Termites of Solidarity in the House of Austerity: Undermining Fiscal Governance in the European Union

Scott L. Greer
University of Michigan

Eleanor Brooks
University of Edinburgh

Abstract European Union (EU) fiscal governance, especially the European Semester, is an ambitious new governance architecture involving surveillance and discipline, across both Eurozone and non-Eurozone member state policies, in pursuit of fiscal rigor. It is the most recent of several attempts to expand EU powers over member state policy with the goal of austere budgeting, and one that has led to remarkable claims of authority by the EU over member state health policies as detailed as medical school admissions and the role of primary care. It is expected that it would be resisted not just by those who object to an EU role in the organization and delivery of health care but also by those who object to a particular austere approach to health policy. How well is it working? Using two waves of interviews and documentary analysis, and health as a policy case study, the authors document three key techniques that opponents use to undermine the semester's governance architecture: broadening goals, expanding the scope of conflict, and disputing and nuancing indicators. The result is that opponents of a narrow fiscal governance agenda are again successfully undermining the narrow focus of the semester.

Keywords European Union, European Semester, policy cycling, fiscal governance, austerity

The European Union (EU) treaty article on health is quite clear about who is in charge of health care: “Union action shall respect the responsibilities of the Member States for the definition of their health policy and for the organization and delivery of health services and medical care. The responsibilities of the Member States shall include the management of health services and medical care and the allocation of the resources assigned

Journal of Health Politics, Policy and Law, Vol. 46, No. 1, February 2021
DOI 10.1215/03616878-8706615

to them" (Art. 168(7) TFEU). One might therefore be surprised to learn that in 2015 France was threatened with a fine by the EU institutions for its policies on admission to health professional education (Council of the EU 2015b), or that Austria was told to set quantitative targets for moving hospital care into primary care settings (Council of the EU 2015a). How was that compatible with an EU that should "respect the responsibilities" of its member states?

The answer, as ever, is that the most important EU health policy does not come through the carefully written and constraining article 168. Much of this special issue, and the broader literature on EU health and public health policy, emphasizes its roots in internal market law. This article addresses a different political and legal route through which EU health policy happens: fiscal governance, known as the "third face" of EU health policy, alongside its public health and internal market aspects (Greer 2014b). In 2011–12 the EU created a new and ambitious fiscal governance architecture designed to enforce its fiscal priorities across the breadth of member state public policy. Eight laws (known as the "six-pack" and "two-pack"), along with the intergovernmental Treaty on Stability, Coordination, and Growth, promised to identify, monitor, and correct any member state imbalances or policies that might lead to future fiscal crises. By implication, all national policies would now be subject to EU oversight, imposing hard law capable of sanctioning governments that failed to respond adequately in areas such as social policy, in which the EU has not traditionally been thought to have strong powers. In other words, it promised the definitive EU adoption of the rule-governed, anti-deficit version of liberalism that Germany and other Northern European creditor countries advocated (Dyson 2014). It marked the institutionalization of the approach that had underpinned the economic adjustment programs forced on member states requiring financial assistance, such as Greece, which had well-documented, predictable, and disastrous impacts on public health (Greer 2014a; Karanikolos et al. 2013; Kondilis et al. 2013; Kentikelenis and Papanicolas 2011; Kentikelenis et al. 2014). These were ambitious steps indeed toward further integration.

What has become of these ambitious integrative steps? European fiscal governance—and, in particular, the framework that implements the austerity agenda, the European Semester—is a case of what Susana Borrás and Claudio M. Radaelli (2011) call a "governance architecture." That is: a strategic and long-term political initiative supported by a set of output-oriented targets that "often entail a renewed approach to the raison d'être of the international organization in question, with symbolic, normative and structural implications" (464). In this case, the governance architecture was built to promote a low-deficit, growth-friendly political economy in the EU member states, one in which finance ministries and their EU equivalents would dominate policy and make it for developmental, rather than redistributive or regulatory, ends.

We contend that this architecture is being undermined and study the termites responsible for its weakening as a way to understand how agendas and architectures succeed or fail in shaping European politics. Termites, in this context, are actors, from health ministries to interest groups, who are opposed to the fiscal austerity agenda. Most often referred to as "social" actors, reflecting their roots in public sectors such as health or education, they are working to undermine the EU's fiscal governance architecture and, in particular, the European Semester. They work through a set of bureaucratic techniques visible in many systems. The three most common and important techniques that we identify are efforts to expand and diffuse the objectives of the governance architecture, expand the scope of conflict around the governance architecture, and dispute and diversify data.

The next section briefly describes the semester as a governance architecture with ambitions to change member state policies and the raison d'être of the EU. We then show how opponents of the semester's original focus on austerity have undermined the EU's fiscal governance architecture. In so doing, we do not seek to present a normative view on the EU's response to the crisis or the actions of the termites, but rather to show that the EU's austerity regime has been weakened, just like its predecessors; that this is predictable; and that the result has been a more expansive EU health policy field but one without any clear raison d'être.

In March 2020, in response to the COVID-19 crisis, the European Commission invoked the "general escape clause" to suspend the punitive mechanisms associated with fiscal governance. The semester and surveillance continue but are, for the time being, unthreatening to member states. If our analysis is correct, the next wave of efforts to reinstate austerity as a key EU objective will emphasize some new governance architecture, reflecting disappointment among advocates of austerity at the relative success of health and social actors at undermining the semester. For those who want to entrench austerity in EU governance, the semester will probably appear far too rickety after opponents worked so hard to undermine it.

Austerity as a Governance Architecture

> *What is happening now is a silent revolution—a silent revolution, moving step by step towards stronger economic governance. The Member States*

> *have accepted—and I hope they have understood this—to grant the European institutions considerable supervisory powers.*
> —José Manuel Barroso

> *[The European Union will be] bigger and more ambitious on big things, and smaller and more modest on small things.*
> —Jean-Claude Juncker

A governance architecture is an effort to permanently secure certain substantive priorities. The fiscal governance architecture is supposed ex ante to prevent and ex post to punish member state policies that undermine Eurozone policy goals (Caporaso and Min-hyung 2016), namely, that national deficits are kept within 3% of gross domestic product (GDP) and national debt below 60% of GDP. The series of acts that were adopted between 2011 and 2013 commit states to a medium term objective (MTO) in their structural budgetary position, introduce an excessive deficit procedure (EDP) with sanctions for those who fail to achieve this, and establish a macroeconomic imbalance procedure (MIP) whereby economic developments that might threaten stability are subject to surveillance, recommendations, and penalties.

This "police-patrol system" (Savage and Howarth 2018: 216) is embodied in the European Semester, a six-month fiscal planning cycle in which the commission assesses priorities for growth and employment policies in the Annual Growth Survey (AGS), national governments communicate their plans in response to this, and the EU adopts guidance for each member state (extensive presentations of its outline can be found on the EU institutional webpages). Though formally nonbinding, these country-specific recommendations (CSRs) can trigger coercive responses for those countries subject to the EDP or the MIP and, in some cases, for those receiving European Structural and Investment Funds (Baeten and Vanhercke 2017: 483). In each of these instances, sanctions are decided by reverse-qualified majority voting, meaning that they are imposed automatically save for a blocking vote by a qualified majority. The semester brings together the monitoring, reporting, and enforcement elements of both the Stability and Growth Pact (SGP) and the Europe 2020 Strategy and is led by DG ECFIN (the European Commission's Directorate General for Economic and Financial Affairs) and the ECOFIN (Economic and Financial Affairs) formation in the council (Maricut and Puetter 2017). There are a variety of penalties for member states that do not conform to semester recommendations, most of them so far unused. Formally, they include loss of access to EU aid (structural and cohesion funds), loss of access to bailout funds in future crises, and large fines. Informally, noncompliance might make the European Central Bank and other institutions less likely to take creative action to support a state or its government in future crises—or tempt them to actively undermine an elected government, as happened during the crisis in Italy and Greece (Greer and Jarman 2016).

The semester system, as originally designed, empowered finance ministries in a transnational network built around ECOFIN and ECFIN with a goal of ensuring economic and fiscal sustainability as finance ministries understood it. In the depths of economic crisis, "debtor" member states of any political color had little choice but to agree to this system, designed as it was to satisfy creditor country elites that there would be no more bailouts (Bastasin 2015). The experience of Greece made clear the negative consequences of declining to participate in the fiscal governance procedures.

The most theoretically elaborated scholarship has emphasized the subsequent "socialization" of the semester, meaning its conversion into an instrument of more ambitious EU social policy through devices such as the addition of more social policy targets. In this framing, there is a choice between seeing the semester as about the "subordination" of social to economic affairs and seeing in it "new opportunities to . . . defend and mainstream EU social objectives" (Zeitlin and Vanhercke 2018: 150). The semester, in this analysis, is not just less and less of a problem for social policy, but might be an advance for serious EU social policy (Verdun and Zeitlin 2017). This socialization thesis has been challenged by scholars less convinced of the "social value" of the semester (Copeland and Daly 2018; Crespy and Vanheuverzwijn 2017; Dawson 2018; Jordan, Maccarrone, and Erne 2020). By contrast to both positions, our findings indicate that, rather than crafting a triumph of social objectives over economic, or failing to do so, social actors have instead pursued a strategy of "hollowing out," rendering the semester, as an economic governance architecture, largely ineffective.

The evolution of the semester is a case of the EU confronting the challenge of "how to get beyond the original rules to more workable ones in a context in which formal rule change has been difficult" (Schmidt 2016: 1033). This challenge is a major one in an EU long dependent on institutional creativity to circumvent its complex and veto-filled policy process (Héritier 1999). It is also a case of the more general difficulty of making lasting change in governance architectures—of formulating policies that will permanently shape politics in a desired way. Historical institutionalist literature on political science was born of an interest in the ways that institutions persist, but it currently tends to focus on the ways that policy and political decisions trigger self-reinforcing cycles. That focus should not obscure the fact that many efforts at lasting policy change fail. Carolyn Tuohy (2018: 57) argues that with any policy “some interests will remain dissatisfied . . . and contesting ideas about the grounds of state action will not disappear.” “Losing” interests do not go away, and they will work to prevent a self-reinforcing cycle that entrenches their loss. What looks like a comprehensive triumph—an elegant new governance architecture—is eaten by termites over time.

Consider the Broad Economic Policy Guidelines (BEPGs), direct ancestors of the postcrisis fiscal governance architecture and a previous case of cycling in this policy area. Their structure bore striking resemblance to the semester, being designed to coordinate economic policy through the issuing of guidelines and led by economic, employment, and finance actors (Schäfer 2004). In 2000, however, the Portuguese presidency challenged the leadership of the process, seeking BEPGs that would “take employment and social concerns into account in their drafting” (Vandenbroucke 2002) and setting in motion an expansion of the goals and process. By 2002 soft law instruments on pensions had been integrated (Vandenbroucke 2002), gender mainstreaming featured in the guidelines for the first time (Braams 2007, n41), and, in the 10 years from their launch in 1993, the number of guidelines issued increased from 4 to more than 100 (Hodson 2017: 7). By the end of their initial life cycle—before their reinvention as part of the Integrated Guidelines in the relaunched Lisbon Strategy—the BEPGs entailed interaction among almost all the European institutions and took account of a broad range of policy concerns: “A case in point is the call in the BEPGs 2003–05 for Member States ‘to facilitate the development of the Union’s satellite navigation system Galileo’” (Deroose, Hodson, and Kuhlmann 2008: 833–34).

Methods

Our principal method was interview research coupled with documentary review, principally of the EU documentation produced as part of the semester. We conducted 25 interviews in 2015 (N = 15) and 2017 (N = 10), with commission officials (N = 7), member state health attaches (8 member states, 11 interviewees), Brussels lobbyists (N = 6), council officials (N = 2) and Parliament officials (N = 1). A supplementary online appendix discusses our research and interviews in more depth.

How Termites Undermine Governance Architectures

How do those excluded by a governance architecture undermine it so that it incorporates, or at least does not damage, their interests—so that it cycles back toward their preferences? This section identifies the three ways that cycling operates in the specific governance architecture of EU fiscal governance. We found that those who wish to undermine the semester use three main kinds of techniques: they add and redefine goals, expand the scope of conflict, and dispute the indicators.

How Termites Work: Add and Redefine Goals. The first of the three techniques is simply to add goals. Consider the Lisbon project, whose slogan was that it would make Europe the most competitive economy in the world by 2010. To do that, the first statement of the Lisbon Agenda called for focusing EU work across two pillars: an economic pillar, to boost research and development, foster structural reforms for competitiveness, and apply “an appropriate macro-economic policy mix” (European Council 2000, point 5); and a social pillar, to modernize the European Social Model. A year later, an environmental pillar was added. Another two years after that, the relaunched strategy pledged greater focus, yet the 2008–10 implementing program comprised 10 targets in areas including immigration, administrative burden, and trade and investment (European Commission 2007, point 3). This is much the same process that led to the appearance of gender mainstreaming and Galileo—the EU’s global satellite navigation system—among the objectives of the BEPGs.

In the case of the European Semester, the original focus was on the goals of the SGP, namely, control of public sector deficits, and the MIP. Those are still the legal bases in the semester for actual punitive action. Thus even the most trivial semester recommendation, such as the 2015 CSR advising a review of health professions education admissions in France (Council of the EU 2015b), if built on one of these legal bases, could theoretically have resulted in sanctions had France failed to respond while in the EDP. The Europe 2020 goals have existed in a strange state for the duration of the Juncker Commission. They were created by the Barroso Commission, but they continue to be the basis for the semester’s recommendations because there is no alternative strategy to be used as a base for recommendations. This is especially the case for recommendations to countries that give no reason to expect MIP or SGP problems.

The declared overarching purpose of the semester has evolved considerably and lost its initial focus and justification. Initially framed as a tool for better coordination of economic policy, with the aim of strengthening budgetary discipline, macroeconomic stability, and growth (Council of the EU 2010a), the most recent set of Country Reports put "special emphasis," for the first time, on mainstreaming the priorities of the European Pillar of Social Rights (EPSR) (European Commission 2018), and the most recent commission president, Ursula von der Leyen, has stated that the semester shall adopt the whole of the United Nations Sustainable Development Goals as objectives. This is about as big a broadening as one can imagine (von der Leyen 2019).

Jonathan Zeitlin and Bart Vanhercke (2014, 2018) trace the expansion of priorities in consecutive AGSs, the absorption into the semester of a range of social pacts and packages, and the growth of social policy–related CSRs. The AGS priorities have evolved from focusing on fiscal consolidation, labor market reform, and growth enhancement in 2011 (European Commission 2010a: 3) to identifying a range of economic and social priorities that take the EPSR as their "compass" in support of "sustained economic and social convergence" in 2018 (European Commission 2017b: 1–2). As specific examples of this, the Social Investment Package, the Employment Package, and the EPSR, the core pillars of the EU's social and employment policies, have all had their monitoring and reviewing processes assimilated into the semester. Moreover, the proportion of CSRs focusing on social objectives has increased continuously. Systematic studies vary in their definition of "social CSRs" but find that the percentage of total recommendations that focus on social topics has risen from 46.15% in 2011–12 to 60.53% in 2017–18 (Clauwaert 2017: 12) and that the proportion of CSRs related to social investment has increased from around 50% in the initial cycle to more than 80% in 2017 (Crespy and Vanheuverzwijn 2017, fig. 4; for an overview of such studies, see Zeitlin and Vanhercke 2018: 158). It is far from clear that this apparent increase in the number of social CSRs is indicative of a more socially sensitive semester, and indeed the studies cited above are generally unconvinced by the socialization thesis, but the diversification of content serves to cloud focus and precision of its objectives.

By 2019 the specific health content of the CSRs was substantial and often quite supportive of efforts to expand the equity, quality, and universality of health care in countries as diverse as Ireland, Italy, Cyprus, and Lithuania. The economic case for better health policy might be strong, but recommendations that Italy try to reduce regional disparities on health care access, or that Cyprus and Ireland carry on with their universalizing reforms, are a far cry from the fiscal governance agenda that initially led to the creation of the semester (Greer et al. 2019).

How Termites Work: Expand the Scope of Conflict. As Elmer E. Schattschneider (1960) wrote, the scope of conflict is crucial in determining who wins and who loses in politics; adding new players makes politics harder to control. It is for this reason that European fiscal governance architectures are initially created with a small central administrative focus and a narrow scope of conflict, deliberately trying to avoid political participation that might endanger the austerity agenda (Greer and Jarman 2016). Those who are excluded from a given architecture thus have incentive to expand its scope and, thereby, change their odds of winning.

In the commission, the semester was initially implemented by a trio of DGs—ECFIN, EMPL (Employment, Social Affairs, and Inclusion), and TAXUD (Taxation and Customs Union)—but led and managed by DG ECFIN. The dominance of economic and finance actors in the process, though soon challenged, had a lasting effect. Sebastiano Sabato, Bart Vanhercke, and Slavina Spasova (2017: 18) characterize an evolution wherein, for the first three cycles, social actors were "at best informed" of semester decisions, moving to more systematic consultation in the 2014–15 cycles and, finally, something akin to institutionalized engagement in 2016. Substantive involvement of health policy actors took even longer. In the early cycles health actors remained "largely absent" from the process (Stamati and Baeten 2015: 189), and interviewees indicate that some health ministries "woke up" to the implications of the semester for health only in 2014. On doing so, they discovered that the trio of DGs responsible for the semester were very short on expertise in health but would, because of the sheer expense of health and social affairs, be drafting recommendations nonetheless. Anticipating that a relatively closed process that excluded them in the early stages would be a threat, DG SANTE (Health and Food Safety), along with similarly excluded actors in other sectors, set about trying to expand the inter-service consultations surrounding the formulation of the CSRs.

Initially short on basic fiscal policy and surveillance skills, as well as sector-specific knowledge, ECFIN had to quickly increase its staff and expertise (Savage and Verdun 2015). While, as James D. Savage and Amy Verdun found, DG EMPL also started to change culture and organization in response to its new role, it remained a broad social affairs ministry. By 2014 the process for preparing and feeding into the CSRs had become "increasingly collaborative" (Zeitlin and Vanhercke 2015: 71; 2018: 165), with other DGs contributing their own expertise and assisting DG ECFIN in the supporting policy analysis.

Though DG ECFIN still leads on the initial assessment of macroeconomic imbalances and fiscal sustainability, in which risks are highlighted and concerning trends explored, the subsequent, more qualitative phase is now coordinated and overseen by the secretariat-general. Under the Juncker Commission, ECFIN was generally marginalized by the secretariat-general and commission vice presidents, in good part because its French socialist commissioner was not widely seen to be in sympathy with Juncker's overall agenda. All DGs now contribute to country-specific analysis, with the SG Country Teams drafting the resulting recommendations ahead of discussion with the directors of the "core" DGs and final sign-off by the College of Commissioners (Baeten and Vanhercke 2017: 488–89).

In health, most substantive input comes from DGs SANTE, EMPL, and REGIO (Regional and Urban Policy). DG SANTE's contribution has increased considerably, following an increase in human resources (e.g., health economists who can argue with more "economic" actors) and the prioritization of projects—such as the "State of Health in the EU" initiative—that gather country-specific data to feed into the semester and try to set broad health narratives. Interviewees noted that DG SANTE has also taken the view that a path to influence, and the best route to progress on "health in all policies," lies in exporting staff to other DGs and is now actively encouraging such lateral moves.

New players have also joined the semester process from outside the European Commission. Initial challenges to the jurisdiction of economic and finance actors came from the EPSCO Council (Employment, Social Policy, Health and Consumer Affairs) and its advisory committees on social protection (SPC) and employment (EMCO) (Zeitlin and Vanhercke 2018: 159). An SPC initiative to relaunch the social open method of coordination (OMC) gained momentum during the postcrisis debate on the social dimension of the Economic and Monetary Union (EMU), leading to more effective interaction between council formations (Zeitlin and Vanhercke 2015: 78). The role of EPSCO, as well as that of advisory committees including the SPC and EMCO, have been significantly elevated, leading to a sharp increase in the number of "prosocial" amendments to CSRs (Zeitlin and Vanhercke 2018: 161).

In health the initial problem was that neither DG SANTE nor health ministries nor civil society actors were institutionally located anywhere near the semester decision-making process. They have fought for inclusion, and, since 2013, reviews of health-related CSRs have been conducted jointly between the SPC, EMCO, and the Working Party on Public Health at Senior Level (WPPHSL) (Zeitlin and Vanhercke 2018: 160), while civil society organizations have begun to coordinate activity around the semester. The Semester Alliance is now invited to discussions with most of the relevant EU institutions, and both national and European parliamentarians enjoy enhanced engagement via the Semester Dialogue (Sabato, Vanhercke, and Spasova 2017: 12, 24). The role of the social partners has also been greatly enhanced, and they now enjoy ex ante consultation on the AGS and the Country Reports, a cooperation protocol with EMCO and an informal equivalent with the SPC. Moreover, since 2014 they have been invited to participate in informal discussions of the EPSCO Council (9–11).

There are caveats to this socialization narrative, however. The WPPHSL keeps a low profile, and national health ministers often remain weak in these debates, their power varying in accordance with national institutional structures and partisanship, among other factors. Furthermore, as a council body, the WPPHSL is at the mercy of presidencies; the far-right health minister leading the council during the 2018 Austrian presidency, for example, permitted only a few meetings, most of them at attaché level. Moreover, studies of specific social policy fields find that CSRs continue to be led by market development objectives (Copeland and Daly 2018) and a broadly liberalizing agenda (Jordan, Maccarrone, and Erne 2020), despite the increased involvement of civil society and other actors. As such, DG SANTE and health ministers are the most consequential entrants into the semester process from health.

Though challenges remain, the scope of conflict during the semester has expanded considerably. Transparency and participation by civil society and parliaments allow political opponents to know about and organize around semester issues. More inter-service consultations and committee participation by more diverse groups allow more information about the direction of the semester to leak out, make more opposition visible, and make it harder to steer agendas.

How Termites Work: Critique and Expand Indicators. Statistics are at the core of government. They identify problems, focus attention, and make targets. The semester and previous fiscal governance architectures have depended on statistics and are, in fact, justified by the need to hit quantitative fiscal targets. The result of this central role for statistics is that each project, including the semester, as well as the BEPGs before it, has triggered a struggle over the appropriate kind of data and their use. Typically, the cycle starts with a small number of high-level indicators, narrowly defined and closely connected to the project's central goals. In the case of the semester's health recommendations, this meant health expenditure, as outlined in the *Joint Report on Health Systems* in 2010 (European Commission 2010b) and, in particular, expenditure on pharmaceuticals (presumably reflecting the commission's and others' frustration with high pharmaceutical expenditures in the four countries in receivership). Soon, however, other parties—usually those affected by or excluded from the process—begin to raise concerns about the appropriateness or methodological rigor of the selected data. They suggest the inclusion of alternative or additional indicators. For example, more complex data on pharmaceutical spending might be needed for good policy. Pharmaceutical spending is conditioned by population demographics and relevant only in relation to health outcomes, so a more holistic picture is needed. With such holism, however, comes complexity. While the resulting picture might bear more truthful resemblance to the health system in question, its usefulness as a simple "red flag" for surveillance or target for reform is diminished.

The implementation of the semester showed how the superficially boring, generally obscure, yet nonetheless important politics of data and numbers strengthened and then weakened the semester. At the outset, information about health expenditure was collected and presented in the Joint Assessment Framework (JAF), a set of indicators for monitoring progress toward the Europe 2020 targets and the Integrated Guidelines (Council of the EU 2010c). The JAF was developed internally to DG ECFIN and essentially focused on identifying areas of expenditure where some countries were spending more than most. If they were, then that area was suspect. It relied on fiscal data and had few useful figures to do with the outcomes of social policy. The initial version of the JAF contained more than 130 indicators, though almost 80 of these were to be used for contextual purposes only or were yet to be developed (Council of the EU 2010b). The rest were established EMCO and SPC indicators and mostly focused on various dimensions of the labor market. There were also three health indicators—a combination healthy life years and life expectancy indicator, an infant mortality indicator, and three iterations of unmet need for care indicators, all of which were part of the "contextual" data category. The JAF was not initially sent through inter-service consultation in the commission. Presumably ECFIN and ECOFIN ministers knew what would happen when it was, eventually, sent through, which was a large volume of comments from other DGs suggesting that the figures being used were misleading, crude, or suggestive of counterproductive policies. Sure enough, the minimal inclusion of relevant data provoked health and social actors, and so attempts to expand, supplement, and dilute the JAF began. This section walks through the evolving set of statistics and data used to inform the semester, charting the proliferation of indicators used and the role of excluded actors in driving this.

The JAF-H

In 2013, the SPC and the WPPHSL decided that it would be prudent to develop a dedicated JAF for health (JAF-H) on the grounds that the existing JAF did not, or could not, accurately reflect the operation of health systems. At the time of writing this remains in development, on account of the breadth and complexity of the indicators sought for inclusion. The most recent framework comprises 52 indicators, with an additional 12 identified for development. These are grouped as indicators on overall health outcomes, access, quality, resources, nonhealth determinants, and the socioeconomic situation of the country involved, and they contain measurements of in-hospital mortality following stroke, avoidable admissions from uncontrolled diabetes, and vegetable consumption, among many others (European Commission 2015). A pilot test of the JAF-H was run in 2014, which included its use by DG ECFIN in the semester (Baeten and Vanhercke 2017: 491), but the SPC has reiterated that it is to be used "only as a first step-screening device and *it is not to be used for automatic issuing of CSRs*" (Social Protection Committee 2015: 7; emphasis in original). In fact, to quell member state concern at the outset of the initiative, the SPC had originally asserted that the JAF-H would be used only in the context of the OMC, and not the semester. However, officials in the SPC point out that the blurring between these two processes during recent years has made that distinction largely untenable and confirm that select indicators are already being used as a basis for identifying key challenges. Furthermore, in 2017 the JAF-H was referred to in DG SANTE's State of Health in the EU "knowledge-brokering" exercise (explained below) (European Commission 2017d: 13, 37, 40), another tool designed to expand and influence DG ECFIN's analysis.

Social Parallels to JAF-H

At the same time as the gradual development of the JAF-H, social policy actors were also busy increasing their analytical capacities in the hope of participating on more equal footing with DG ECFIN (Zeitlin and Vanhercke 2015: 72). In April 2012 the SPC, at the behest of the EPSCO and European Councils, adopted a Social Protection Performance Monitor

(SPPM) as a companion to the Employment Performance Monitor compiled by SPC and EMCO. Both reports summarize the relevant parts of the JAF and the key challenges that it identifies. The SPPM's purpose is to identify annual "trends to watch" and "positive recent trends" so as to stimulate discussion and targeted multilateral surveillance (Social Protection Committee 2012). It is used in all SPC monitoring tasks, including surveillance, thematic reviews, and input into the semester. It uses the EU portfolio of social indicators, the National Reform Programs, the NSRs, and the JAF to compile detailed country profiles and a dashboard of 25 social indicators that monitor the social dimension of Europe 2020 across all three pillars of the social OMC (Barcevičius, Weishaupt, and Zeitlin 2014: 35). There are three health indicators in the SPPM dashboard: self-reported unmet medical need, and healthy life years, separated for men and women. The role of this tool in raising the visibility of health and social trends has already been demonstrated. In 2014 the SPPM highlighted concerning self-reported unmet medical need trends for the 2008–13 period, and so, later that year, a thematic review on access to care was carried out. The findings of this review were then forwarded to the ESPCO Council for consideration.

The "Andor Scoreboard"

In 2013 the SPPM was supplemented, as part of the commission's drive to strengthen the social dimension of the EMU, by a scoreboard of key employment and social indicators (commonly referred to as the "Andor Scoreboard"). This comprised five headline indicators on various aspects of unemployment, income, and poverty and aimed, as with the SPPM, to raise the visibility of these trends for follow-up in the semester (European Commission 2013a). The Andor Scoreboard was thus included in the Joint Employment Report (JER) from 2014 until 2016, facilitating discussion in these editions, for the first time, of unmet medical need and access to health care, and thereby moving the process further from any focus on deficits and debt. In 2017 the Andor Scoreboard was replaced with a new social scoreboard, this time originating from the EPSR. Its purpose is to implement the pillar, while feeding into the semester and assessing progress toward the "social triple A," akin to rating agencies' AAA rating for the most sustainable debt. Fourteen indicators are now included in the JER—self-reported unmet medical need remains a headline indicator, but it is now supported by contextual indicators on healthy life years and out-ofpocket expenditure on health care. The latter is a brand-new indicator, and, at the time of writing, no data has been entered under this heading of the online, interactive version of the scoreboard. Interviewees questioned the commission's wisdom in including such a nascent and undertested indicator, but this has not stopped it from being included in the 2017 JER or in the 2018 edition, where it has been expanded to take account of health care expenditure by financing source as a whole (European Commission 2017c).

The "ECOFIN Scoreboard"

In 2011 the ECOFIN Council adopted a scoreboard for inclusion in the Alert Mechanism Report (AMR), to assist with implementation of the MIP (European Commission 2011). This scoreboard originally included a range of indicators for monitoring macroeconomic conditions, competitiveness, labor markets, house prices, private-sector indebtedness, and, later, the financial sector (European Commission 2012). In 2013, however, the debate on strengthening the social dimension of the EMU led to calls for social indicators to be added (European Commission 2013b), and, in response, a handful of indicators on employment and poverty were added to the auxiliary data supporting the AMR. Moreover, as part of a more encompassing review of the MIP Scoreboard in 2015, three of these social indicators were moved to the headline data set. Thus from an original dashboard of 10 macroeconomic indicators in 2011, the 2018 AMR lists 14 headline and 28 auxiliary indicators across economic, employment, and social themes (European Commission 2017a).

Health Systems Performance Assessment and State of Health in the EU

DG SANTE has been assigned a minor role in fiscal governance, as we would expect from a legally and politically weak DG associated with spending ministries. Its limited mandate from incoming President Juncker nonetheless included authorization to contribute its own work on health systems performance assessment (HSPA), thereby allowing it to enter the argument about what is and is not good health policy. It developed two main strands of work to feed into the semester process. The first is the State of Health in the EU initiative, a two-year "knowledge brokering" exercise to support evidence-based policy making. In even years, SANTE and the

Organisation for Economic Co-operation and Development (OECD) copublish the *Health at a Glance Europe* series, while in odd years, a series of Country Profiles and a Companion Report are released by the commission, OECD, and the World Health Organization European Observatory on Health Systems and Policies. These collaborations mobilize legitimacy, expertise, and networks outside the commission. The reports provide detailed contextual information and frame the challenges facing European health systems in terms of the effectiveness, accessibility, and resilience themes of the "EU health systems agenda," rather than a fiscal governance agenda.

A second strand of activity concerns HSPA, for which SANTE has established an expert group. The group promotes the development of tools and methodologies to assess different aspects of national health systems each year. These have so far covered quality of care (2015), integrated care (2016), and primary care (2017), more recently targeting efficiency in health care (2018) and health system resilience (2019). DG SANTE also conducts fact-finding missions as part of the semester process, contributing its findings to discussion among the core DGs. Interviewees in 2015 were optimistic that HSPA could produce an alternative source of evaluations of health systems that might bring more useful indicators of quality and efficiency into semester conversations that tended to use crude indicators and ignore the way whole systems worked. Two SANTE officials interviewed were proud that health economists were being recruited to better speak with EMPL and ECFIN (an interesting choice of profession in light of the putative "socialization" of the process), promote HSPA, and contest the JAF.

Renewal

DG ECFIN has not endured this expansion of indicators passively. The JAF was rapidly turning into a more sophisticated guide to policy but a less powerful tool for the secretariat-general, ECFIN, and ECOFIN. In 2014 ECFIN therefore restarted the cycle, creating the Thematic Assessment Framework, now renamed the Horizontal Assessment Framework (HAF), as an in-house tool with no formal status and therefore no requirement that it go through inter-service consultation. The HAF, which looked much like the original JAF, would allow ECFIN to regain a statistical base on which to make strong fiscal policy recommendations without being bogged down in complex sectoral policies. It was to be, "used by the commission services to identify structural-fiscal reforms that are deemed necessary to address fiscal sustainability challenges in the Member States" (European Commission 2014: 5). Essentially, the HAF pares analysis back to determine whether a large adjustment in policy is required to ensure fiscal sustainability using two "sustainability indicators." This is what policy cycling looks like.

Conclusion

Every policy has its opponents, and as it creates costs it can produce negative as well as reinforcing feedback, which leads policy makers to move away from the original clear and contentious project. If leaders fail to create lasting institutional change supported by a preponderance of positive feedback, then we should expect policy and governance to change back in something like a thermostatic fashion. We found that the semester has been slowly losing its effectiveness as a governance architecture. Its goals became broader and hazier, participants wider and more fractious, and its data more sophisticated and harder to interpret. These bureaucratic mechanisms are used in Brussels to undermine a governance architecture and return policy to something closer to the status quo ante. Efforts to make EU fiscal governance more coherent, coercive, and austere are being blunted yet again (Hodson 2011).

Recurrently, partisans of budgetary rigor and putatively progrowth liberalizing policies, enforced by European rules and justified by economic stability, create governance architectures that purport to constrain member states. These architectures, agreed at the highest levels, are then immediately subject to undermining work by excluded interests, such as "spending" ministries, "social" activists, interests, and governments seeking the electoral rewards of greater expenditure. These groups, the termites of our analogy, have established tools to undermine architectures. Those tools, often superficially boring and technical, can blur and add goals, complicate the indicators that tell policy makers what is going on, and expand the scope of conflict so that agreed-upon goals and ideas no longer command agreement. These might be age-old tools of politics, but they keep the EU's fiscal policy in a constant state of cycling. They might not be satisfying to any normative theory of governance, but they seem to persist. Without a radical change in the underlying political economy of the EU, it is hard to see how this pattern of policy cycling, of new architectures and industrious termites, will change.

▪ ▪ ▪

Scott L. Greer is professor of health management and policy, global health, and political science at the University of Michigan and senior expert adviser on health governance to the European Observatory on Health Systems and Policies, Brussels. His books include the edited collection *Federalism and Social Policy: Patterns of Redistribution in Eleven Democracies* (2019), *The European Union after Brexit* (2020), and *Everything You Always Wanted to Know about European Union Health Policies but Were Afraid to Ask* (second edition, 2019).
slgreer@umich.edu

Eleanor Brooks is a lecturer in health policy at the Global Health Policy Unit of the University of Edinburgh and a scientific advisor to the European Public Health Alliance, Brussels. She holds a UKRI Future Leaders Fellowship, studying the impact of the Better Regulation Agenda on European Union health policy, and her broader research explores the changing governance of health within the European Union.

Acknowledgments

We would like to thank participants in the "EU Health Law and Policy—Shaping a Future Research Agenda" conference at Lancaster University in April 2018 and the Jean Monnet Health Law and Policy Network's Copenhagen workshop in May 2019 (and especially Holly Jarman) for their comments.

References

Baeten, Rita, and Bart Vanhercke. 2017. "Inside the Black Box: The EU's Economic Surveillance of National Healthcare Systems." *Comparative European Politics* 15, no. 3: 478–97.

Barcevičius, Egidijus, J. Timo Weishaupt, and Jonathan Zeitlin. 2014. "Tracing the Social OMC from Its Origins to Europe 2020." In *Assessing the Open Method of Coordination: Institutional Design and National Influence of EU Social Policy Coordination*, edited by Egidijus Barcevičius, J. Timo Weishaupt, and Jonathan Zeitlin, 16–39. London: Palgrave Macmillan.

Bastasin, Carlo. 2015. *Saving Europe: Anatomy of a Dream*. Washington, DC: Brookings Institute.

Borrás, Susana, and Claudio M. Radaelli. 2011. "The Politics of Governance Architectures: Creation, Change, and Effects of the EU Lisbon Strategy." *Journal of European Public Policy* 18, no. 4: 463–84.

Braams, Beate. 2007. "Equal Opportunities between Men and Women and Gender Mainstreaming under the European Employment Strategy (EES) and the Open Method of Coordination (OMC): A New Policy Approach to Combat Gender Discrimination?" *European Integration Online Papers*, December 30. eiop.or.at/eiop/texte/2007-006a.htm.

Caporaso, James A., and Kim Min-hyung. 2016. *States Choose but Not under Circumstances of Their Own Making*. Oxford: Oxford University Press.

Clauwaert, Stefan. 2017. *The Country-Specific Recommendations (CSRs) in the Social Field: An Overview and Comparison Update Including the CSRs 2017–2018*. Brussels: European Trade Union Institute.

Copeland, Paul, and Mary Daly. 2018. "The European Semester and EU Social Policy." *Journal of Common Market Studies* 56, no. 5: 1001–18.

Council of the EU. 2010a. "3030th Council Meeting, Economic and Financial Affairs." Press release, September 7. www.rewi.hu-berlin.de/de/lf/oe/whi/archiv/eur-semester-council-7-9-2010.pdf.

Council of the EU. 2010b. "Foundations and Structures for a Joint Assessment Framework (JAF), Including an Employment Performance Monitor (EPM) to Monitor the Employment Guidelines under Europe 2020." Report No. 16984/10, November 26. ec.europa.eu/social/BlobServlet?docId=6440&langId=en.

Council of the EU. 2010c. "Joint EMCO-SPC Opinion on the Joint Assessment Framework and the Employment Performance Monitor." Report No. 16984/10, November 26. ec.europa.eu/social/BlobServlet?docId=6538&langId=en.

Council of the EU. 2015a. "Council Recommendation of 14 July 2015 on the 2015 National Reform Programme of Austria and Delivering a Council Opinion on the 2015 Stability Programme of Austria." May 20. ec.europa.eu/info/publications/2015-european-semester-country-specific-recommendations-council-recommendations_en.

Council of the EU. 2015b. "Council Recommendation of 14 July 2015 on the 2015 National Reform Programme of France and Delivering a Council Opinion on the 2015 Stability Programme of France." May 20. ec.europa.eu/info/publications/2015-european-semester-country-specific-recommendations-council-recommendations_en.

Crespy, Amandine, and Pierre Vanheuverzwijn. 2017. "What 'Brussels' Means by Structural Reforms: Empty Signifier or Constructive Ambiguity?" *Comparative European Politics* 17, no. 1: 1–20.

Dawson, Mark. 2018. "New Governance and the Displacement of Social Europe." *European Constitutional Law Review* 14, no. 1: 191–209.

Deroose, Servaas, Dermot Hodson, and Joost Kuhlmann. 2008. "The Broad Economic Policy Guidelines: Before and after the Re-Launch of the Lisbon Strategy." *Journal of Common Market Studies* 46, no. 4: 827–48.

Dufresne, Anne. 2015. "Euro-Unionism and Wage Policy. The German Paradox: A Driving Force but Also a Brake?" In *Social Policy and the Euro Crisis: Quo Vadis Social Europe*, edited by Amandine Crespy and Georg Menz, 86–113. Basingstoke, UK: Palgrave Macmillan.

Dyson, Kenneth. 2014. *States, Debt, and Power: "Saints" and "Sinners" in European History and Integration*. Oxford: Oxford University Press.

European Commission. 2007. "Proposal for a Community Lisbon Programme 2008—2010." December 11. eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52007DC0804.

European Commission. 2010a. "Annual Growth Survey: Advancing the EU's Comprehensive Response to the Crisis." January 12. ec.europa.eu/economy_finance/articles/eu_economic_situation/pdf/2011/com2011_11_en.pdf.

European Commission. 2010b. "Joint Report on Health Systems." Occasional Paper No. 74. ec.europa.eu/economy_finance/publications/occasional_paper/2010/pdf/ocp74_en.pdf (accessed June 21, 2018).
European Commission. 2011. "Scoreboard for the Surveillance of Macroeconomic Imbalances: Envisaged Initial Design." Commission Staff Working Paper, November 8. ec.europa.eu/info/sites/info/files/swp_scoreboard_08_11_2011_en.pdf.
European Commission. 2012. "Completing the Scoreboard for the MIP: Financial Sector Indicator." Commission Staff Working Document, November 28. ec.europa.eu/info/sites/info/files/2013-european-semester-alert-mechanism-report-annex-on-financial-sector-indicators-en.pdf.
European Commission. 2013a. "Draft Joint Employment Report Accompanying the Communication from the Commission on Annual Growth Survey 2014." November 13. ec.europa.eu/transparency/regdoc/rep/1/2013/EN/1-2013-801-EN-F1-1.
European Commission. 2013b. "Strengthening the Social Dimension of the Economic and Monetary Union." October 2. eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0690:FIN:EN:PDF.
European Commission. 2014. "Identifying Fiscal Sustainability Challenges in the Areas of Pension, Health Care, and Long-Term Care Policies." Occasional Paper No. 201. ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp201_en.pdf (accessed June 1, 2018).
European Commission. 2015. "Towards a Joint Assessment Framework in the Area of Health. Work in Progress: 2015 Update." November 22. ec.europa.eu/social/BlobServlet?docId=14949&langId=en.
European Commission. 2017a. "Alert Mechanism Report 2018." November 22. ec.europa.eu/info/sites/info/files/economy-finance/com-2017-771-en.pdf.
European Commission. 2017b. "Annual Growth Survey 2018." November 22. ec.europa.eu/info/sites/info/files/2017-comm-690_en_0.pdf.
European Commission. 2017c. "Draft Joint Employment Report from the Commission and the Council Accompanying the Communication from the Commission on the Annual Growth Survey 2018." November 22. publications.europa.eu/en/publication-detail/-/publication/46f59c96-cf89-11e7-a7df-01aa75ed71a1/language-en.
European Commission. 2017d. "State of Health in the EU: Companion Report 2017." ec.europa.eu/health/state/companion_report_en (accessed December 1, 2018).
European Commission. 2018. "European Semester Winter Package: Reviewing Member States' Progress on Their Economic and Social Priorities." Press release, March 7. europa.eu/rapid/press-release_IP-18-1341_en.htm.
European Council. 2000. "Lisbon European Council 23 and 24 March 2000: Presidency Conclusions." www.europarl.europa.eu/summits/lis1_en.htm (accessed August 1, 2018).
Greer, Scott L. 2014a. "Structural Adjustment Comes to Europe: Lessons for the Eurozone from the Conditionality Debates." *Global Social Policy* 14, no. 1: 51–71.
Greer, Scott L. 2014b. "The Three Faces of European Union Health Policy: Policy, Markets, and Austerity." *Policy and Society* 33, no. 1: 13–24.
Greer, Scott L., Nick Fahy, Sarah Rosenblum, Holly Jarman, Willy Palm, Heather A. Elliot, and Matthias Wismar. 2019. *Everything You Always Wanted to Know about*

European Union Health Policies but Were Afraid to Ask. 2nd rev. ed. Brussels: European Observatory on Health Systems and Policies.

Greer, Scott L., and Holly Jarman. 2016. "European Citizenship Rights and European Fiscal Politics after the Crisis." *Government and Opposition* 53, no. 1: 1–28.

Héritier, Adrienne. 1999. *Policy-Making and Diversity in Europe: Escape from Deadlock*. Cambridge: Cambridge University Press.

Hodson, Dermot. 2011. *Governing the Euro Area in Good Times and Bad*. Oxford: Oxford University Press.

Hodson, Dermot. 2017. "The Macroeconomic Imbalance Procedure as European Integration: A Legalization Perspective." *Journal of European Public Policy* 25, no. 11: 1–19.

Jordan, Jamie, Vincenzo Maccarrone, and Roland Erne. 2020. "Towards a Socialization of the EU's New Economic Governance Regime? EU Labour Policy Interventions in Germany, Ireland, Italy, and Romania (2009–2019)." *British Journal of Industrial Relations*, February 18. doi.org/10.1111/bjir.12522.

Juncker, Jean-Claude. 2014. "A New Start for Europe: My Agenda for Jobs, Growth, Fairness, and Democratic Change." July 15. ec.europa.eu/commission/sites/beta-political/files/juncker-political-guidelines-speech_en.pdf.

Karanikolos, Marina, Philipa Mladovsky, Johathan Cylus, Sarah Thomson, Sanjay Basu, David Stuckler, Johan P. Mackenbach, and Martin McKee. 2013. "Financial Crisis, Austerity, and Health in Europe." *Lancet* 381, no. 9874: 1323–31.

Kentikelenis, Alexander, Marina Karanikolos, Aaron Reeves, Martin McKee, and David Stuckler. 2014. "Greece's Health Crisis: From Austerity to Denialism." *Lancet* 383, no. 9918: 748–53.

Kentikelenis, Alexander, and Irene Papanicolas. 2011. "Economic Crisis, Austerity, and the Greek Public Health System." *European Journal of Public Health* 22, no. 1: 4–5.

Kondilis, Elias, Stathis Giannakopoulos, Magda Gavana, Ioanna Ierodiakonou, Howard Waitzkin, and Alexis Benos. 2013. "Economic Crisis, Restrictive Policies, and the Population's Health and Health Care: The Greek Case." *American Journal of Public Health* 103, no. 6: 973–79.

Maricut, Adina, and Uwe Puetter. 2017. "Deciding on the European Semester: The European Council, the Council, and the Enduring Asymmetry between Economic and Social Policy Issues." *Journal of European Public Policy* 25, no. 2: 193–211.

Sabato, Sebastiano, Bart Vanhercke, and Slavina Spasova. 2017. "Listened to, but Not Heard? Social Partners' Multilevel Involvement in the European Semester." Observatoir Social Européen Research Paper No. 35, March. iefp.eapn.pt/docs/O-envolvimento-no-Semestre-Europeu.pdf.

Savage, James D., and David Howarth. 2018. "Enforcing the European Semester: The Politics of Asymmetric Information in the Excessive Deficit and Macroeconomic Imbalance Procedures." *Journal of European Public Policy* 25, no. 2: 212–30.

Savage, James D., and Amy Verdun. 2015. "Strengthening the European Commission's Budgetary and Economic Surveillance Capacity since Greece and the Euro Area Crisis: A Study of Five Directorates-General." *Journal of European Public Policy* 23, no. 1: 1–18.

Schäfer, Armin. 2004. "A New Form of Governance? Comparing the Open Method of Coordination to Multilateral Surveillance by the IMF and the OECD." MPIfG Working Paper No. 5. www.mpifg.de/pu/workpap/wp04-5/wp04-5.html (accessed August 14, 2020).

Schattschneider, Elmer E. 1960. *The Semisovereign People: A Realist's View of Democracy in America*. Hinsdale, IL: Dryden Press.

Schmidt, Vivien A. 2016. "Reinterpreting the Rules 'by Stealth' in Times of Crisis: A Discursive Institutionalist Analysis of the European Central Bank and the European Commission." *West European Politics* 39, no. 5: 1032–52.

Social Protection Committee. 2012. "Social Protection Performance Monitor (SPPM)—Methodological Report by the Indicators Sub-Group of the Social Protection Committee." ec.europa.eu/social/BlobServlet?docId=9235&langId=en (accessed December 1, 2018).

Social Protection Committee. 2015. "Progress Report on the Review of the Joint Assessment Framework in the Area of Health." ec.europa.eu/social/BlobServlet?docId=17033&langId=en (accessed June 1, 2018).

Stamati, Furio, and Rita Baeten. 2015. "Varieties of Healthcare Reform: Understanding EU Leverage." In *Social Policy in the European Union: State of Play 2015*, edited by David Natali and Bart Vanhercke, 183–214. Brussels: European Trade Union Institute.

Tuohy, Carolyn Hughes. 2018. *Remaking Policy: Scale, Pace, and Political Strategy in Health Care Reform*. Toronto: University of Toronto Press.

Vandenbroucke, Frank. 2002. "The EU and Social Protection: What Should the European Convention Propose?" MPIfG Working Paper No. 02/6, June. www.mpifg.de/pu/workpap/wp02-6/wp02-6.html.

Verdun, Amy, and Jonathan Zeitlin. 2017. "Introduction: The European Semester as a New Architecture of EU Socioeconomic Governance in Theory and Practice." *Journal of European Public Policy* 25, no. 2: 137–48.

von der Leyen, Ursula. 2019. "Opening Statement in the European Parliament Plenary Session by Ursula von der Leyen, Candidate for President of the European Commission." July 16. ec.europa.eu/commission/presscorner/detail/en/SPEECH_19_4230.

Zeitlin, Jonathan, and Bart Vanhercke. 2014. "Socializing the European Semester? Economic Governance and Social Policy Coordination in Europe 2020." Watson Institute for International Studies Research Paper No. 2014-17, October 18. papers.ssrn.com/sol3/papers.cfm?abstract_id=2511031.

Zeitlin, Jonathan, and Bart Vanhercke. 2015. "Economic Governance in Europe 2020: Socializing the European Semester against the Odds?" In *Social Policy in the European Union: State of Play 2015*, edited by David Natali and Bart Vanhercke, 65–96. Brussels: European Trade Union Institute.

Zeitlin, Jonathan, and Bart Vanhercke. 2018. "Socializing the European Semester: EU Social and Economic Policy Co-ordination in Crisis and Beyond." *Journal of European Public Policy* 25, no. 2: 149–74.