What 'Brussels' Means by Structural Reforms: A Constructive or Destructive Ambiguity?

2 authors:

Amandine Crespy
Université Libre de Bruxelles

Pierre Vanheuverzwijn
Université Libre de Bruxelles

What 'Brussels' means by structural reforms: constructive or destructive ambiguity?

Amandine Crespy & Pierre Vanheuverzwijn

CEVIPOL/Institut d'études européennes
Université libre de Bruxelles

Paper presented at the Workshop ENLIGHTEN (H2020)

Université libre de Bruxelles,

Brussels, 30-31 May 2016

Abstract

The aim of this paper is to assess to what extent the European Semester, which is the EU framework for the coordination of national economic, fiscal and social policies, accounts for a change in the ideas promoted throughout the crisis. For doing this, we seek to tease out the meaning and substantial policy content entailed by the notion of 'structural reforms', a notion which has become ubiquitous yet barely explained or defined. Besides a brief reference to the genealogy of the notion of structural reforms and interviews, the bulk of our analysis relies on the content analysis of the key documents produced in the framework of the European Semester, including the Country Specific Recommendations made to the Member States. Our data supports three sets of findings. 1/ the notion of structural reforms has been vague and malleable enough to accommodate a certain degree of ideational change with a clear shift from fiscal consolidation to investment in 2014-2015. 2/ At the same time, there is obvious continuity at the level of more specific policy recopies and instruments. While the notion of structural reforms has fuzzy contours, it also has hard core inherited from its neoliberal origins. This hard core focuses on labour market reforms, the liberalization and deregulation of product and services markets, and the reform of public administration. 3/ With regard to social policy in particular, we detect an ongoing conflict between social retrenchment and social investment with the latter gaining ground in the discourse of the EU institutions. All in all, we conclude that the EU is trapped in a destructive – rather than constructive – ambiguity. Conflicting socio-economic strategies crystalize on which type of structural reforms should be implemented and when or, in other words, whether austerity and investment can be pursued at the same time.

Introduction ... 3

Assessing ideational change in macro-economic governance ... 6

Legitimacy, policy ideas and time throughout the Eurocrisis ... 6

Methods ... 9

Structural reforms: the long history of an empty signifier ... 10

The origins of structural reforms and international organisations ... 10

Structural reforms in the Eurocrisis ... 13

The European Semester: towards ideational change? ... 15

The hard core and fuzzy contours of structural reforms ... 15

Towards a new policy strategy? ... 20

Discussion and conclusions ... 23

References ... 28

Appendix – Coding policy instruments and socio-economic policy programmes related to structural reforms ... 32

Introduction

Eight years on the financial crisis originating in the United States and expanding to Europe, a main conclusion drawn by many observers and scholars alike is that it has not led to the collapse, or even substantial reform, of global financial capitalism, but rather to its continuation and indeed strengthening. After a short-lived episode of neo-Keynesianism, European countries especially have embraced a policy programme geared towards deflation-based competitiveness thus accounting for the resilience of a contemporary blend of economic liberalism (Crouch 2011, Schmidt and Thatcher 2013) and austerity (Blyth 2013) embedded in the (infra)structural power of finance in central banking (Braun 2015, 2016). A related current debate is investigating how the resilience of now old ideas is translating into the new governance framework set up for tighter macro-economic coordination through the institutions of the European Union (EU). This framework, known as the European Semester (ES), is essentially a yearly cycle of surveillance supervised by the European Commission combining a hardening of the deficit rules of the Stability and Growth Pact (with stringent procedures potentially involving financial sanctions) and a continuing soft coordination of economic and social policies. The focus lies on the country-specific recommendations (CSRs) whereby the European Commission advises each Member States on how it should reform its economy and welfare state under the multilateral control and (and formal endorsement) of other Member States gathered in the Council. The primary goal of the European Semester has been to enforce fiscal discipline to achieve deficit reduction across the EU. Five years on the inception of the European Semester, though, in the face of continuous poor results in terms of output and job creation, we seem to witness some change in discourse and ideas promoted by the EU institutions, away from mere austerity and in favour of more growth oriented policies – including a concern for tackling exacerbating social inequalities –, especially under the new Juncker Commission since 2014.

The aim of this paper is to tap into this string of research by asking to what extent can we detect a change in ideas underpinning the policy programme advocated through the European Semester. To answer this question, we adopt an original focus on the understanding and substance of structural reforms (SR). Over the past couple of years, it seems that the stress has, to a certain extent, shifted away from mere deficit reduction targets to the need for governments to implement SR. But which type of reforms does this pervasive phrase refer to? Do they serve to strengthen the mix of neo- and ordo-liberalism largely institutionalized at EU level? Or, on the contrary, do these reforms contribute to back a change of winds towards alternative policies? On the one hand, research about ideas and policies has largely focused on one aspect of austerity, namely the issue of debt and the politics of deficit reduction, not least because this is where the pressure exerted by EU governance is stronger with stringent procedures. Moreover, debt and deficits were core in triggering bail-out programmes with the most dramatic effects in the countries under financial assistance. Yet, from the outset, the idea that Member States should conduct deep reforms of their economic and social systems has been the second pillar of post-crisis governance besides fiscal consolidation. Insofar, SR were always conceived as a corollary to fiscal discipline. On the other hand, the bulk of the work on the European Semester has been mainly concerned with its institutional dimension through themes such as the mix of hard and soft law (Bekker and Palinkas 2012, Armstrong 2013, Bekker 2015) or the reshuffling of the balance of powers between Commission, Council and Parliament (Coman and Ponjaert 2016, Schmidt 2016, Dehousse 2015). As for its substantive nature, it has been assessed through institutional proxies such as the involvement of 'social actors' and the number of country-specific recommendations (CSRs) relating to social policy rather than by examining a possible substantial change in ideas (Vanheuverzwijn 2014, Zeitlin and Vanhercke 2014).

Against this backdrop, this paper therefore aims to assess the degree and nature of ideational change exhibited through the ES by unpacking the meaning of the – often mentioned yet under explained – notion of SR. We start from the hypothesis put forward by Tsingou and her colleagues (2014) claiming that we can observe change in policy ideas as the crisis has shifted from emergency management ('fast-burning phase') to long-term problem solving ('slow-burning phase'). This can be seen as a response to the need for policy-makers to address the lack of output legitimacy of the EU's macro-economic governance, namely the rising criticism that austerity alone does not work. To analyse the meaning behind the notion of SR and the change thereof, we follow the distinction proposed by Hall (1993) between policy instruments, programmes and paradigms so as to distinguish between first, second and third order change. We also include a more detailed analysis of the implications for social policy and welfare by assessing a possible shift from a programme of 'social retrenchment' to 'social investment' (Hemerijck 2014). The demonstration relies mainly on a content analysis of documents and reports issued in the framework of the European Semester, complemented by questions about SR we asked in semi-structured interviews with policy-makers. Overall, we find that the continuous centrality of SR within the European Semester at the expense of fiscal consolidation accounts for limited second order change which does not qualify as a shift towards a new policy programme, let alone paradigm. While the substantial meaning of SR has been fuzzy and malleable enough to accompany the 'layering' of new objectives and instruments (in particular investment), this leaves national governments facing conflicting objectives and inescapable trade-offs. Thus, we argue, the EU is currently stuck in a destructive ambiguity regarding the underpinning ideas of its macro socio-economic strategy.

The paper falls into three sections. We first present our theoretical and analytical framework which aims at assessing the nature of ideational change in macro-economic and social policy. Then, we briefly outline the (long) history of SR in order to shed light on its ideational origins, mainly linked to the rise of neoliberalism and the 'Washington consensus'. In the last section, we present our analysis of the meaning and content of SR in the European Semester from 2011 to 2016 based on Hall's three orders of change as well as on the distinction between social retrenchment and social investment.

Assessing ideational change in macro-economic governance

Legitimacy, policy ideas and time throughout the Eurocrisis

This paper draws on the hypothesis that time (or the perception thereof) and the sense of emergency in economic and political crises has effects on the ways in which policy responses are selected and implemented. In the 'fast-burning' phase of crises, decision makers have limited time for reflection and thus tend to define their interests on the basis of 'hot knowledge' (Seebrooke and Tsingou 2014, Tsingou 2014)[1]. Seeking quick responses in emergency, they tend to select immediately available ideas and policy recipes and may create new policy instruments which serve to reinforce the old ideas. When the crisis comes to a slow down, though, decision-makers may realise that old ideas are not appropriate to new challenges and may appeal to 'cold knowledge' (idem) therefore seeking new ideas and solutions. From 2010 to 2012, decision makers in EU institutions have stuck to their established principles, rules, and mandates. The ECB first insisted it would never become a lender of last resort and Angela Merkel was reluctant to accept unorthodox practices in monetary policies. Within the Troika, the European Commission pushed for harsh austerity in the enforcement of financial rescue programmes in bail out countries. However, after the initial fast-burning phase of the crisis, criticism has started to be levelled at those policies on both political and technical grounds. Both the ECB and the Commission started to reinterpret the rules for allowing more flexibility in policy making. Draghi claimed that he would do 'whatever it takes' to save the Eurozone, while the EU Commission eased its approach to fiscal consolidation and granted more flexibility to Member States (Schmidt forthcoming).

Changes in ideas and policies in the shift from the fast and to the slow burning phase of the crisis are inextricably linked to the perceived legitimacy of policy responses. A long standing debate on the legitimacy of the EU has been powerfully framed in terms of input legitimacy (rooted in representation and participation), output legitimacy (referring to the efficiency of public policies in solving problems) and, more recently, throughput legitimacy (the procedural quality of governance, including accountability and transparency) (Schmidt 2013). While the throughput dimension of the European Semester certainly deserves attention, this particular research starts from the assumption that possible change in policy ideas promoted by the EU institutions is mainly geared towards problem-solving and the desire to improve the output legitimacy of macro-economic governance. After the fast-burning phase of crisis management, where the main task was to avoid the dissolution of the Eurozone, the slow burning European crisis has taken the form of prolonged low growth and very high levels of unemployment accompanied by rising poverty. Increasingly, it is deflation rather than inflation which has been seen as a threat for Europe. According to many economists and the President of the ECB himself, Mario Draghi, the effects of monetary policy for boosting economic activity has reached its limits. This clearly points to the need for something to happen in the realm of macro-economic policy. Furthermore, the poor performance of policy responses to the crisis so far has clearly undermined the legitimacy of established political forces ruling both at the level of the EU and in national governments with increased polarization within national societies and the rise of the far-right. The pressure is therefore high for showing that the EU can help designing policies that work. The acutely perceived need for 'change' seems to naturally call for 'reforms'. Besides to fiscal consolidation, the need for SR has been increasingly stressed together with the investment theme. To what extent does this indicate an impulse towards new policy ideas in the EU?

To empirically investigate the policies promoted by the EU institutions in the governance framework which emerged from the crisis, we rely on the distinction between first, second and third order change in policy-making. In his seminal article dealing with macro-economic policy in Britain, Peter Hall (1993) proposes that first order change relates to the evolution in the instruments used for the conduct of public policy thus bringing about incremental developments in routine policy making. Second order change occurs at a higher level when the hierarchy of objectives is only altered marginally but nevertheless prompts new techniques and instruments to achieve them, thus indicating a new policy programme. Finally, Hall conceptualizes third order change as a paradigm shift which involves a radical change in the underpinning philosophy and hierarchy of goals in policy making. For instance, the coming of age of neoliberalism on the ashes of Keynesianism epitomizes third order change. In this perspective, change is triggered by a process of social learning whereby policy makers react to the consequences of past policy decisions thus dealing with policy legacies. Thus, second and third order changes often occur as a result of the perceived failure of past policy programmes and paradigms. Another interesting aspect underscore is the sociological dimension of learning. While first and second order change can happen within the state apparatus itself, third order change is accompanied by a broader societal and political change involving controversies among experts and, eventually, a shift in the locus of authority for the provision and experimentation of policy ideas[2]. This goes hand in hand with changes in the electoral arena where politicians are likely to embrace ideas which, they feel, can appeal to the public.

In order to refine our analysis and provide finer grained analysis of the 'social nature' of the European Semester, we use an additional analytical device. As mentioned above, the EU has produced its own ideational and institutional blend of Germanic ordo-liberalism and contemporary finance-driven neo-liberalism. It would be naive to expect either a total entrenchment of EU policies in a 'pure' neoliberal paradigm, or a radical departure towards a completely new economic and social paradigm. We therefore rely on the distinction proposed by Hemerijk (2014) between 'social retrenchment' and 'social investment'. This model highlights the differences at various levels of ideas and instruments between both policy programmes (rather than paradigms): while the former is focused on fiscal austerity, the latter is rooted in the premise that social policy should be a productive factor boosting competitiveness, thus being part of the solution rather than part of the problem. As such, social investment is not incompatible with the liberal paradigm promoted at the EU level which has consistently sought to accommodate a conservative with a social democratic conception of economic and social modernization, as reflected in the former Lisbon Strategy or in Europe 2020. At the same time, the full and consistent implementation of an ambitious social investment programme at a European scale has the potential for bringing about significant first, second and, arguably, even third order change.

Methods

In order to explore the meaning attached to SR in the framework of the European Semester, we carried out a content analysis of several documents published throughout the cycle, i.e. the Annual Growth Survey (AGS), the Alert Mechanism Report (AMR), the Euro Area Recommendations (€ARs), and the Country-Specific Recommendations (CSRs). We combined a software-assisted qualitative analysis (N-Vivo) of all the documents with a more fine-grained although less systematic analysis of the AGS so as to give a more complete and accurate account of the status of SR in the wider policy agenda of the European Semester. Our content analysis was conducted in three steps. First, we proceeded inductively to code each paragraph comprising the term 'structural reform(s)' in the said three first documents according to the broad policy objective and the more specific policy instruments it was referring to. This was both to help get a first insight of the meaning of SR, and to capture how policy goals and policy instruments of SR were related with one another. Secondly, based on this first step, and using the same coding, we categorized each and every CSR[3] by policy instruments and by year, in order to elucidate the evolution of the SR agenda over time[4]. And thirdly, drawing on the distinction established by Hemerijck (2014: 152), we recoded the said CSRs according to which type of socio-economic policy programme they fall under, namely social retrenchment or social investment. This allows us to make a more detailed assessment of second order change. The appendix shows in detail how specific items were coded. Furthermore, although less central to our demonstration, we also used a series of 24 semi-structured interviews which we conducted with key actors within EU institutions and national administrations[5]. This served to complement our content analysis by exploring the subjective understanding of the economic reasoning and the normative justification behind the meaning of SR.

Structural reforms: the long history of an empty signifier

The origins of structural reforms and international organisations

Although the notion of SR had many avatars over time and space, it is clearly rooted in the rise of neoliberalism, an itself very malleable set of ideas more than a structured ideology (Schmidt and Thatcher 2013). In the 1960s and 1970s, the acceptations of structural reforms in the academic or policy making literature are very diverse. The term in fact means not much more than far-reaching reforms in various contexts, for example in relation with reforms of the agricultural or industrial sectors in the developing world. From the 1980s on, though, the notion of SR starts crystallizing on a policy programme which has been described as the 'Washington consensus' among the international financial institutions, especially the IMF and the World Bank (Jones and Newburn), rooted in the then flourishing neoliberalism (Babb 2012). While providing financial help to countries facing existential economic and debt crisis, said institutions introduced a conditionality attached to the implementation by the indebted countries of a number of reforms aiming at their economic recovery. The debt crisis affecting several

Latin American countries in the 1980s constituted a case in point with ingoing structural reforms linked to debt issues from the 1980 until the 2000 (Lora 2012). Similar programmes were also applied to Sub-Saharan Africa and Asia. Meanwhile, structural reforms have also been promoted and closely monitored by the Organisation for Economic Co-operation and Development (OECD), within which a new working party on 'macro-economic and structural policy analysis' was created in May 1980[6] (OECD, no date). By the end of the 1980s, most OECD and developing countries alike, although facing different challenges, had engaged with structural reforms (Edwards 1989). Another interesting realm where structural adjustment or reforms were attached to financial aid through conditionality has been the transition of former communist countries towards market economy. Romania stands out as an interesting case with successive waves of structural reforms, from initial resistance by the political elites in the early 1990s to a neoliberal 'shock therapy' and more consistent reforms in the run up to accession to the EU in the early 2000 (Ban 2011).

There exists no unique definition of SR as they have taken various forms across space and time. Exploring the formative years where the notion of SR emerged and progressively became an almost self-explanatory policy agenda, it is however possible to detect a core of consistent features referred to by the very institutions which forged the notion. As early as in 1980, the IMF notes that the economic performance in many countries is affected by 'structural impediments' among which rigidities in wage-setting systems and protectionist measures (IMF 1980). In a main report from 1985 (IMF 1985), two kinds of structural rigidities are identified as the cause for the difficult European recovery in the aftermath of the two oil shocks: 1) a resistance to change in the industrial structure, which should be addressed through deregulation and better education policy; and 2) a structural rigidity in the functioning of the labour markets, which would require measures aimed at reducing wage costs. The term 'structural reform' appears explicitly in 1993, as referring to the third pillar of any sound economic policy, besides monetary and fiscal instruments. The report points to the necessary removal of constraints for private enterprises through deregulation, calls for tax reforms and liberalized financial markets and deplores the lack of progress in increasing the flexibility of labour markets through measures attempting to limit the control on wages or job protection, and to reduce the bargaining power of the trade unions. Finally, the report also recommends increasing labor productivity through improved training and education (IMF 1993).

Similarly, the OECD points to the need for economies to improve their ability to undergo 'structural change' by removing the 'plethora of regulations, controls, and other impediments to the unfettered working of market economies' (OECD 1980: 11). The OECD also speaks of the importance of maintaining an open trading order and of implementing measures to support productive investment. In other words, the stress should be put on 'supply forces' (OECD 1983). Later in the 1980s, the notion of SR is portrayed as a solution to reduce unemployment, improve business confidence, and to boost investment. Among the important 'structural problems' faced by many countries are protectionist policies, rigidities in the labour market, tax distortions, industrial subsidies (state intervention), impediments to competition, and inefficiency in public sectors (OECD 1988).

Three points should therefore be emphasized here which are relevant for understanding SR in today's EU macro-economic governance. First, the notion of SR conveys the idea that reform should not be about changing only the substance of policies, but they ought to change the very nature of the economic, institutional and, arguably, political structures in which policy is operated. This is in tune with the fact that the historical roots of SR originate in a paradigm change of historical significance, namely the rejection of Keynesianism and the rise of neoliberalism as a response to the oil shock in the late 1970s and early 1980s. Second, SR were always conceived as a corollary to fiscal austerity. Again, their genealogy goes back to debt crises and the perceived need to drastically reduce public expenditure while shifting the commands of the economy from the state to market actors. The conditionality mechanism brings evidence that financial support and debt relief are inextricably linked to SR. Third, while the policies referred to as SR are largely in line with the tenets of neoliberalism[7], they are thought of conducive to growth and economic recovery. This idea is summarized in the synthetic notion of expansionary (fiscal) consolidation (Blyth 2013: 212-16).

Structural reforms in the Eurocrisis

How does the old and more recent history of SR shed light on the ways in which the notion has been understood and has possibly changed in the current context of the Eurocrisis[8]? While far from clear-cut, it gives us helpful hints to refine our hypothesis. Comparing the reference to SR in the conclusions of the European Council in 2013 and 2016, it is striking that it combines general objectives and more specific measures:

> 'Fiscal consolidation and restoring financial stability need to go hand-in-hand with well-designed structural reforms aimed at promoting sustainable growth, employment and competitiveness and the correction of macroeconomic imbalances. In this context, the European Council recalls the importance of shifting taxation away from labour, where appropriate and recognising Member States' competences in this area, as a means of contributing to increasing employability and competitiveness'. (Council, 2013)

> 'The European Council endorsed the policy priority areas of the Annual Growth Survey: re-launching investment, pursuing structural reforms to modernise our economies, and conducting responsible fiscal policies (…) The European Council notes the Commission consultation on social issues and stresses the importance of well-functioning labour markets and welfare systems'. (Council, 2016)

On the one hand, SR are associated with and shall lead to broader objectives, namely fiscal discipline, on the one hand, and growth – notably through investment – on the other. While, in 2013, the issue of taxation on labour is explicitly mentioned, the reference to labour markets and welfare systems is more vague. Overall, SR are presented as the key vector to economic and social 'modernisation'. The 'Five President Report' is also interesting because it outlines a more long-term view of the EU's policy agenda. Here, SR are defined as 'reforms geared at modernising economies to achieve more growth and jobs. That means both more efficient labour and product markets and stronger public institutions.' (Five Presidents' Report, 2015).

The versatile definitions of SR seem to crystalize more or less explicitly on an agenda which, as argued by Lebaron, has stabilized in the past decades on three main areas:

> 'The liberalization of goods and services markets (which implies the opening to competition and the partial total privatisation); the flexibilisation of labour markets (which aims at strengthening incentives to work such as change in legislation, minimum wages, working time, etc.); and finally, the decrease of public spending, in particular in the social realm (reduction of the alleged generosity of public pension systems, healthcare, etc.) and of "fiscal pressure" on firms and "generators of wealth".' (Lebaron 2014: 5).

At the same time, the formulations, especially the most recent ones, remain broad and vague enough to include a whole range of – yet to be defined – more specific policy measures. It is worth noting, though, that the reference to labour markets is very salient.

While the call for SR constitutes a ubiquitous mantra, they do not constitute an unquestioned dogma. In fact, the longitudinal approach shows that their increasing salience in economic and political discourse cannot be separated from on-going debates and assessments about their consequences and efficiency in bringing about economic recovery. As early as in 1989, the importance of the sequencing of structural reforms was already pointed out (Edwards 1989). Nowadays, there are signs of dampening enthusiasm for SR within the institutions which had promoted them. Since the start of the Great Recession in 2008 especially, the IMF has proved more favourable to demand-side policies and growth stimulus (Ban 2015). For his part, Broome finds that 'rather than promoting "one-size-fits-all" structural reforms for borrowers facing different economic challenges, the IMF has shifted "back to the basics" with a narrower focus on fiscal consolidation' (Broome 2015: 161). More recently, the OECD has put the emphasis on the context of weak demand and low inflation in the Euro area. Speaking of the impact of structural reforms, the report highlights that 'while the bulk of evidence indicates that positive channels dominate the negative ones in normal times, it may no longer be true when reforms are introduced at an unfavorable stage in the business cycle' (OECD, 2016: 68). The report adds that reforms aimed at reducing the cost of labor, raising incentives to take-up work, and enhancing competition in product markets may have contractionary effects on demand during downturns. It concludes that, when demand is weak, demand-side policies, including more public spending (on unemployment benefits, active labour market policies, childcare, R&D) can mitigate the negative impact from these reforms in the short run. Similarly, the IMF has recently stressed that '[…] demand support can increase the effectiveness of structural reforms, either by bringing forward their long-term gains or by alleviating their short-run costs' (IMF, 2016, p. 1). Interestingly enough, the most steadfast supporters of the 'Washington Consensus' seem to be the EU institutions, as exemplified by the adjustment programmes in Latvia and Romania which have been a prelude to the Eurocrisis in 2007-2009, where the ECB and European Commission have promoted stricter conditionality and tougher reforms than the IMF (Lütz and Kranke 2014). This prompted certain scholars to talk about a 'Berlin-Washington Consensus' (Fitoussi and Saraceno 2013). To what extent does this still hold today?

The European Semester: towards ideational change?

The hard core and fuzzy contours of structural reforms

The content analysis of the main documents produced by the EU institutions in the framework of the European Semester provide evidence that the ambiguities as to the nature and purpose of SR have allowed a progressive redefinition of priorities in the EU's agenda. A first inductive analysis of the EU's broad economic priorities as they appear in the AGS (2011-2016) allows to distinguish between three periods. In 2011, fiscal consolidation was clearly the top priority, with structural reform and 'growth enhancing measures' as second and third objectives. From 2012 to 2014, the objectives remained very stable: while 'growth-friendly fiscal consolidation' still ranked first, it was accompanied by a broader set of objectives, namely 'restoring normal lending to the economy', 'promoting growth and competitiveness', 'tackling unemployment and the social consequences of the crisis' and 'modernising public administration'. Finally, in

2015 and 2016, the AGS refocused on only three main objectives with investment emerging as the top priority, structural reforms remaining central and ‘fiscal responsibility’ coming only third. This progressive shift is accentuated by the gradual autonomization of the notion of investment over time with its number of references not connected to SR increasing from 21 in 2011 to 62 in 2016 in the EU-wide documents. This suggests that investment, in line with the official discourse of the EU institutions, tarts to progressively become a fully-fledged cornerstone of the EU Semester besides fiscal consolidation and SR.

A second observation is that the AGS does not offer a consistent understanding of the role of SR in the broader economic agenda thus making the underlying economic reasoning arguably obscure. Table 1 reports the explicit causal relationship between SR and other objectives with could be detected in the successive AGS.

Table 1. Explicit causal relationships between structural reforms (SR) and other objectives in the AGS (2011-2016)

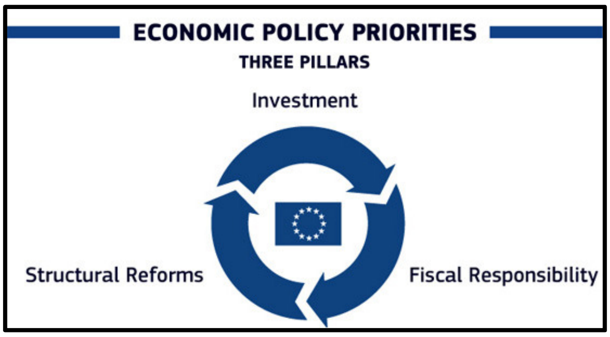
2011	Fiscal consolidation and SR > growth
2012	SR > efficiency, adjustment, growth, competitiveness
2013	SR > growth
2014	SR > investment, competitiveness and productivity
2015	SR > sustainability of public finances and investment
2016	SR > upward convergence

Data: Annual Growth Survey (2011-2016)

The purpose of SR fluctuates in tune with the discursive turn to investment of the Barroso Commission from the autumn of 2014 on. Moreover, several positive objectives are used interchangeably (e.g. growth and competitiveness), and it is not clear whether SR facilitate or are facilitated by fiscal consolidation. This is confirmed by the way in which the EU Commission itself has theorized the circular interaction and mutual reinforcement between fiscal consolidation, SR and investment. As Figure 1 shows, it is impossible to disentangle causal relationships or a sense of hierarchy among the three priorities.

This unsettled puzzle was echoed in a conference hosted by the German Finance Ministry on 25 March 2015 entitled 'Structural Reforms and Fiscal Consolidation: Trade-Offs or Complements?'. In his speech, W. Schäuble claimed that 'there is no trade-off between fiscal consolidation and structural reforms, particularly labour market and welfare reforms. On the contrary, they typically complement each other'[9]. Yet, as from the 2015 cycle of the Semester, the EU Commission seemed to admit the existence of a trade-off by granting a number of Member States (including France and Italy) more flexibility regarding deficit rules in exchange of the commitment to engage with SR.

Figure 1: Policy objectives as defined by the European Commission



Source : European Commission, http://ec.europa.eu/

We explored how key officials in charge of the formulations of the AGS and formulations of the CSRs, or in their implementation at the national level subjectively understood the notion of SR (table 2). We were struck by their frequent immediate reaction of surprise which translated either in laughs or obvious embarrassment. Most interviewees expressed uncertainty about the nature of the question, before making a conscious decision about whether they were going to give a politically correct or incorrect answer.

Table 2. Explanations on structural reforms by EU and national officials

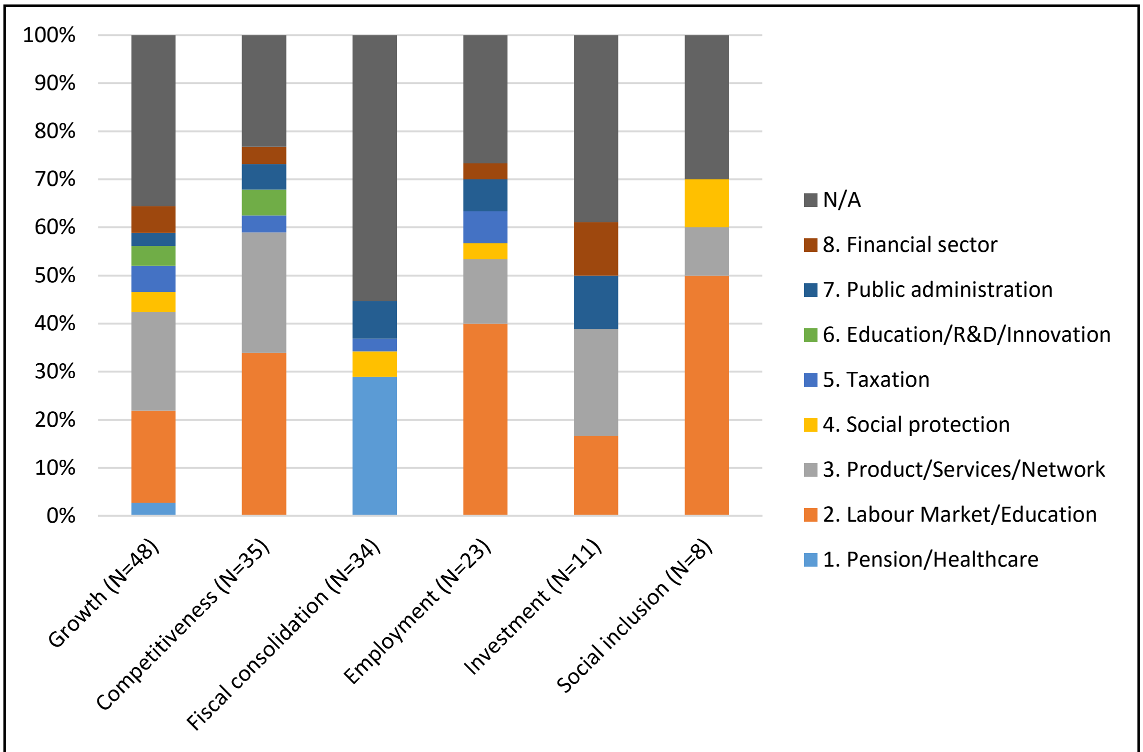
Commission official 1 (DG EMPL)	"What is a structural reform? I don't know what you mean (…) In my view, Member States can do what they want in order to reach these objectives. And they can do it by changing the law on pensions, on employment protection legislation, etc. But is this really structural? (…) There are overarching ideas, for instance less taxation on work, or reforming EPL, or equal pay for equal work, but every country can put its own reform forward"

Commission official 2 (DG EMPL)	"Well, in my view, a structural reform is a reform that keeps on having an effect (…) the Work Security Act in the Netherlands, that should be considered as a structural reform because it changes the way the economy works…is that what you mean?" *(Laughs)*
Commission official 3 (DG ECFIN)	"Wow… what type of answers did you get? (…) It is a type of reform that goes deeper than one-year programme. Issues of institutional nature where long-standing customs are impeding objectives in terms of internal market or EMU, long-term issues such as economic or labour market issues. The emphasis has changed over times. It used to be more on taxation, it is now more on investment"
Commission official 4 (SECGEN)	"It is a government policy reform which is changing a certain policy field to address a certain policy objective. It has a fact-based analysis"
Commission official (European Semester Officer 1)	"It's an interesting one!" *(laughs)* it's the eternal question of reforms to the basic underlying functioning of your economy that's is gonna make it hopefully more efficient and more likely to produce growth and jobs (…) reforms to enable your various markets to function in a way that is supportive of growth and jobs but growth and jobs need to be sustainable and inclusive so then you start hanging all the Christmas tree elements in terms of social and environmental policy"
Commission official (European Semester Officer 2)	"Globally, it is about economic reforms which increase growth and employment and enhances competitiveness (…) it is a wrong debate to know whether a reform is a structural reform of not. Structural reforms are known for being negative and European. 'Reform', this is positive. I have not seen any difference to be honest"
Belgian Official	"Can I have a joker? *(laughs)* I have never thought about it deeply. It belongs to the economic and reform package that lead to growth, competitiveness, and all that. But all the reforms are included in that, and this is where I have a problem. What we see is that ECOFIN feels it is competent for all policy areas, not only employment and social policy, but also environment, etc."
British Official	"When you speak of structural reform, I am not sure what you want me to talk about exactly (…) The UK is seen as a very mature and successful economy so there is no structural reform in the grand scale but there is now apprenticeship, skills, childcare…"
Dutch Official	"I think there's a common understanding that we need to modernize our economies. But what does it mean? And what does competitiveness mean? (…) it is just that there are very logical differences, and you know it is very difficult to make the French do something about their labour regulations but a different question is 'do they really need to change their labour regulations?'"
French Official	"Ask the Commission! » *(laughs)*

Without pretending to any representativeness, table 2 illustrates some of the most typical answers we received and highlight three sets of recurring elements. First, SR reforms should have positive long term effects leading to economic recovery but their nature remains unclear, different from country to country, and partly contentious. At the same time, a consistent core of specific measures can be identified, especially labour market flexibilization which was almost systematically mentioned. Furthermore, SR are seen as a 'European' notion with little ownership at the national level.

In order to further tease out the substantive meaning of SR, we looked at which specific areas and instruments were attached to structural reforms in all EU-wide documents (see Figure 2). This leads us to a number of interesting observations.

Figure 2. Policy solutions and instruments per policy goal associated with structural reforms



Data: Annual Growth Survey, Alert Mechanism Report, Euro-Area Recommendations (2011-2016). Percentage of references comprising the term 'structural reform(s)'.

First, SR are pursuing a fairly wide range of six broad policy objectives – ranging from competitiveness to social inclusion – which raises the issue of potential conflict between them. Second, when looking at the policy instruments lying behind these goals, it is interesting to stress that a significant share of our references does not specify the kind of reforms attached to it, which is consistent with the idea that SR is, to a large extent a self-explanatory empty signifier. Third, labour market reforms and the liberalization and deregulation of products and services markets stand for the bulk of policy solutions for nearly all of these objectives. The remaining objective, namely fiscal consolidation, is more strongly associated with reforms of pensions and healthcare.

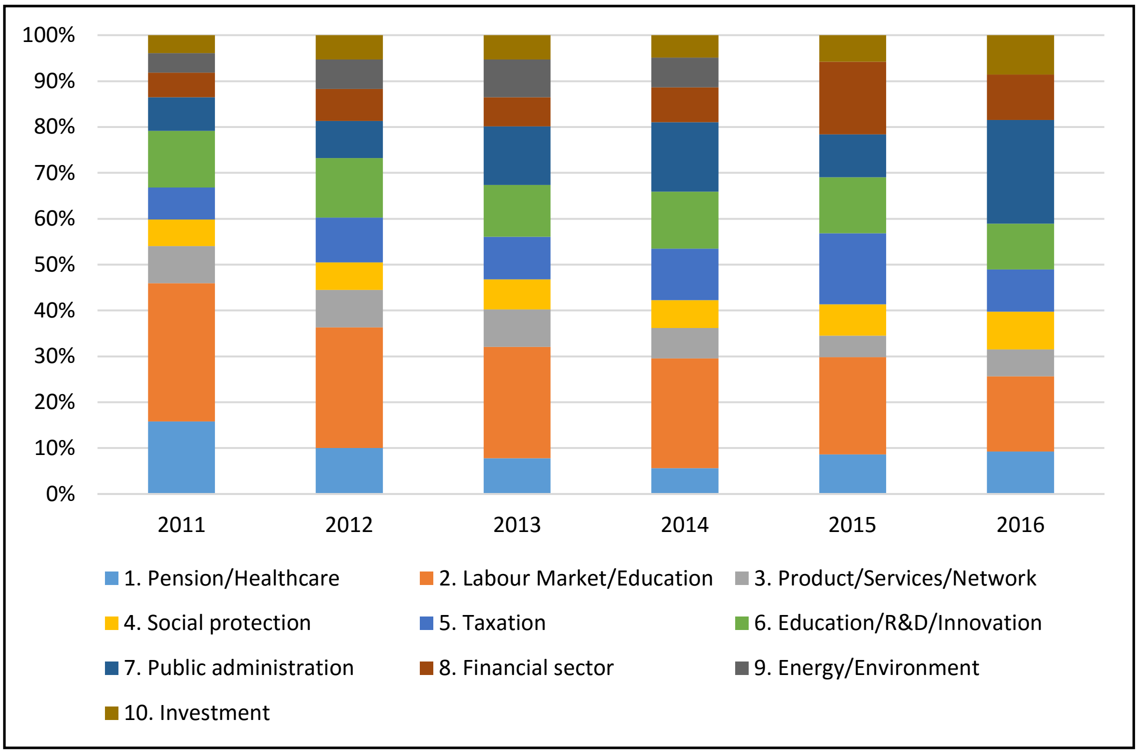
Our first set of data thus gives a complex picture with regard to Hall's conceptualization of change. On the one hand, a discernible change in the broad policy objectives of SR and their hierarchy seems to indicate at least a second – if not third – order type of change. On the other hand, when looking at the main policy solutions and instruments attached to these objectives, continuity seems to dominate. The set of typical SR inherited from the 'Washington consensus' is consistently central, especially labour market reforms. Furthermore, when investment is invoked as an objective, specific SR tends to remain largely undefined, or related to said agenda, that is 1/ products, services and networks liberalization, 2/ labour market reforms, 3/ the reform of public administration.

Towards a new policy strategy?

Whilst our qualitative assessment of the policy priorities of the European Semester indicates a progressive shift towards more consideration for demand-side policies and investment since the coming into office of the Juncker Commission, the quantitative coding of the CSRs provides more specific data on the type of solutions and instruments which are not only mentioned in a general framing of the European policy agenda, but which are specifically indicated as relevant for specific countries to undertake. Again, the data reflects a mitigated picture.

Although the presence of policy instruments for stimulating – either private or public – investment does increase over time, it is difficult to see it as prompting significant change due its limited extent. What we observe is rather a rebalancing in the 'policy toolbox' with labour market reforms as well as reforms of pensions and healthcare gradually losing their initial centrality to the benefits of other reforms pertaining mainly to public administration and the financial sector. Environmental issues seem to have disappeared from the CSRs, probably as a result of the simplification and re-focus of the Semester undertaken in 2015. Social protection, education/R&D, and taxation exhibited limited variance over time. This seems to indicate at best a second order change with a new strategy geared towards more investment with the addition of a limited number of new instruments to the initial agenda since 2011.

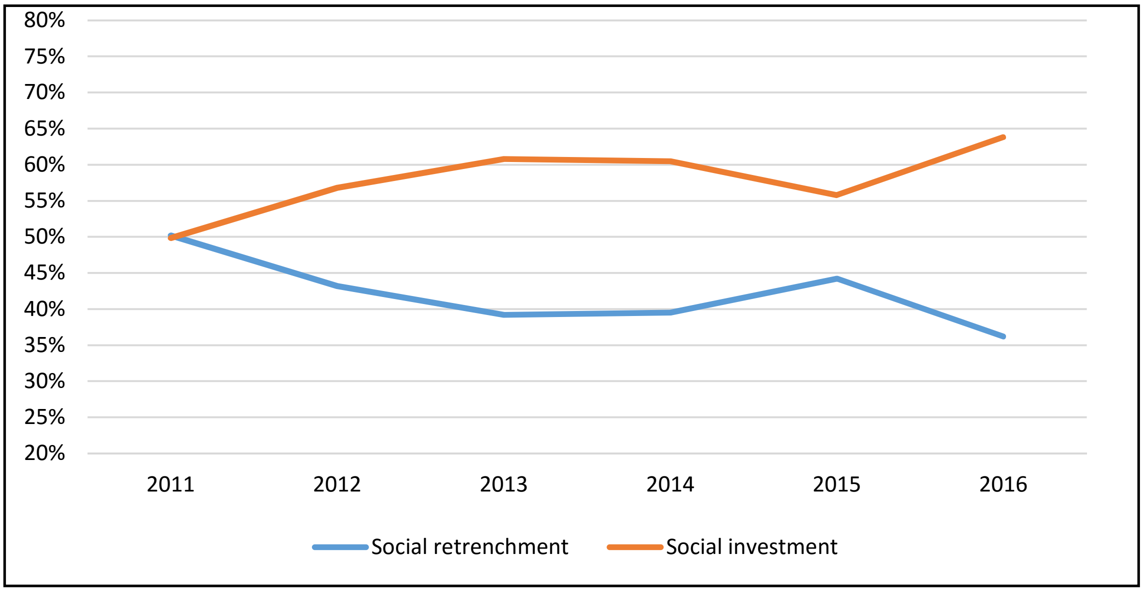
Figure 3. Policy solutions and instruments in the CSRs (2011-2016)



Data: Country-specific recommendations for all EU Member States under the European Semester (2011-2016). Percentage of recommendations related to a given socio-economic policy programme.

A further way to refine our analysis has been to trace the type of policy instruments and solutions which account respectively for a programme of social retrenchment (read austerity) or for a new programme of social investment which has been called for by scholars of the welfare state for over a decade and embraced by the EU Commission in its Social Investment Package in 2013. Figure 4 shows that the latter is gaining ground over the former over time. While retrenchment and investment account for approximately respectively half the CSRs in 2011, they end up standing for respectively 36 and 64 per cent of all CSRs in 2016 thus suggesting a move towards a more social friendly agenda. This displaces the question from the question of the agenda, to that of implementation. While the EU Commission admonishes the Member States to conduct both consolidation and investment, the question remains as to how governments respond in the face of a perceived trade-off.

Figure 4. Prominence of two distinctive socio-economic policy programmes (2011-2016)



Data: Country-Specific Recommendations for all EU Member States under the European Semester (2011-2016). Percentage of recommendations related to a given socio-economic policy programme.

The data shown in Figure 4 is therefore open for a less optimistic interpretation: the more social retrenchment occurs, the more visible the social consequences of the crisis become thus prompting learning among policy makers. Moreover, the more governments embrace reforms rooted in social retrenchment, the less likely they are to receive recommendations on that area in the following years. In turn, the formulation of repeated recommendations on social investment means that many EU countries have lacking policies in this regard.

Discussion and conclusions

One year after it took office, the EU Commission under the Presidency of J.-C. Juncker communicated its ambition to 'revamp' the European Semester. From the point of view of public communication, this term seems somewhat awkward since it suggests that things would change only at the surface whereas expectations for tackling the weak output legitimacy of the EU's macro-economic governance were strong. The objective of this paper has been to assess the nature and extent of ideational change exhibited in the outputs of the EU's governance framework for macro-economic and social policy known as the European Semester. The notion of SR has proved to be a particularly relevant focus. Although pervasive, its meaning seems to be often taken for granted and it remains under-researched in the context of the Eurocrisis. Its vague meaning seemed to offer an interesting lens for possible ideational change. This section outlines the main findings of our study and connects them to ongoing scholarly debates.

For a start, we have sketchily traced the origins of the notion of SR back to the adjustment programmes imposed by the IMF through conditionality to creditor countries around the world from the early1980s onwards. Although such programmes have varied greatly across countries and regions, a core of policy solutions prescribed is clearly rooted in the neoliberal belief that unfettered markets and supply side policies are the best way towards economic recovery whereas state intervention and regulation constitute obstacles to growth. In several respects, this conception was embraced by the OECD and the EU institutions which have promoted especially market liberalization and deregulation, with a strong emphasis on labour markets, in a strategy geared towards internal devaluation. The neoliberal conception of SR therefore constitutes a strong policy legacy as exhibited by the harsh adjustment programmes adopted in

Latvia and Romania under the Troika in 2008-2009. Recently, though, there have been signs that the OECD and the IMF, which have both been key idea suppliers of the EU Commission, have started to communicate more critical assessments of the effects of SR, especially in the short-term, that is in Europe's current deflationary situation.

In the context of the Eurocrisis, we find that the notion of SR was malleable enough to accommodate a certain degree of change. A re-ordering of the Semester's broad policy objectives had clearly happened between 2014 and 2015 with the rise of investment and the relegation of fiscal consolidation, while SR have remained at the centre. The ambiguity of the notion SR, then, resides precisely in that some SR can be geared towards fiscal consolidation whereas others can be geared towards investment. Yet, when we look at the more specific solutions and instruments attached to the various objectives, we observe that the same instruments (such as labour market reforms) are meant to achieve a range of various objectives, and the causal relationships between SR and other economic concepts (such as fiscal consolidation, growth or investment) remain underspecified and conceptualized as a circular virtuous circle offering no hints as to where to start. This ambiguity was well reflected in the interviews we conducted with key EU as well as national officials involved in the Semester. This raises the question as to whether such an ambiguity is 'constructive', in reference to Henry Kissinger's famous phrase and an idea which was also explored by scholars of political science for dealing with incremental policy change (Palier 2005). Contentious debates among experts and policy makers have arisen as to whether the various objectives of the Semester are not contradicting each other, thus feeding stagnation. Many have raise doubts that austerity and growth-friendly policies such as investment can be pursued *at the same time.* This echoes the old debate about the sequencing of reforms, and whether 'expansionary consolidation' can be empirically grounded (Blyth 2014). While raising all desirable policy outcomes simultaneously, the EU institutions leave national governments in the delicate position of dealing with difficult trade-offs: how do you create fiscal space for investment in times of low growth and under the pressure of deficit rules? We further underline a paradox: while the contours of SR are fuzzy enough to accompany change in discourse, we also identified a 'hard core' of policy instruments which is in tune with the typical legacy of SR with labour market reforms, products and services markets liberalization and the reform of public administration taking the lion's share of all references to SR in our corpus.

Looking more into detail at the policy solutions and instruments in the CSRs, the most significant output of the Semester clearly geared towards implementation in the various national arenas, confirms our initial suspicion that potential second order change must be put into perspective. From 2011 to 2016, we observe a relative stability. Policy solutions aiming at investment were not absent at the outset of the European Semester and their share in all policies has not increased dramatically. This means that the strong appeal at the level of 'communicative discourse' towards the public, to borrow Schmidt's concepts (Schmidt 2006) has been only accompanied by a marginal emergence of new solutions and instruments mentioned in the narrower realm of 'coordinative discourse' connecting the EU institutions to national policy makers. In fact, the reform of public administration (covering deregulation/better regulation, the restructuring/privatization of state-owned enterprises, the improvement of public employment services for jobseekers, the liberalization of public procurement, and the reform of civil justice) is the theme which exhibits the greatest progression since 2011. First order change in instruments, then, has happened mainly through incremental adaptation of the available toolbox. In historical institutionalist terms, timid shift to investment has occurred partly through the 'conversion' of existing instruments – e.g. the re-direction of cohesion policy as resources available for investment and structural reforms – and partly through the 'layering' of new instruments over the old ones – e.g. the creation of the European Fund for Strategic Investments under the leadership of Commission President Juncker. When distinguishing between two distinctive strategies for socio-economic policy programmes, namely social retrenchment vs social investment, we find that the latter is gaining ground in the recommendations made in the Semester. The question remains as to what extent a social investment strategy is realistic if rooted in constraining austerity. So far, the most striking comparative feature of policy making is the labour market reforms, especially in countries considered the laggards of continental Europe, namely Belgium, France and Italy, which are following suit to Germany and, beyond, to the UK which has been a pioneer in that regard. In contrast, the evolution of the level of investment in the realm of welfare (including research and education) does not seem to be in tune with a vigorous social investment strategy.

All in all, our findings partially support the hypothesis of significant change from the fast burning to the slow burning stage of the Eurocrisis. The ambiguity of the policy agenda underlying the notion of SR is both destructive and constructive. This is so because we still do not know how retrenchment and investment work together, what the right sequencing is, and whether they are not most of the time contradicting each other. A sociological investigation of the expert cycles which play the role of idea suppliers for the EU institutions, as suggested by Tsingou, Seabrooke and their colleagues, was beyond the scope of this paper. Yet, our findings bring us back to Hall's suggestion that first and second order change mainly occur within the state (or governance system in the case of the EU) while third order change requires a supply of new ideas from the wider public debate and pressure from the electoral arena. At the moment, the debate over the policy content of the European Semester and the relevance of SR has mainly happened among the confined sphere connecting the EU institutions and international organizations (especially the IMF and the OECD) and experts, in particular economists. We can think of a number of EU think tanks like Brueghel (Coman and Ponjaert 2015) or the comments from world class economists like J. Stiglitz or P. Krugman. Yet, in national polities, public debate is rarely going further than occasional contestation of austerity measures, on the one hand, ad hoc decisions by national governments when dealing with trade-offs between fiscal discipline and investment, on the other. Electoral pressure, though, seems to be increasing at rapid pace as European politics is witnessing a wave of populism and the return of nationalism.

Ultimately, this brings us back to question of how to explain the resilience of contemporary economic liberalism and of long standing ideas such as SR. Schmidt and Thatcher (2015) provide several complementary lines of analysis. One is the malleable nature of the neoliberal agenda and the ways in which it succeeds in hybridizing by absorbing and neutralizing challenging ideas, notably those stemming from social democracy. This has been the case, for instance, with flexicurity and other positively connoted notions. Whether we are currently witnessing the absorption of social investment into the neoliberal agenda, or, on the contrary, a major shift towards 'upward convergence' (AGS 2016) remains open to interpretation and to be seen in future cycles of the European Semester. The controversy between those who claim that there has been an 'economization of social policy' (Crespy and Menz 2015) and those who find a 'socialization of the European Semester' (Zeitlin and Vanhercke 2015) is currently unsettled. The possibility of substantive change is also at the heart of current political battles within the EU institutions themselves, not least the European Parliament. A further explanation in this debate relates the strength given to a set of ideas through their institutionalization. A frequent argument raised in scholarly assessments of the European Semester points to the asymmetry between 'hard' stringent mechanisms for the enforcement of fiscal discipline vs the soft governance which still prevails in the realm of social policy, but also to the increasingly blurred boundaries with the actors in charge of economic and financial issues asserting their institutional power position over those in charge of social policy, at least at EU level. A claim which could be tested in future research is that the deeper institutionalized policy ideas are, the higher the threshold of politicization (i.e. contestation in the public sphere) is for allowing substantial or third order change. In the meantime, we will have to turn our attention towards implementation at national level to determine whether the EU is dealing with a destructive or constructive ambiguity of its socio-economic agenda.

References

Armstrong, K. (2013). "The New Governance of EU Fiscal Discipline." Jean Monnet Working Paper Series(29).

Babb, S. (2012). "The Washington Consensus as transnational policy paradigm: Its origins, trajectory and likely successor." Review of International Political Economy **20**(2): 268-297.

Ban, C. (2011). Neoliberalism in translatio. Economic ideas and reforms in Spain and Romania, University of Maryland.

Ban, C. (2015). "Austerity versus Stimulus? Understanding Fiscal Policy Change at the International Monetary Fund Since the Great Recession." Governance **28**(2): 167-183.

Bekker, S. (2015). "European socioeconomic governance in action: Coordinating social policies in the third European Semester." OSE Paper Series.

Bekker, S. and I. Palinkas (2012). "The Impact of the Financial Crisis on EU Economic Governance: A Struggle between Hard and Soft Law and Expansion of the EU Competences?" Tilburg Law Review **17**(2): 360-366.

Blyth, M. (2013). Austerity: The History of a Dangerous Idea. Oxford, Oxford University Press.

Braun, B. (2015). "Preparedness, Crisis Management and Policy Change: The Euro Area at the Critical Juncture of 2008–2013." British Journal of Politics and International Relations **17**(3).

Braun, B. (2016). Infrastructural power: The ECB's push for institutional change in the European securitisation market. Ideas, Interests, Institutions and Change: The EMU from Delors to Schäuble. Salzburg.

Broome, A. "Back to Basics: The Great Recession and the Narrowing of IMF Policy Advice." Governance **28**(2): 147-165.

Coman, R. and F. Ponjaert (2015). Epistemic power over ideas after a fast-burning crisis – the case of the ecology of Brussels-based think tanks Enlighten – WP 1 Workshop, Université Libre de Bruxelles.

Coman, R. and F. Ponjaert (2016). From one semester to the next:. Specificities and adjustments in shaping the underlying legitimacy mechanisms. 23rd Council of Euroepan Studies, Philadelphia.

Crespy, A. and G. Menz, Eds. (2015). Social Policy and the Euro Crisis. Quo Vadis Social Europe? Basingstoke, Palgrave MacMillan.

Crouch, C. (2011). The strange non-death of neo-liberalism. Cambridge, Polity Press.

Dehousse, R. (2015). The New Supranationalism. ECPR General Conference, Montreal.

Edwards, S. (1989) "On the Sequencing of Structural Reforms." Working Paper No. 3138.

Fitoussi, J.-P. and F. Saraceno (2013). "European economic governance: the Berlin–Washington Consensus." Cambridge Journal of Economics **37**(3): 479-496.

Hall, P. A. (1993). "Policy Paradigm, Social Learning and the State : The Case of Economic Policy in Britain " Comparative Politics **25**(3): 275- 296.

Hemerijck, A. (2014). The Euro-crisis - Welfare State Conundrum. The Eurozone Crisis and the Transformation of EU Governance. M. J. Rodrigues and E. Xiarchogiannopoulou, Ashgate**:** 137-156.

IMF (1980). World Economic Outlook. Washington.

IMF (1985). World Economic Outlook. Washington.

IMF (1993). World Economic Outlook. Washington.

Lebaron, F. (2014). "Réformes structurelles." Avoir/Agir **2014/4**(30): 5-8.

Lora, E. (2012) "Structural Reforms in Latin America: What Has Been Reformed and How to Measure It." Inter-American Development Bank **346**

Lütz, S. and M. Kranke (2014) "The European rescue of the Washington Consensus? EU and IMF lending to Central and Eastern European countries." Review of International Political Economy **21**(2): 310-338.

OECD (1980) "Economic Outlook." **28**.

OECD (1983) "Economic Outlook." **34**.

OECD (1988). Economic Outlook. Paris.Palier, B. (2005). Ambiguous Agreement, Cumulative Change : French Social Policy in the 1990s Beyond Continuity, Institutional Change in Advanced Political Economies. K. Thelen and W. Streeck. Oxford, Oxford University Press**:** 127-144.

Schmidt, V. (2016). "The 'New' EU Governance: 'New' Intergovernmentalism versus 'New' Supranationalism plus 'New' Parliamentarism. ENLIGHTEN WP1 workshop. Universit Libre de Bruxelles.

Schmidt, V. A. (2006). Democracy in Europe. The EU and National Polities. Oxford & New York, Oxford University Press.

Schmidt, V. A. (2010). "Democracy and Legitimacy in the European Union Revisited: Input, Output and 'Throughput'." Political Studies **61**(1): 2-22.

Schmidt, V. A. (forthcoming). "Reinterpreting the Rules by Stealth in Times of Crisis: the European Central Bank and the European Commission." West European Politics.

Schmidt, V. A. and M. Thatcher, Eds. (2013). Resilient Liberalism in Europe's Political Economy. Cambridge, Cambridge University Press.

Schmidt, V. A. and M. Thatcher (2013). Theorizing ideational continuity: the resilience of neo-liberal ideas in Europe. Resilient Liberalism in Europe's Political Economy. V. A. Schmidt and M. Thatcher. Cambridge, Cambridge University Press**:** 1-50.

Seebrooke, l. and E. Tsingou (2014). "Distinctions, affiliations, and profes-sional knowledge in financial reform expertgroups." Journal of European Public Policy **21**(3): 389-407.

Tsingou, E. (2014). "Club governance andthe making of global financial rules." Review of International Political Economy **doi: 10.1080/09692290.2014.890952**.

Vanheuverzwijn, P. (2014). "Promoting the agenda for a social Economic and Monetary Union: attention, credibility, and coalition-building. ." Bruges Political Research Papers(37).

Zeitlin, J. and B. Vanhercke (2014) "Socializing the European Semester? Economic Governance and Social Policy Coordination in Europe 2020." SIEPS Working Papers **2014:7**.

Appendix – Coding policy instruments and socio-economic policy programmes related to structural reforms

Policy areas	**Policy solutions/instruments mentioned in the CSRs**	
	Social retrenchment	***Social investment***
1. Pension/healthcare systems	- Gap between effective and legal pension age - Link pensionable age to life expectancy - Cost-effectiveness of the healthcare sector	- Adequacy /Performance - Gender equality - Active ageing
2. Labour Market/Education	- Wage indexation/wage-setting system - Labour costs/tax wedge - Rigidity in employment protection legislation	- Transition from school to work (incl. apprenticeships and work-based learning) - Skills mismatch - Employability - Childcare - Segmentation
3. Products & Services Markets/Network industries	- Competition - Deregulation	- Investment in network infrastructure
4. Social protection	- Targeting social assistance - Link between assistance and activation - Cost-effectiveness - Disincentives to work	- Adequacy and access of social protection systems - Childcare
5. Taxation	- Shift away tax from labour - Tax base (incl. VAT) - Efficiency of tax administration	
6. Education/R&D/Innovation	- Cost-effectiveness - Deregulation to foster innovation	- Early school leaving - Access and quality of training - Skills - More spending on R&D - Cooperation between business and universities
7. Public administration	- State-owned enterprise (incl. privatization) -	- Public employment services - Civil justice system
8. Financial sector	- Insolvency framework - Lack of competition	- Stability of the housing market - Access to finance for SMEs and R&D
9. Energy/Environment	- Energy mix - Energy (cost-) efficiency - Cross-border interconnections	
10. Investment		- Public spending in infrastructure, R&D, education, social policy[10] - Private investment

[1] This approach constitutes a common framework for the research conducted by scholars involved in the collaborative research project ENLIGHTEN (Horizon 2020 - 2015-2018).

[2] This is echoed by the work of Tsingou and Seebrooke on the role of experts and the question of who supplies policy makers with ideas at various stages throughout a crisis.

[3] All the CSRs were broken down in sub-recommendations in case they were referring to different reforms. As a rule, it was decided to split the CSRs whenever a new action verb was identified. We left out the *considérants*.

[4] It should be noted that, insofar as we already had a clear idea at this stage of what SR were referring to, the fact that the CSRs made no mention of the term "structural reform(s)" was not deemed problematic for the analysis.

[5] The interviews were conducted with key officials from the European Commission as well as interviews from four Member States which can be constitutive as the socio-economic 'core' of the EU, namely Belgium, France, the Netherlands and the UK.

[6] The mandate of this working party was defined very broadly. 'i) Control of demand and inflation, including the role of fiscal policy, monetary policy and prices and incomes policy; ii) Supply side policies, including policies affecting labour supply, investment, factor mobility and energy; iii) Allocation and distribution of resources, including public expenditure and revenue decisions, financing and analysis of major expenditure programmes.' (OECD, no date, p. 37).

[7] '1. A confidence in the market as an efficient mechanism for the allocation of scarce resources.

2. A belief in the desirability of a global trade regime for free trade and free capital mobility.

3. A belief of the desirability, all things being equal, of a limited and non-interventionist role for the state and of the state as a facilitator and custodian rather than a substitute for market mechanisms.

4. A rejection of Keynesian demand management techniques in favour of monetarism, neo-monetarism, and supply side economics.

5. A commitment to the removal of those welfare benefits that might be seen as to act as disincentives to market participation (in short, a subordination of the principles of social justice to those of perceived economic imperatives).

6. A defence of labour-market flexibility and the promotion and nurturing of cost competitiveness' (Hay, 2004 cited in Schmidt and Thatcher Schmidt, V. A. and M. Thatcher (2013). Theorizing ideational continuity: the resilience of neo-liberal ideas in Europe. Resilient Liberalism in Europe's Political Economy. V. A. Schmidt and M. Thatcher. Cambridge, Cambridge University Press**:** 1-50.Schmidt, V. A. and M. Thatcher (2013). Theorizing ideational continuity: the resilience of neo-liberal ideas in Europe. Resilient Liberalism in Europe's Political Economy. V. A. Schmidt and M. Thatcher. Cambridge, Cambridge University Press**:** 1-50.2014: 5).

[8] The broad term Eurocrisis is deliberately used to reflect the multi-faceted nature of the crisis affecting the EU, starting with the US financial crisis provoking a banking crisis in Europe, followed by a sovereign debt crisis the threatening the Eurozone and eventually an economic recession feeding a broader social and even political crisis.

[9] Structural Reforms and Fiscal Consolidation: Trade-Offs or Complements?, Website Of *Bundesfinanzministerium,* retrieved from http://www.bundesfinanzministerium.de/Content/EN/Reden/2015/2015-03-26-structural-reforms.html

[10] Although unrelated to structural reforms, we deemed appropriate to also include these CSRs in the analysis so as to give a more nuanced and complete account of the EU's policy agenda.