Research Article


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Abstract

The European Semester, the foundation of postcrisis economic governance in the European Union (EU), has become the locus of struggle between the economic and social goals of the EU. The persistent hierarchy of social and economic goals and subsuming of social policies to market-making logic have been at the centre of scholarly and political discussions about the Semester since its inception. This article examines how the European Parliament (EP), the EU’s representative institution, engages with the social/economic relationship within the technocratic and expert-led Semester and what political and ideological alternatives the EP proposes. We ask where and what are the key conflicts within the EP regarding the social dimension of economic governance and how they affect policy outcomes. By discursively exploring the EP reports on the European Semester for the 2014-19 term and analysing the conflicts between political groups and between the EP committees, the article argues that the EP takes an ambiguous and contradictory position on the relationship between economic and social governance and does not provide a real alternative to the status quo.

Keywords

European Semester; European Parliament; Economic governance; Social policy; Democracy
The European Semester, which serves as the main framework of the postcrisis economic governance of the European Union (EU), has enhanced the powers of EU institutions, particularly the European Commission, in scrutinising and coordinating member states’ fiscal, macroeconomic and social policies (Verdun and Zeitlin 2018). The European Semester has also become a key arena in which the long-standing battles between the EU economic and social goals are fought and where the relationship between ‘the social’ and the ‘economic’ is negotiated within and between the various EU institutions (for example Zeitlin and Vanhercke 2018; Copeland 2020). Over the 2010s, the Semester has been partially ‘socialised’ in the sense that social goals have become more visible in policy recommendations and social actors have gained more power within the process (Zeitlin and Vanhercke 2018). Despite these advances, as well as the proclamation of the European Pillar of Social Rights (EPSR) in 2017 and its integration in the Semester, social policy continues to be framed in terms of macroeconomic priorities and market logic (Dawson 2018; Copeland 2020; Copeland and Daly 2018). Based on this, it has been suggested that the EU suffers from a social deficit in terms of the interests it represents and the policies it pursues (Copeland 2020). The social deficit intertwines with the democratic deficit in EU economic governance caused, among other things, by the lack parliamentary involvement and political and public debate.

This article scrutinises the struggles around the relationship between ‘the social’ and ‘the economic’ within the European Semester in the context of the European Parliament (EP). In doing so, it examines the involvement of the EP, the only EU institution with a direct democratic mandate, in technocratic economic governance processes that impact the daily lives of EU citizens, as well as the political alternatives the EP proposes. The European Semester has been seen as a ‘bureaucratic process geared towards expertise’ (Crespy and Schmidt 2017: 108) and out of reach of political debate and democratic accountability to the EP and national parliaments (Fromage and van den Brink 2018; Crum 2018). The role of the EP in the procedures of the European Semester has been limited to the economic dialogue between the EP and other EU institutions (Fromage 2018). However, as part of its efforts to profile itself as a ‘democratic watchdog’ of EU economic governance (Crespy and Schmidt 2017: 110), the EP has looked for other channels of influence (see Fromage 2018). One such channel is the annual reports by the EP commenting on the policy priorities of the European Commission and the policies implemented by the member states. Although this non-legislative input has little impact on the Semester’s policy priorities and policy recommendations, it provides an opportunity to study democratic and political struggles over the content of the technocratic governance process in the EU political space, as well as political and ideological alternatives to the status quo. The input of the EP can either legitimise or challenge the Semester’s policies and understandings as it contributes to the discursive construction, or transformation, of the persistent economic/social hierarchy.

Our analysis of the EP’s positions and internal battles around the social/economic relationship in the European Semester draws on the idea that assessing the role of the ‘social’ requires exploring how the dominant ideas in EU economic governance shape the constructions of the social/economic relationship and hierarchies and framings of social issues (see Adranghi, Koutny, Corti, Sardo, et al. 2019: 16). We ask how the key power players of the EP, the political groups and committees, construct the economic/social relationship within the European Semester and how these competing constructions influence the ability of the EP to challenge the hierarchies between economic and social goals. More specifically, we ask what and where are the key conflicts within the EP regarding the social content of economic governance and how these conflicts influence policy outcomes. The research material consists of 16 European Semester reports prepared by the Committee on Economic and Monetary Affairs (ECON) and the Committee on Employment and Social Affairs (EMPL), as well as related committee debates from the 2014-2019 legislature and 16 semi-structured interviews.
with Members of the European Parliament (MEPs) and staff involved with the reports. We analyse the data through a critical discourse analysis.

The contribution we make to the research on the European Semester is twofold. First, studying the social/economic relationship within the European Semester from the EP perspective adds new insights to earlier literature on the topic, which has focused on the European Commission and Council of the EU (for example Zeitlin and Vanhercke 2018; Maricut and Puettet 2018; Copeland 2020; Copeland and Daly 2018), here by drawing attention to processes of democratic legitimisation and contestation. Second, the research on the EP’s involvement in the European Semester has focused on the instruments and mechanisms of EP participation (for example Fromage 2018; Crum 2018). Our emphasis on intraparliamentary struggles on the policy content of the Semester shifts attention to the alternatives provided by the EP. The article also contributes to the literature on conflicts within and between EP political groups, the current article demonstrates how the political conflicts related to the social/economic relationship also play out between the economic and social actors of the EP. We argue that because of these conflicts, the EP takes an ambiguous and contradictory position on the relationship between economic and social governance, being neither a fully progressive ‘socialising’ institution, nor a mere rubber stamp for the market-making logic of the European Semester. Therefore, the EP does not provide a real political and ideological alternative to the market-oriented social policies of the Semester.

We begin by discussing the literature on the limited ‘socialisation’ of the European Semester and the lines of conflict within the EP. The following section outlines the methodology and research material. The three empirical sections analyse the main contestations we found in the EP regarding the social/economic relationship within the Semester: the struggle for the balance between the economic and the social; the hierarchy in social policies and their framings; and the role of social spending. We conclude discussing the new research avenues and questions that have been opened up by our analysis.

**THE LIMITED ‘SOCIALISATION’ OF THE EUROPEANSEMESTER**

In this section, based on scholarly debates about the ‘socialisation’ of the European Semester, we suggest that assessing the role of the ‘social’ requires paying attention to how it is constructed in the policy process. The annual European Semester process is a governance tool for scrutinising and coordinating the member states’ fiscal, macroeconomic and social policies through a mix of regulatory binding and sanctioned instruments and voluntary coordination (Verdun and Zeitlin 2018). During the policy coordination cycle, the European Commission, the Council of the EU and the European Council set socioeconomic priorities for the EU (Annual Growth Survey, AGS), review national performance and policies, and issue country-specific recommendations (CSRs) to member states across a wide range of policy fields, from fiscal policy to wage determination, education and healthcare. In addition, the draft budgets of Eurozone countries are assessed.

The ‘constitutional asymmetry’ (Scharpf 2010) between the ‘economic’ and ‘social’ goals and policies of the EU is found at the foundations of the Semester (Parker and Pye 2018; Crespy and Mentz 2015; Copeland and Daly 2015). One reason for this is that the economic governance tools of the Semester, the Stability and Growth Pact (SGP), the Fiscal Compact and the Macroeconomic Imbalance Procedure (MIP), are more binding and better reinforced than the social aspects, such as the poverty target of the Europe 2020 Strategy (de la Porte
and Heins 2015). Yet the European Semester has evolved from its initial emphasis on fiscal consolidation towards a more social direction. For instance, the number of social and employment recommendations has increased (Zeitlin and Vanhercke 2018; Bekker 2015). The integration of the EPSR into the Semester in the 2018 cycle further increased the visibility of social goals (Hacker 2019; Adranghi, Koutny, Corti, Sardo, et al. 2019).

Zeitlin and Vanhercke (2018) see these shifts as ‘a partial but progressive socialisation’ of the European Semester. They point out that despite institutional asymmetries and power imbalances, social and employment actors have been able to reshape the content and processes of the Semester. We hold, however, that any attempt to assess the role of the ‘social’ in the Semester must look beyond the mere presence of social content and actors. It is crucial to examine how the social/economic relationship is constructed, which social issues are included and how the underlying assumptions and ideas shape the understandings of these issues.

Based on earlier research, we argue that the ‘socialisation’ of the European Semester has been limited in three ways. First, only a restricted number of social issues supporting the EU’s economic goals have been included. For example, the implementation of the EPSR into the Semester has focused on the principles related to employment; that is, policies compatible with the economic priorities of the EU, such as achieving fair competition in the labour market, and increasing labour productivity and flexibility (Hacker 2019: 57). Some priorities have been completely or partly missing (for example no references to in-work poverty or the right to fair wages), and some have been weakened (for example the right to adequate minimum income linked to certain conditions) (Adranghi, Koutny, Corti, Sardo, et al. 2019: 19).

Second, economic goals and ideas shape the way social goals and policies are discussed within the Semester. Copeland and Daly (2018: 1002) argue ‘EU social policy as enunciated through the CSRs is much more oriented to supporting market development than it is to correcting for market failures’. This means that with the Semester, social policy is ‘a matter of making individuals fit the market’ (Dawson 2018: 206), here treating human beings ‘as though they are pure commodities’ (Copeland 2020: 7). For example, the rationale for pension-related CSRs was more often that of removing barriers to labour market participation than giving individuals adequate pension levels. These economised framings illustrate the narrow room for social policy within the Semester. They also show that the social actors engaged in the process have adopted this frame to have their voices heard (Dawson 2018: 206-207; Copeland and Daly 2018: 1012).

Third, the ‘socialisation’ of the Semester has neither affected the dominance of fiscal and macroeconomic goals, nor has it transformed EU macroeconomic policies. The EPSR principles related to the right to affordable, good-quality health and long-term care and adequate old-age income and pensions could be understood as challenging budget discipline and austerity. However, from the very beginning, these principles have been subordinated to the treaty-based fiscal rules of the EU (Sabato and Corti 2018: 64-65). Rather than transforming EU macroeconomic policies, the ‘socialisation’ of the Semester has led to increasing contradictions and tensions between social and economic goals. Because the fiscal goals are backed by stronger legal bases and enforcement mechanisms, these conflicts are likely to end with the economic side winning (Parker and Pye 2017: 813; Crespy and Vanheuverzwijn 2019: 107). Thus, sound public finances and budgetary discipline continue to be the principles upon which all other policy objectives are ‘dependent’ (Copeland and Daly 2015: 156).
POLITICAL CONTESTATIONS IN EP BETWEEN POLITICAL GROUPS AND COMMITTEES

Research on the social/economic relationship within the European Semester has revealed how the struggles between social and economic actors within the European Commission and the Council shape the policy content of the Semester (Maricut and Puetter 2018; Copeland 2020). In the EP, the lines of conflict are more complex and involve a party-political dimension. Previous research on EP economic and social policies has shown the multiple lines of political conflict between EP political groups and between national party delegations within the groups. We suggest that studying the contestations and policy outcomes related to the European Semester requires taking into account how inter- and intragroup conflicts intertwine with those conflicts between the other key power players in the EP: its committees.

Although economic policy has traditionally divided political groups on a left-right axis (Hix, Noury and Roland 2006), the pro/anti-EU axis became more dominant after the economic crisis (Otjes and van der Veer 2016). In the case of the legislative aspects of the EU postcrisis economic governance, the pro-EU groups on the centre-left and centre-right – the social democratic S&D, the Greens-European Free Alliance (Greens-EFA), the conservative European People’s Party (EPP) and the liberal Alliance of Liberals and Democrats for Europe (ALDE) – put their ideological differences aside to save the euro and have a strong negotiation position vis-a-vis the Council (Roger, Otjes and van der Veer 2017; Bressanelli and Chelotti 2018). The Eurosceptic groups on the left and the right – the European United Left/Nordic Green Left (GUE-NGL), the right-wing European Conservatives and Reformists (ECR), and the radical right Europe of Freedom and Direct Democracy (EFDD) and the Europe of Nations and Freedom (ENF) – voted against.

In terms of social policy, research has drawn attention to increasing political contestation, as well as multiple overlapping cleavages (Vesan and Corti 2019; Crespy and Gajewska 2010). Regarding the EPSR, the traditional left-right and pro/anti-EU axes were supplemented with tensions cutting across the groups, between creditor and debtor countries and high-wage/high-welfare and low-wage/low-welfare countries, that reduced the internal cohesion of ALDE and EPP. The conflicts were related to the content of social policy (a more or less interventionist approach), locus of authority (national versus supranational) and boundaries of responsibility (who should carry the burden and of what) (Vesan and Corti 2019).

This literature on conflicts and policy processes related to economic and social policies of the EP has focused on the ECON and the EMPL committees, respectively. In the case of the social/economic relationship within the European Semester, it is crucial to look at both committees because the Semester is debated in both. This raises new questions regarding party-political conflicts. Are the lines of conflict within and between the political groups the same in both committees? How does committee membership create additional cleavages within the groups? These questions necessitate an analysis of the conflicts between committees.

The EP committees are the key location of its legislative work (Yordanova 2009; Settembri and Neuhold 2009) and the ‘locus for the expression of policy expertise’ (Burns 2017: 52). The committees draft and adopt legislative and non-legislative reports before they are voted in the plenary, and committees are the main place for negotiating compromises between political groups (Settembri and Neuhold 2009). Committee procedures and outcomes are shaped by key actors, such as the rapporteur in charge of a file, shadow rapporteurs appointed by other political groups to take part in intra- and interinstitutional negotiations, and group coordinators, who supervise groups’ work on the committee (Settembri and Neuhold 2009; Ripoll Servent and Panning 2019). Earlier research has shown that the committees’ ideological preferences are not representative of the overall plenary and that the political dynamics vary between committees (Yordanova 2009; Burns 2017). On the one hand, committees attract
MEPs with a special interest in the topic, for instance EMPL membership has been found to correlate with trade union interests and ECON membership with business/industry interests (Yordanova 2009). On the other hand, committees can be seen as having their own logics of appropriateness (March and Olsen 2009) and rules about appropriate behaviour that the committee members seek to fulfil. In line with their different interests and rules, EMPL and ECON have been shown to have conflicting views on specific social topics in relation to the European Semester, such as gender equality (Elomäki 2021). Therefore, we anticipate conflicts between the two committees under our analysis and varying positions from political groups based on committee membership.

MATERIAL AND METHODS

We study the social/economic relationship in positions in the EP on the European Semester and the conflicts related to this relationship by using an interpretive-discursive approach. Moving away from identifying political cleavages based on voting records and interviews that have been characteristic of EP research, our approach provides an avenue for exploring how discourses of economic governance embed, sustain and reproduce the meanings of the social/economic relationship in the EP. The focus is on deconstructing the meaning of policy-relevant elements that are situation-specific and contextualised (see Yanow 2007). The method goes beyond a content analysis to attain a higher level of interpretation and deeper understanding. The elements we analyse are mutually constitutive with social realities and instrumental in perpetuating, justifying or transforming them, thereby affecting the construction of EU economic and social governance. Our interpretive methodology deconstructs texts and relates them to their political, institutional and ideological contexts (see van Dijk 2002).

Our research material focuses on the 8th EP legislature (2014-2019). The data cover 16 non-legislative reports on the European Semester, including draft reports, amendments and adopted texts: six ECON reports, six EMPL reports and four ECON reports with EMPL as an associated committee¹. A part of the reports outlined EP views on the socioeconomic priorities set in the AGS of the Commission, while others discussed member state policies. These non-legislative reports are the main tool of the EP to take a stance on the Semester, and many political groups see them as important, despite their limited influence. The document material was triangulated with 20 committee debates and 16 semi-structured interviews with MEPs and political group staff from the ECON and EMPL committees conducted in 2018-2020. Our purposively selected sample includes interviewees involved in the analysed reports as rapporteurs, shadow rapporteurs or political advisers, with a focus on mainstream groups participating in the policymaking process (see Brack 2017). The interview guide focused on intragroup and intergroup policy-making processes and group positions.

Our analysis proceeded in three interconnected steps. First, we coded the document material in the qualitative analysis programme Atlas.ti to structure the extensive data for the discursive and interpretive textual analyses and to allow for comparisons between committees and groups. The coding system developed deductively and inductively was informed by the literature on the social/economic hierarchy within the Semester and was designed and discussed in multiple meetings to ensure consistency and coherence between the coders. The coding system aimed to identify discursive constructions of the social/economic relationship (for example economy prioritised, social prioritised), the specific social policy issues discussed (for example poverty, different care services) and discursive constructions of these issues (for example a cost, an investment, valuable in itself, labour-market logic) (see Appendix 1). Based on our coding, we compared the presence of different social issues between the political groups and the committees and identified differences between the groups and committees in
terms of how the social/economic relationship and specific social issues were constructed. We also compared draft reports, amendments and adopted texts to assess which perspectives were included in the compromises.

Second, to deepen the analysis of political group positions and conflicts between them, we analysed videos of 20 committee debates corresponding to the reports, here by following a schedule of sensitising questions on political conflicts and policy content. The committee debates provided interpretive material for the analysis of the political and ideological contexts of the discourses. Finally, we used the interviews to contextualise, explore meta-narratives and nuances within political group positions and gain insights into the policymaking processes. In line with our discursive approach, we analysed the interviews as discursive constructions of group positions and policy-making processes. We triangulated the research material to juxtapose, compare and contrast the data from EP documents, debates and interviews, aiming for a high credibility and validity of our interpretive outcomes.

Our data show that the relationship between social and economic goals and policies was one of the key Semester-related conflicts between the political groups. Nuancing debates about political contestations in the EP and the Semester ‘socialisation’, our interpretive discourse analysis, which is informed by extant literature and the triangulation of our research material, has identified three main contestations: conflicts over the balance between the economic and social dimensions; the hierarchies of importance within social governance and the framing of social issues; and the role of social spending. The following sections examine these findings, focusing on the ECON and EMPL committees and the different discursive positionalities of the political groups within them.

THE CONTESTED ‘BALANCE’ OF THE ECONOMIC AND SOCIAL

In the ECON committee, the mere idea of having a social dimension in the European Semester was contentious along the left-right axis. S&D actors represented the social dimension as one of the Semester-related priorities of the group (Interviews 3, 6, 11), and the group took the lead in raising social concerns in the committee, here supported by the Greens-EFA, the GUE/NGL and the Italian EFDD delegation. However, only the pro-EU S&D and, to a lesser extent, the Greens-EFA demanded a stronger social dimension to the Semester, mainly through technical calls for more visible social objectives and the better use of social indicators in macroeconomic surveillance. In contrast, the EPP, joined by the other centre-right group, the ALDE and the moderately Eurosceptic ECR, reproduced the hierarchy between economic and social goals and an understanding of social policies as ‘secondary order issues’ (Copeland 2020), taking a critical view of the Commission’s efforts to enhance the social dimension of the Semester: ‘The Annual Growth Survey is a matter of economic policy coordination, and therefore needs to remain a matter of economic policy coordination’ (Interview 7). EPP actors described social concerns, including the EPSR, as ‘additional issues’ (Interview 5) that were threatening ‘pure’ economic policy coordination (Interview 7).

Conflict over the social dimension surfaced in committee debates. The S&D, together with the Greens-EFA, GUE/NGL and the Italian delegation of the EFDD, criticised the EPP for paying even less attention to social issues in draft reports than the Commission: ‘All references by the Commission to inclusiveness simply disappear with the text. That is a problem, a political problem for us’ (Pereira, S&D/PT, debate on the AGS 2019 draft report). The EPP, in turn, criticised S&D draft reports for being too ‘social’:

The first point of concern is the proportion between the economic, social and environmental objectives. Here I would like to remind all the colleagues that
the main problem we are facing in Europe is low growth and the situation has gotten worse ... Of course all those concerns that have been put in the report concerning social inequalities, poverty, are very important, nevertheless I think that those have to be balanced with a meaningful recipe for activation and accelerating economic growth. (Rosati, EPP/PL, debate on AGS 2016 draft report)

The quote above reveals how the ‘social’ is discursively constructed as less important than the ‘economic’ in a manner that legitimises the social/economic hierarchy within the Semester. Representing low growth as the ‘main problem’ implies that social problems are secondary. The juxtaposition between social concerns and measures to achieve growth ignores the interrelationships between social and economic development and constructs social concerns as less relevant to economic governance.

The boundary policing by the EPP meant that progressive groups had to fight hard for the inclusion of social priorities in the reports (Interviews 6, 8, 9). The outcome could be described as a ‘social whitewashing’ of the unchanged economic priorities that is reminiscent of the European Commission’s contradictory discourse (see Hacker 2019). In the adopted reports, passing references to social concerns—often just the word ‘social’—existed side by side with the more elaborated economic goals. Structural reforms to increase employment and competitiveness were to be ‘socially balanced’, fiscally sustainable pension and social protection systems were also to be ‘adequate’, and discussions of the fiscal sustainability and cost-effectiveness of healthcare services were softened with references to ‘quality’ and ‘universal access’. Furthermore, the ECON committee was mainly silent about enhancing the social dimension of the Semester, thus ignoring the increased visibility of social issues and integration of the EPSR into the Semester (Zeitlin and Vanhercke 2018; Hacker 2019). The S&D and Greens-EFA’s calls for better use of social indicators and better integration of the EPSR were mainly overridden by the EPP, ALDE and ECR.

In the EMPL committee, in contrast, all groups saw the social dimension as important. However, the EPP’s and ALDE’s preference for the economic over the social was visible in how they reminded the committee of the need to take economic issues into account: ‘In a globalised world there is no sustainable social development without a strong and competitive economy’ (Ribeiro, EPP/PT, debate on AGS 2016 draft report). Moreover, for the centre-right groups, a balance between social and economic concerns did not necessarily mean a change in the economic goals. Competitiveness and fiscal consolidation, policies with questionable social impacts, remained a key priority.

The controversies focused on concrete measures to strengthen the social dimension. Apart from the far-right Eurosceptic groups, political groups agreed to include more social indicators and EPSR principles in the Semester. The amendments and interviews reveal, however, that disagreements surfaced when it came to addressing the asymmetry between enforceable economic policies and unenforceable social goals (see de la Porte and Heins 2015). The Greens-EFA and S&D MEPs regretted that the social indicators in the MIP were not binding, suggesting that, like economic indicators, they should ‘trigger corrective action’ (Jean Lambert, Greens-EFA/UK, amendment to AGS 2017). Even if some ALDE and EPP MEPs used the rhetoric of ‘equal footing’ in amendments and debates, the idea of binding social indicators was constructed as a ‘red flag’ within the groups (Interview 13). Despite the positive rhetoric, EPP and ALDE MEPs, together with the ECR and ENF, often tabled amendments to remove references to more visible and better reinforced social indicators from S&D draft reports.

Despite these conflicts, the EMPL committee addressed the hierarchy between social and economic goals within the Semester: ‘The EU’s social goals and commitments should be as equal a priority as its economic goals’ (Employment and Social Policies 2018). The committee
also made far-reaching proposals to enhance the social dimension beyond the actions proposed by the Commission, despite the compromises on bindingness illustrated by the call for a ‘non-punitive social imbalances procedure’ (Opinion for Implementation of the 2017 priorities).

Thus, our analysis reveals that the ‘socialisation’ of the European Semester was a contested topic not just between the political groups, but also between committees. In ECON, the mere presence of social issues within the Semester was contested on the left-right axis and in EMPL controversies focused on the bindingness of the social dimension. Although the political compromises in the ECON committee legitimised the dominance of macroeconomic goals and policies, the EMPL committee’s call for a more social Semester, to some extent, challenged the way social priorities have been made dependent on economic priorities (see Copeland and Daly 2015). Yet the EMPL committee also fell short of questioning the asymmetries related to enforcement (see de la Porte and Heins 2015).

THE HIERARCHIES OF IMPORTANCE AND FRAMINGS OF SOCIAL POLICIES

In ECON, as seen above, the social policies on the agenda become secondary to whether they appear there at all. Of the existing references, social security and education were the most frequently occurring issues in the adopted ECON reports (Figure 1). In debates and proposed amendments, EPP and ALDE MEPs particularly stressed the importance of education, framing it almost exclusively from a labour market perspective—lifelong learning and access to ‘quality’ education meant matching jobs with skills and raising employment levels. ALDE MEPs framed education regarding improving the economic competitiveness of the EU (Wieri

Moreover, social security was usually related to fiscal sustainability, despite the inclusion of qualifiers such as ‘adequate’ through amendments by the S&D and Greens-EFA. Although poverty was mentioned in drafts and amendments proposed by the S&D and EFDD almost as often as social security, ECON reports hardly included the theme (Figure 1). Similarly, unemployment was only mentioned when it came to fixing the inefficacies in the labour market. Care services and long-term care were hardly mentioned in the ECON reports, demonstrating the concrete lack of importance placed on them by ECON MEPs (Figure 1).

 Structural reforms and the social impacts of economic policies were contentious in ECON debates. S&D, Greens-EFA and EFDD MEPs tabled amendments on the social impacts of austerity and structural reforms. However, the topic was highly controversial for EPP and ALDE MEPs, who systematically removed references to social impacts from S&D draft reports. The adopted ECON AGS reports acknowledged the social impacts only once, noting in a technical manner that ‘due regard should be given to the social and employment impact of [structural] reforms’ (AGS 2015 ECON). On the other hand, the political fringe groups—the GUE/NGL, EFDD and ENF—strongly critiqued the social costs and inequality impacts of EU economic governance and austerity. Conversely, EPP, ECR and ENF MEPs focused on subsidiarity in economic and social governance and generally opposed the social dimension.
In terms of discursive framings, the inclusion of ‘social’ in the final ECON reports appeared only as a formality. ECON MEPs hardly went into the meaning of the social dimension. Furthermore, MEPs only included in a positive light those issues that mattered from a macroeconomic perspective, especially education and employment. Nonetheless, there was a slight qualitative change following the establishment of the EPSR. Particularly, S&D and Greens-EFA (and occasionally ALDE) MEPs began stressing the need to fulfil EPSR commitments and fight inequalities.

In the EMPL committee, our analysis points to the possibility of including a broader spectrum of social issues in the reports. Conflicts focused on concrete policies, such as the child guarantee, minimum wage and minimum income schemes (Interviews 1, 11, 13). Moreover, S&D interviewees mentioned the gender pay and pension gaps, the implementation of the EPSR, work-life balance and measures to support the participation of women in the labour market as priority policies (Interview 11). The ALDE prioritised the social economy and social entrepreneurship, labour mobility and EPSR. However, for the ALDE, there were limits to how much ‘social’ was acceptable. As one interviewee put it, referring to minimum wage: ‘I don’t see any consensus for that. ... Kind of extreme social, which may be a good thing, but they’re just not doable’ (Interview 12). S&D, Greens-EFA, GUE/NGL and ALDE/Renew MEPs added more ‘intersectional’ amendments to EMPL reports and inserted mentions of (gender) equality in their proposals.

Furthermore, the EMPL committee, there was a clear hierarchy of importance of social issues. The ‘employment’ component was more heavily stressed than ‘social affairs’. Care services (especially childcare and long-term care) and work-life balance measures appeared to be necessary factors enabling labour market participation. EPP and ALDE MEPs spoke only about employment-related issues in committee debates. Education was again framed as a way to
full employment, particularly by ALDE MEPs: ‘The failures of the education system impact the availability of a skilled workforce’ (Toom, ALDE/EE, economic policies of the euro area 2017 debate). The EMPL debates constructed jobs as the optimal social policy (AGS 2016 EMPL debate, ECR). Yet EMPL committee opinions on the economic policy priorities between 2014 and 2017 typically included mentions of inequalities and some intersectional aspects of the labour market. However, it was often the radical right groups (EFDD and ENF) that most vocally drew attention to issues such as social impacts and social exclusion, especially by criticising EU’s austerity-oriented economic policy or the Eurozone setup.

Even if the question of social impacts was difficult for the EPP and ALDE in the EMPL committee, the compromises at times went beyond the technical call for impact assessments, making visible some of the negative social impacts of the policies implemented in the Semester. For instance, the AGS 2016 report was ‘concerned at the social impact of those fiscal adjustment policies which focus on cutting expenditure’ and regretted that ‘in certain cases the labour reforms have favoured flexibility at the expense of security, resulting in precariousness and a lack of employment protection’.

The struggles within the EMPL committee also centred on the framing of social issues. Political groups accentuated and weighed social policies differently by using action verbs or qualifier adjectives. For instance, S&D and GUE/NGL MEPs proposed amendments on ‘decent’, ‘public’ or ‘universal access’ to services (EMPL opinion on 2014 economic policy priorities). Some of these amendments were deemed too far and were rejected before the report was tabled. One interviewee said the following:

Sometimes it comes down to very small things like wording, so ‘implementing’ versus ‘realising’ … one implies that there’s a mandatory obligation versus an aspiration. … ‘Quality employment’ is okay, ‘quality jobs’ isn’t. … These are very nuanced positions to take, but that’s the way it is. (Interview 13)

Hence, the contestations in the EMPL committee focused not only on policy content (employment versus social affairs) and the strength of the language, but also on the ideological framing of the relationship between the social and economic. Overall, in both the ECON and EMPL committees, there were degrees of discursive popularity and stress given to social policies. The ECON committee framed education from a neoliberal, market-oriented perspective as a way to full and cost-efficient labour market participation and economic growth. The highest concern for the cost efficiency of social policies was evident. In the EMPL committee, MEPs introduced gendered and intersectional components to their framing of social policies. However, employment remained central, hierarchising social policies from a labour market efficiency perspective (albeit from a somewhat nuanced perspective), along with the proclaimed fight against social exclusion and poverty. What we observed was a discursive commodification of social policies, subsuming them under the needs of the labour market and exposing a narrow field of available discursive options when talking about the ‘social’ (see Copeland 2020).

**IT IS ALL ABOUT THE MONEY: SOCIAL SPENDING BETWEEN COST AND INVESTMENT**

In this final analysis section, we explore constructions of social spending and their relationship to EU fiscal rules at the heart of the Semester that limit this spending (de la Porte and Heins 2015). In the ECON committee, the key battle around social spending revolved around whether it should be understood as a cost or investment necessary to spur growth. The centre-right groups that, in the aftermath of the euro crisis, had advocated for stricter fiscal rules (for example Roger Otjes and van der Veer 2017) consistently subjugated social
spending to budget discipline and fiscal rules. In particular, the EPP frequently constructed social policies as a threat to public finances, describing the rising costs of pensions and healthcare as a ‘massive burden on public finances’ (Vandenkendelaere, EPP/BE, draft report on AGS 2019) and as having ‘a significant impact on public deficits’ (Hökmark, EPP/SE, draft report on AGS 2017).

The idea of social policy as a mere cost was also implied in the demands by the ALDE and EPP that member states shift resources from ‘consumption’ or ‘current expenditure’ to ‘productive public investment’. Because national accounting categorises social spending as current expenditure (Elson 2017), the implication is that public spending should be shifted away from social policy. Sometimes, this was made explicit: ‘[T]oo high social expenditure and current expenditure in several countries, instead of investing in projects focusing on research and innovation, might further anchor them within a middle-income trap’ (Rosati, EPP/PL, amendment to AGS 2016).

In contrast, the S&D, and to a lesser extent the GUE/NGL, Greens-EFA, and EFDD, defended social policies against additional cuts, calling for more resources. This was mainly done through the idea of social investment that conventionally refers to policies that enhance human capital development and contribute to its efficient use (Hemerijck 2017) and that has become more visible in the European Semester since 2015 (Crespy and Vanheuverzwijn 2019). In the ECON committee, the S&D almost never called for social spending for its own sake, instead framing social spending as an input for the economy, adapting it to the economised discourse of the Semester (see Dawson 2018: 206-207).

The groups on the right contested efforts to reframe social spending as an investment. EPP, ALDE and ECR MEPs consistently removed references to ‘social investment’ from S&D draft reports. This issue also emerged in the committee debates. The ALDE saw the investment in care services as a ‘difficult recommendation’ (Wierinck, ALDE/NL, debate on the implementation of the 2016 priorities draft report), and the ECR questioned the idea of social investment altogether: ‘Do not use the language of public investment because this could be misunderstood’ (Lucke, ECR/DE, debate on AGS 2017 draft report). Yet the EPP and ALDE also called for additional public spending on education, here in line with the human capital focus of the social investment paradigm.

The outcome in the ECON committee was the dominance of the cost perspective, even if the EPP, ALDE and ECR portrayals of healthcare and pensions as a fiscal threat were somewhat softened in the compromises. References to social investment were removed from S&D reports, and education was the only social issue for which public spending was encouraged. Thus, the ECON committee took a stricter approach to social spending than the European Commission, which has increasingly addressed social investment in AGSs and CSRs (Crespy and Vanheuverzwijn 2019).

In the EMPL committee, in contrast, there was a wide consensus on more rather than less social spending. Here, EPP and ALDE MEPs frequently spoke about ‘social investment’, though they mainly did so in relation to education. The S&D and Greens-EFA stretched the social investment discourse beyond the original human capital approach, which has been criticised for side-lining the poor and elderly (i.e. traditional social protection) (Hemerijck 2017), calling on the member states ‘to increase their investments in social protection systems’ (S&D, amendment to AGS 2018) and ‘to increase their social investment, especially in healthcare, childcare, housing support and rehabilitation services’ (Jean Lambert, Greens-EFA/UK, amendment to AGS 2016). Thus, the S&D and Greens-EFA constructed a broad range of social policies, including traditional income support and healthcare, as investments.
Some S&D and Greens-EFA MEPs acknowledged that EU fiscal rules curtail member states’ possibilities of increasing social spending and called for changes to the rules. Although the idea of social investment, even in its expanded form, was acceptable to most EPP and ALDE MEPs, the amendments to changing the fiscal rules to allow such investments were too controversial to pass. The interviewees described the issue as difficult, even for the Greens-EFA, because of the German members of the group (Interviews 4, 8, 15).

Contrary to the ECON committee, the adopted EMPL reports consistently constructed social spending as an investment through a discourse of social investment that stretched beyond human capital. The EMPL even once called for excluding investment in education from the EU deficit rules (Employment and social aspects of AGS 2015), a demand that would have been inconceivable in the ECON committee. Constructions of social policy as a cost, mainly proposed by the EPP and ALDE MEPs, were always embedded in discussions on adequacy and access.

Thus the outcome of the political and institutional struggles over social spending was again contradictory, with the ECON committee viewing social expenditure mainly as a cost and the EMPL committee advocating for an extended social investment perspective. However, even in the EMPL committee, the idea of investing in education, childcare, healthcare and income support remained subjected to the fiscal rules. As an interviewed critic of the EPP/S&D compromises in the ECON committee pointed out, ‘Whatever you say about social, it will not work out when you don’t change your numbers’ (Interview 10).

THE AMBIGUOUS POSITION OF THE EP ON THE RELATIONSHIP BETWEEN ECONOMIC AND SOCIAL GOVERNANCE

In this article, we have contributed to the debates about the limited ‘socialisation’ of the European Semester and the EU social deficit by analysing how the EP, as the representative institution of the EU, legitimises or challenges the persistent social/economic hierarchy within the Semester. Our analysis of the EP Semester reports and policy processes behind them has exposed the ambiguous and contradictory position of the parliament on the social/economic relationship, as well as the narrowness of the alternative it provides to the status quo embedded in a market-making logic.

Although the different aspects of the social/economic relationship (the balance between social and economic goals, hierarchies of importance and framings of social issues and social expenditure) divided the EP political groups, mainly on the left-right axis, conflicts also emerged between the two committees involved: the ECON and EMPL committees. Whereas the ECON committee took a more conservative line to ‘socialising’ the Semester than the European Commission and its superficial references to social issues merely whitewashed unchanged fiscal and economic priorities, the EMPL committee made detailed proposals to enhance the social dimension of the Semester and stressed the importance of social investment. Yet even in the EMPL committee, and within the progressive groups therein, social issues were overshadowed by employment perspectives and framed in economic terms, reflecting the way the Semester framework influences the understanding of social issues (Dawson 2018; Copeland 2020). Despite calls for ‘social investment’, social spending was subjected to EU fiscal rules. The outcome of these struggles was that the EP was neither a fully progressive ‘socialising’ institution nor a mere rubber stamp for the continuous market-making logic of the European Semester.

Our findings invite reflection on the role of the EP as the democratic watchdog of EU economic governance and on the role of the EP in addressing social deficits in the EU. The democratic
role of the EP stems from the way it represents citizens’ interests in EU-level decision-making, as well as from party-political competition between its political groups and their different agendas. The EU citizens’ demand a more social Europe (Graziano and Hartlapp 2019: 1488), yet this demand is not fully reflected in the contradictory position of the EP. Our findings indicate that one reason for this is a lack of real political alternatives to the status quo. Even if our analysis shows a clear left-right divide in constructing the social/economic relationship, the choice between ideological positions was nevertheless limited.

First, only the Eurosceptic groups on the left and right challenged the existing economic governance framework and its fiscal rules that maintain the social/economic hierarchy. Although the centre-left groups provided a Keynesian alternative to fiscal discipline in the sense of calling for social investments, they rarely challenged the fiscal rules that could curtail such investments. Moreover, as pointed out by Bremer and McDaniel (2019), the social investment paradigm does not necessarily provide a real alternative to the austerity-focused status quo because it has been integrated into what they call ‘a social democratic idea of austerity’.

Second, even the progressive groups were discursively immersed in the economised framework of the Semester, which limits the understandings of social issues, thereby impeding its ‘socialisation’. Finally, the political compromises, particularly in the ECON committee, were weak from a social perspective. This indicates how the culture of compromise in the EP that encourages left-right coalitions reduces political polarisation and bends compromises on economic policies towards the viewpoint of the right—at least in the 2014-2019 term that was analysed. The relative weakness of ideological alternatives to the primacy of economic concerns and framings adds a new layer to the argument that ‘the lack of ideological contestation within the EU’s political space … has narrowed to that between a centre-left or centre-right vision of neoliberalism’ (Copeland 2020: 157).

For the literature on the political conflicts within the EP, our findings illustrate how the conflicts involved in the efforts to ‘socialise’ the Semester within the EP extended from party politics to conflicts between social and economic actors (Zeitlin and Vanhercke 2018; Maricut and Puettner 2018). This suggests the need for further analysis of the conflicts between the economic and social actors within the EP, which have been overshadowed by the focus on conflicts between groups and national delegations within the groups.

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ENDNOTES

1 Both the ECON and EMPL committees now annually adopt two reports each, one report on the AGS and one on member states’ policies. The institutional process of the latter reports changed during that period. From 2014 to 2017, the ECON committee adopted the report on member states’ policies, with the EMPL committee as an associated committee: the EMPL committee adopted an opinion that was integrated almost directly into the final ECON report. Since 2018, the two committees have adopted separate reports entitled ‘Economic policies of the euro area’ and ‘Employment and social policies of the euro area’. The reasons for this shift are beyond the scope of this article

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