

The Recovery and Resilience Facility: have social actors been sidelined?

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Key note address

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Webinar on the 7th September 2021, 10h-11h30 (CET)

   **etui.**



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European Council Agrees to unprecedented support

- Responding to the Covid-19 pandemic the July 2020 European Council agreed to unprecedented financial support to member states
- Goal: help with the economic fall-out of the pandemic (temporary)
- RRF created (Feb 2021): a *temporary* institutional structure
- Supports member states with loans and grants
- Recovery and Resilience Facility (RRF) → National Recovery and Resilience Plans (NRRPs)
- *Does this setup change the power balance in EU macroeconomic architecture among key actors (e.g., financial and economic versus social affairs actors)?*
 - Policy Brief, drawing on forthcoming *Journal of Common Market Study* article



European Council July 2020

RECOVERY AND RESILIENCE FACILITY

How will Member States access €672.5 billion in EU recovery funding?

Commission raises necessary funds on markets by issuing bonds



#EUEconomyExplained #StrongerTogether



Source: European Commission

The RRF & the European Semester

- RRF reaffirms the European Semester as the key vehicle to guide macroeconomic policy coordination in the EU
- What happened to the EU's socio-economic governance: the RRF incorporated into the existing institutional structure of the Semester
 - *What is the role of the Semester in the RRF?*
 - *What elements of the Semester coordination process change/remain in future of EU's socio-economic governance ?*
- Research based on extensive document analysis and 23 semi-structured elite interviews (October 2020-July 2021)
 - People with senior positions in different Directorates General of the European Commission, European social partners organisations and in member states
 - We continue the fact-finding in the next weeks (ETUI/AK EUROPA)

“Somebody has
been at my por
ridge!”

“Somebody has been at m
porridge!”

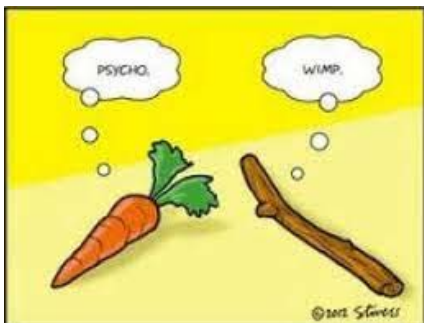
Somebody has been at my porridge, and has eaten it all up!

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The European Semester as 'Goldilocks' mode of governance for the recovery

- Historical institutionalism & formative experience of the euro area crisis
- Timing
- Having some kind of conditionality for spending grant money (RRF)
- European Semester not too soft; not too hard: something to build on – hardening the European Semester (more carrots and sticks)
- *Will the same actors have the same roles?*



How does the integration of the RRF in the European Semester change economic policy coordination?

- Some Semester vehicles have been *'frozen'* (no Semester 'Winter package')
 - *Country Reports: replaced by evaluations of the NRRPs (SWD)*
 - *No new Country-specific Recommendations, except on fiscal matters; all previous CSRs remain valid*
- Other Semester tools have already been *transformed*
 - Commission's *Annual Sustainable Growth Strategy* became 'RRF guidance' tool
 - *National Reform Programmes* gained in salience: coupling with NRRPs
- *And some are being reshaped at the present time*
 - *Multilateral surveillance* (on hold, for a while)

*Have social actors been
sidelined?*

A nuanced response is needed

Strategic actors in search for a place around the table

- Formally, management of the RRF entrusted to the Commission's SECGEN & DG EFCIN, subject to control of the MS
 - Economic and Finance Committee, with back-up role for the European Council
 - Commission in driving seat to steer and monitor the use of funding
 - National level: prime ministers, finance ministers and ministers responsible for cohesion policy call the tune
- In the initial months following the launch of the RRF, 'Social affairs players' seemed to have lost access they had in the Semester
 - EPSO Council and its committees: a marginal role in the initial months
 - Commissioner Schmit not in RRF Steering Board, DG EMPL no longer a 'Core DG'
 - Stakeholder involvement down the drain in past cycle, to ensure speedy action and because they needed to develop new entry points



Strategic actors in search for a place around the table

- Since late 2020/early 2021: strong indications that social actors are reemerging
 - EPSCO Council, DG EMPL, social partners are – with varying degrees of success – trying to get a foot in the door of the RRF decisions
 - **Pre-existing Semester** tools provide them the institutional template, the legitimacy and the legal base to do so:
 - EPSCO Council demanded its place in the NRRP implementation and (exceptionally) referred to Treaty to reclaim its legitimate place
 - After months of hesitation about which role to play, EMCO and SPC revamped multilateral surveillance, to ensure input in RRF
 - DG EMPL is fully involved in NRRP assessments and meetings with MS: ‘country intelligence’ required
 - RRF Regulation requires that MS report on how input of stakeholders is reflected in NRRPs
 - But window of opportunity to engage was very small

Strategic actors in search for a place around the table

- EU level officials have shown themselves receptive to social issues and the views of social actors.
 - The online meeting culture of 2020-2021 further facilitated access and consultations
 - Suggests that initial sidelining of social actors resulted from 'crisis policymaking', rather than a strategic move to discard certain players

Conclusion and discussion

- Social affairs players' roles in EU's economic governance cannot be taken for granted
 - Puzzling, in view of a) the past 'socialization' of the Semester; and b) huge social spending that is involved in NRRPs
 - Linked to constitutional asymmetry between economic and social policies in the process of European integration
- And yet, Semester offers (path-dependent) *opportunities and resources* for strategic agency by contending groups of actors
 - After initial sidelining, social affairs players geared up to seize their place in this new and evolving governance architecture: quickly moved back to adopting Semester practices
 - The European Semester may end up becoming *more effective* due to the choice to embed the RRF within this 'soft' (goldilocks) mode of governance
 - Carrots and sticks: taken much more seriously by member states and stakeholders

Questions for discussion

- *Which role for the EP in the new architecture?*
- *Can the Commission really prevent financial contributions to be allocated to certain member states (and for how long)?*
- *Quality of stakeholder involvement at the national level (incl. of civil society)?*
- *Will social stakeholders end up (again) being 'heard' at the EU level, without their voices being 'listened to' (i.e. have practical effects)?*
- *Did the European Pillar of Social rights really serve as a compass to write the NRRPs?*
- *By funding certain investments and reforms, and not others, the EU is getting under the skin of the member states... but can it account for the consequences of reforms?*
- *Which monitoring tools (by the EP, the EESC, social stakeholders) can be put in place to monitor the systematic and transparent involvement of national and EU social stakeholders in the implementation and monitoring of the NRRPs?*

Sources

- Vanhercke, B. and Verdun, A. (2021), The Recovery and Resilience Facility: have social actors been sidelined? AK EUROPA Policy Brief 08/2021 — Economic, 4p.
- Vanhercke, B. and Verdun, A. (2022), The European Semester as Goldilocks: Macroeconomic policy coordination and the Recovery and Resilience Facility, *Journal of Common Market Studies*, Special Issue.



Your feedback most welcome,
now or at

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