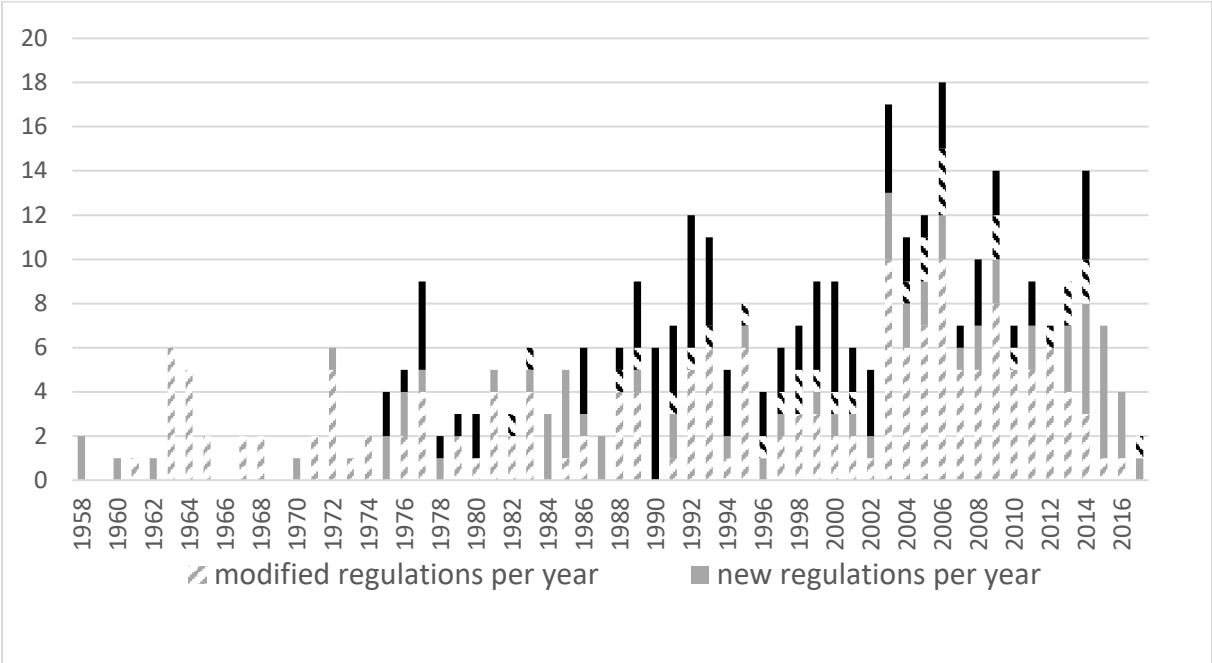
While the decline of social Europe is a perceived wisdom, it is more difficult to grasp it empirically. Social Europe is hard to measure, even where we focus on EU policy developments and not on its effect at the national level. This is the case because a number of different instruments have emerged over time: binding and non-binding regulatory instruments, different spending policies as well as coordinating instruments based on benchmarking and best practice under the OMC. What is more, EU social policy is hardly confined a policy field. Against this

background we do not claim to draw a comprehensive picture of EU social policy. Rather we decided to focus on two measures that are frequently used as indicator for social Europe in the literature: binding regulatory and coordinating policies. In both areas we provide stylize evidence on the measures proposed at the EU level and compare them over time.

EU regulatory social policy

A first, important indicator for Social Europe is legislative activity at the supranational level. Graph 1 shows the number of EU social policy regulations and directives adopted every year since the founding days.

Graph1: EU Social Regulations and Directives (1958-2017)



Looking at the development of *regulations* over time, the numbers rose slowly but steadily with a mean of 4 acts per year and constant ups and downs. As the upward bend in the new century indicates a quite sharp rise in the number of adopted acts occurred after 2002. This increase in

numbers is accounted for by a change in decision-making. Since the coming into force of the Nice Treaty, joint EP and Council regulations have almost entirely replaced Council acts. Thus, the most important changes in the policy output occurred before the crisis already and seem to be linked to institutional changes rather than demand.

Social policy *directives* are a second important indicator of social Europe. In contrast to regulations there were virtually no social policy directives proposed in the early decades, with the first directives adopted in 1975. From then onward the number of directives grew constantly with more pronounced growth taking place since the mid-1980s and particularly in the 1990s. The number of directives adopted peaked in 1992 (7 directives). However, the last decade saw substantially fewer EU social policy directives adopted.

In the EU political system, the Commission is endowed with a quasi-monopoly to propose legislation. Looking at the number of acts proposed by the Commission is thus particularly interesting to understand social policy change in the EU (not visible in the graph). The first social policy directive was proposed in 1972. The total number of directives proposed per year peaked in 1988 (7 directive) and the 1990s (6 directives in 1991, 1992, 1993 and 1998 each). The last decade saw substantially fewer EU social policy directives proposed, even if we take into account a back-lock from acts that are still pending.^{vi} Numbers are comparable to those of the mid-1970s to 1980s, despite the fact today the Treaty allows to propose EU social policy in many more areas. Closely related is the fact that over time the number of directives proposed but not adopted is declining, too. Thus, today the Commission seems to be by far less likely to act as entrepreneurial preference outlier in social policy than in the mid-1990s.

Another important development is the increasing number of revisions (including codifications and amendments). Graph 2 shows that modifications account for a large share of social policy developments. Part of this is natural since often revisions are built into acts after three to five

years or they become necessary to integrate and clarify evolving case-law. Yet, while particularly in the 1980s and 1990s a majority of EU social policy directives was addressing new issues, this is the exception rather than the rule today. We note that genuine new issues have rarely been addressed after 2008 (4 out of 13 directives proposed). From a political system perspective, if the agenda setter fails to put forward (new) measures, then it is unlikely that advances can be made in terms of EU social policy output.

EU social policy coordination

The second, more qualitative, indicator regards the role played by the Open Method of Coordination (OMC) in social policy areas such as employment and social inclusion. Initially, the OMC seemed to be the only way out of the decision-making trap which was created by the lack of willingness of member states to give away social sovereignty and the willingness and awareness of the relevance of greater social coordination. To be sure, it could be argued that also the European Employment Strategy has primarily been a marginal and partially off-target policy (e.g. Watt 2004). But – if taken together with the increasing regulation of employment and social affairs which occurred throughout the 1990s – it at least testified the presence of a social policy concern (Tholoniati 2010).

Already in the middle of 2000s, the OMC went through important changes which were then reinforced by the EU's response to the crisis. In 2010 the European Semester was introduced (Zeitlin and Vanhercke 2018) and social policy goals were either deleted entirely or integrated and subsumed under economic and austerity policies (Copeland and Daly 2018; Copeland and Haar 2013). In other terms, since the mid-2000s a profound change occurred in the meaning and coverage of the social OMC, which was further reduced in autonomous relevance in the new strategic document EU2020, i.a. the increasing importance of labour market reforms

relative to other social goals such as sustainable pensions (Bekker 2014; Copeland and Daly 2012) or of new approaches such as social investment (La Porte and Natali 2018). Besides these changes in the OMC as policy tool, increasing skepticism originates in scholarly works that highlight its limited effect (Hartlapp 2009; Kröger 2009).

Unlike other authors that have pointed to the potential of the OMC or have highlighted the punctual advances in regulatory EU social policy (Mailand and Arnholtz 2015) we think that neither of our two indicators is supportive to increasing or remaining relevance of EU social policy output. What is more, two indicators (directives and coordination) clearly support the puzzle of declining social policy output prior to the crises already. What is more, a weakening of EU social policy output has taken place not only where we point to the shift of EU coordinating relative to regulatory policy. A decline is also visible, within the governance mode regulation. Many of the regulations that are adopted are only revisions, while more far reaching and substantial policy advances in form of new directives have been in decline. We now turn to Easton's political system model to argue how analysis of demand and support can be linked to the puzzling output.

EXPLAINING OUTPUT FROM INSIDE THE 'BLACK BOX': CHANGING ACTOR CONSTELLATIONS AND EU SOCIAL POLICY CHANGE

Under conditions where inputs change, different actors come into power or see their positions strengthened within a political system. Consequently, their interaction should result in a different output. But how has this been the case in the EU? This section looks at changing actor constellations and their ensuing relative strength to push positions through. These constellations

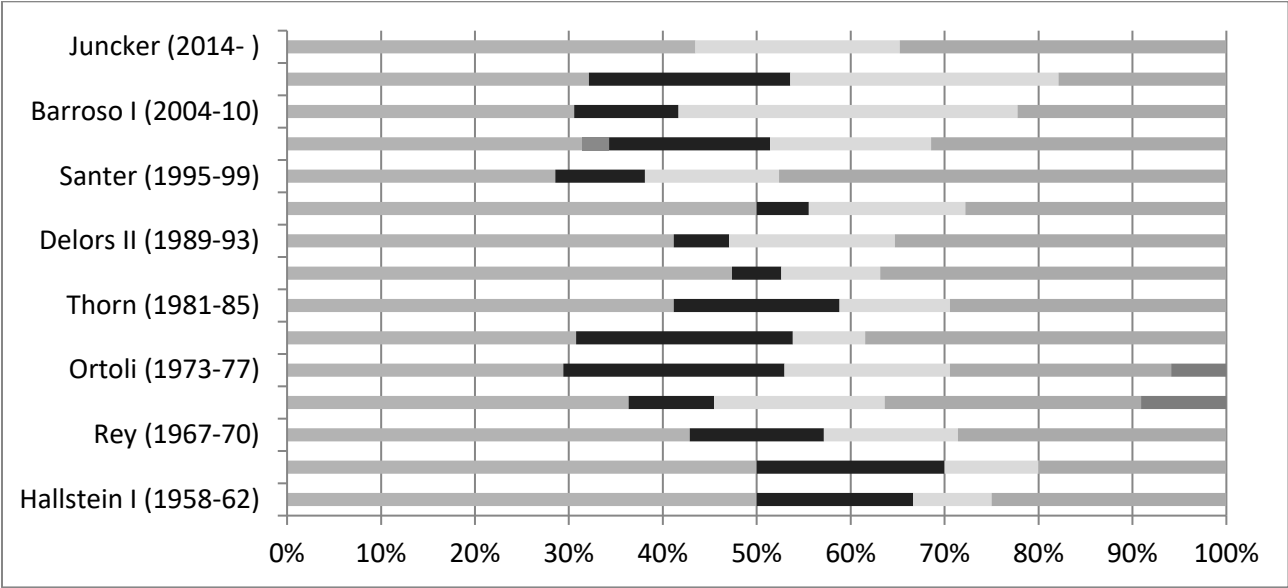
and interests are underlying decisions in the political system and are thus highly relevant for policy output. We start with insights on the EU Commission as agenda setter, before we turn to inter-institutional interactions in the political system. In order to do so, we use results from the 2004, 2009 and 2014 European elections which we consider to be relevant in order to capture the preferences of a segment of European citizens, i.e. those who decide to vote.

Changing interest composition of the College of Commissioners

Our first proposition concerns partisan composition of the EU Commission. As it is well known, the EU Commission is endowed with a quasi-monopoly to propose legislation in the EU system. We trace change in the partisan composition of the Commission. They are appointed for (usually) one term, nominated (informally) by their governments and approved by the EP. Input channels have recently been strengthened since, for the first time, in 2014 top candidates of all party families competed for the Commission President position in EP elections. While Commissioners are rarely involved in the drafting of concrete policies we can expect that their political orientation exerts substantial influence on the policies proposed for Europe via different mechanisms. First, the Commission is a collegiate body where all legislative initiatives are jointly proposed by the College of Commissioners. If the party-political center of gravity in the College changes, the point where the consensus is forged might tilt towards one or the other political option (Hartlapp and Lorenz 2015). Second, and much like top officials in national ministries, Commissioners exert substantial influence on the work done in their respective services. They define general policy directions and political choices which then trickle down into the daily drafting processes via their Cabinets. And they have a say in promotion and recruitment of personnel at the service echelons (Hartlapp *et al.* 2013). Thus, combining this insight with insights about partisan effects on social policy from the public policy literature

(Schmidt 1996) we expect, everything else being equal, a Commissioner from the conservative party family to favour economic, austerity related policies, while Commissioners from the social democratic party family should be advocates for more social Europe.

Figure 3: Party affiliation of Commissioners over time



Source: own analysis on the basis of PEU-Commission data base (<http://www.polsoz.fu-berlin.de/polwiss/forschung/international/de-fr/Forschung/PEU-Database1/index.html>)

The figure shows actual party membership/ affiliation for the time when being nominated (not, for instance, being appointed by a certain government). Months in office allow dealing with the (rare) event of changing Commissioners under an ongoing term.

Figure 3 shows that over time, alternating dominances between the party families become visible. The relative dominance of right leaning Commissions over social democrats is grounded particularly in the early Commissions of the 1960s (Hallstein I, Hallstein II, Rey) as well as in the 1980s and early 1990s (Thorn, Delors I, Delors II, Delors III). Social democratic parties saw their allegedly greatest influence in the late 1990s and early 2000s (Santer, Prodi). In line with public perception, the Prodi Commission was the least conservative while Barroso

assembled a strikingly liberal Commission. Hallstein I in turn was the least social democratic” Commission. Surprisingly, Delors comes second to Hallstein as least social democratic while typically being associated with the social dimension of Europe. A possible explanation is that under specific circumstances a single person – here the social democrat Delors – matters beyond the party political balance inside the College. The Santer and Prodi Commissions as dominantly social democratic are associated with social policy projects under the OMC.

Until the turn of the millennium the share of the liberal College members situated between 10% and 20%. Liberal Commissioners were particularly in decline in the Prodi Commission (only ca. 10% of acting Commissioners). All the more important is their number in the Barroso Commissions where they put up for almost 40% of the College (first term) and ca. 30% (for the second term). In both terms, a coalition of liberal and conservative Commissioners reaches an all-time high (72,5% under Barroso I and 70,2% under Barroso II). While the Juncker Commission is stronger in Commissioners with social democratic partisanship they are still outnumbered easily by conservative Commissioners, let alone by a conservative-liberal alliance. Thus, when focusing the Commission terms, the crisis support (via national governments) has translated into stronger influence of liberal ideology in the Commission.

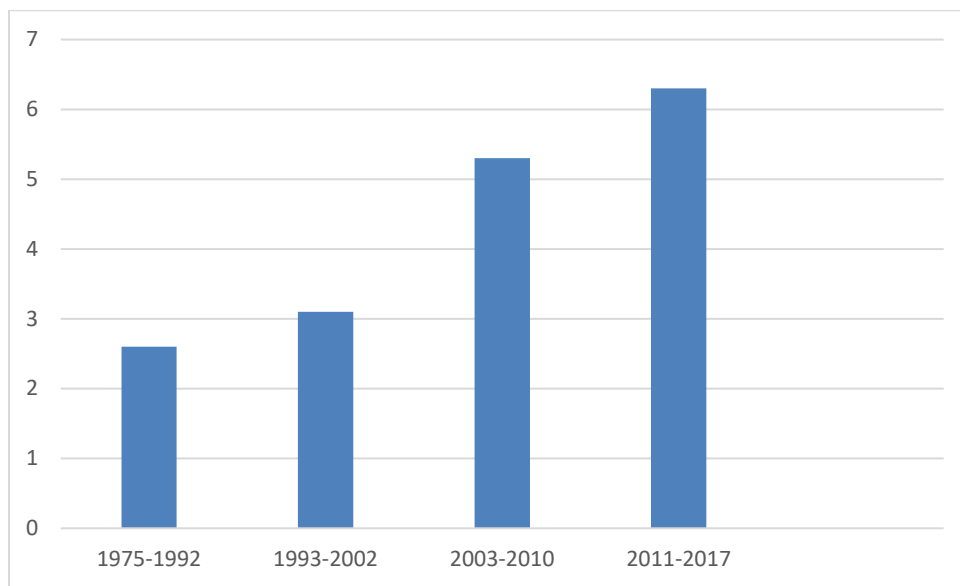
The effects of these shifting constellations are difficult to trace at an aggregate level – not least since policy-formulation and agenda-setting within the Commission is multi-causal. Yet, analysis of the process leading to the adoption of the patient mobility directive shows the mechanisms through which partisan interests affected the drafting even when controlling for national interests (Hartlapp *et al.* 2014: 113).

The intergovernmentalist turn

Policies are negotiated and adopted in the inter-institutional process: input affects the relative strength of the EU Commission and the European Council as well as between economic and social policy actors (Maricut and Puetter 2017). Two shifts seem important: relative strength gains of the Council on the European Commission and relative strength gains of some Member States which benefitted from enlargement and were not severely hit by the economic crisis and therefore were less favourable towards more EU regulation with respect to social policy.

On the first shift, the long-lasting debate between intergovernmentalists and neofunctionalists has been one of the most fertile debates to theorize about European integration. For our research purposes, we are interested in the role of member states in the past years in terms of setting the policy agenda and reaching European policy solutions. First, we need to look for indicators which may state the growing relevance of the domestic governments power at the EU level in order to assess the power balance. The number of European Council meetings held serves as proxy. Figure 4 shows that in the period between 1975 (the first year when European Councils were held) and 1992, the average number of meetings is 2.6; in the 1993-2002 period, the average is 3.1, whereas in the 2003-2010 period, the average is 5.3 (with a peak of 10 meetings in 2010), and 6.3 meetings during the 2011-2016 period (for a similar argument, see also Maricut and Puetter 2017).

Figure 4. European Council meetings, 1975-2017



Source: own calculations of yearly averages based on official European Council data (www.consilium.europa.eu)

We believe that, although it is quite a gross indicator, it tells us more about how EU policy-making has changed over time. It indicates that the Commission has lost influence on social policy making relative to the European Council. True, the Commission maintains its agenda-setting powers but, thanks to the increasing frequency of the meetings, the intergovernmental side has increasing influence by further supervising the policy formulation phase. What is more Pochet (2005: 6) has argued: “The [EU2020] process resembles more of a mutual adjustment between governments (mainly right-wing) wishing to adopt certain reforms and the Commission (DG ECFIN) which would supply complementary arguments [...]”. Two recent initiatives developed by the European Commission illustrate this – the revision of the Posted Workers Directive, not particularly innovative in terms of boosting social Europe in term of regulation, approved in June 2018 and the European Pillar of Social Rights (EPSR), launched in 2016. For the Posted Workers Directive, the fierce intergovernmentalist bargaining which

was triggered by it showed that Germany played once again a broker role (on this occasion, against Central-Eastern countries: Euractiv, 30/5/2018). With respect to EPRS the goals reached so far – mainly, a social scoreboard, a few revisions of existing directives and non-binding recommendations – are the product of intergovernmental reluctance in moving towards more regulation.

In terms of the second shift, within the European Council – and in the various council formations which drafted the new economic governance policies – Germany was the pivotal actor in the main measures as in the case of the most important provision of all, the Treaty on stability, coordination and governance in the economic and monetary union (TSCG) (for details of how Germany shaped the policy and managed to obtain all its main goals, see Bulmer 2014; Kreilinger 2012; Sandoval Velasco 2015). Put differently, the political scenario which unfolded during the management of the crisis turned into the concentration of intergovernmental bargaining power in the hands of the German government, one of the few countries which did not pay heavy economic and social consequences of the crisis. Intergovernmentalism prevailed, under an innovative asymmetrical form, since Germany played the broker role in the economic governance policies' negotiations and did not open the door for the relaunch of social Europe. Thus, particularly member state governments seem to have been pivotal in this respect.

In sum, the two empirical accounts on changing patterns of party affiliation and relative ideological turn within the Commission and of asymmetrical intergovernmentalism provide important insights for the functioning of the black box in Easton's model. We suggest that in an overall context of the European political system characterized by enlargement, crisis and changing political majorities in the European Parliament (from a EPP-PES one to a EPP-ALDE one, especially after 2004), the internal (within the EU Commission) and external (between the EU Commission and the Council) rebalancing of relative bargaining strength has been

detrimental to the pursuit of ‘social Europe’ and favoured an ‘austerity-focused’ political agenda in line with an unprecedented form of intergovernmentalism – an asymmetrical one.

DISCUSSION

We started from the puzzling observation that the EU political system does not provide for a social response to the crisis. On the contrary, economic integration and therewith austerity measures are deepening. In terms of regulatory EU social policy, new directives are not only declining in absolute numbers; rather, only few instruments with substantially new standards that run the risk of being rejected in the Council are proposed. This points at an ever less entrepreneurial and innovative agenda setter. Even the recent completion of the negotiation regarding the revision of the posted workers’ directive or the so far limited impact of the European Pillar of Social Rights confirm the fatigue of social policy advancement at the EU level. Taken together with the developments in the area of social OMCs, it paints a clear trend of a decline in social Europe. It is striking that, notwithstanding a growing citizens’ support towards more social Europe, over the past ten years, European institutions and member states’ governments have supported other policies. While initially only indirectly promoting social policies, more recently (e.g. after 2008) they have directly promoted measures not favorable to a relaunch of social Europe and in some countries devastating in terms of domestic economic and social developments.

Drawing on Easton’s political system approach we identified EU elections as well as crisis demand as inputs and asked if and how they alter patterns of power relationships inside the EU political system. In line with our basic hypothesis, looking at the Commission we found that from the mid-2000s the party affiliation composition of the EU’s agenda setter changed

substantially as a result of the changed electorate after enlargement. Furthermore, the entrepreneurial capacity of the EU Commission in the social policy field has been overall limited by the predominance of domestic governments interests (especially the interests of those countries which benefitted from enlargement and were not particularly hit by the crisis): with this regard, changing patterns of relative strengths in the inter-institutional process was a consequence of asymmetrical intergovernmentalism, i.e. a specific type of intergovernmental relationship which follows mainly the political preferences of one pivotal government (Germany) which was primarily following ordo-liberal ideas and managed – by virtue of its resources and capabilities, policy initiatives and legitimacy (Bulmer 2014: 1251–56) – to focus on the enforcement of EU austerity measures rather than expanding EU social policy (obtaining support from Central-Eastern governments, typically not in favour of more EU regulation – as the revision of the posted workers directive demonstrates).

In sum, such a dynamic picture highlights that the EU political system seems to be responding to election results (*support*) rather than to more general demands (*input*) and producing, since 2004, ongoing consequences on relationships inside the box that works to the detriment of EU social policy. The consequences of our findings should be considered by future research, since the mismatch between citizens' demands' and voters' preferences could well be a more systematic feature of the EU system, given the traditionally low turnout rate and a (perceived) non-responsiveness of the EU.

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Earlier versions of this paper were presented at the Council of European Studies Conference 2014, and at guest lectures at the University of Catania (2014), Glasgow Caledonian University (2015), Corvinus University (2016), University of Bath (2016), LSE (2016), LIEPP, SciencesPo (2017), Queen Mary University of London (2017), University of Heidelberg and Syracuse University (2018). We wish to thank participants (especially Martin Lodge, Paul Copeland and Jale Tosun) and the three anonymous reviewers for helpful comments.

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- i We are aware that rather than setting public opinion and demand equal, the former is shaping the latter ((cf. Easton 1965: 42).
- ii We note that changes in governments' composition across Europe are closely connected, but we find it difficult to integrate them as inputs to our scheme for analytical reasons. Rather national governments act in the EU political system via the Council.
- iii The codes covered are freedom of movement for workers (05.10), general social provisions (05.20.05), European Social Fund (ESF, 05.20.10), working conditions (05.20.20), employment and unemployment (05.20.30), social security (05.20.40), approximation of certain social provisions (05.20.50), insurance related to the right of establishment and freedom to provide services (06.20.20.10), social conditions of transport policy (07.20.40.20), health protection (15.30), and European citizenship (20.20).

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- iv <http://www.polsoz.fu-berlin.de/polwiss/forschung/international/de-fr/Forschung/PEU-Database1/index.html>
- v We are aware that variation across national parties is substantial, even within party families, but think that party political orientation of Commissioners can nevertheless bears insights.
- vi We thus exclude the last two years since on average it takes two years to adopt an EU act in the inter-institutional process)

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