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The European Semester as Goldilocks: Macroeconomic Policy Coordination and the Recovery and Resilience Facility

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Abstract

How and why did the European Semester end up as the main institutional vehicle of the Recovery and Resilience Facility (RRF)? To what extent did this new set-up change the power balance among key actors (for example, financial and economic actors versus social affairs actors)? Drawing on historical institutionalism and based on 28 semi-structured interviews and document analysis, our assessment suggests that while social actors were initially side-lined and national executives strengthened, over time the pendulum is swinging back. The usual actors are strategically using the institutional structures of the revised Semester as a vehicle to ‘have a say’ in the RRF. Having more carrots and sticks suggests further strengthening the pivotal role of the European Commission. Yet having the option of submitting national plans gives member states options too. The EU institutional response to the Covid-19 pandemic built on, and further cemented, the EU’s socio-economic governance architecture.

Keywords: European Commission; European semester; historical institutionalism; macroeconomic policy coordination; recovery and resilience facility; socio-economic governance

Introduction

Responding to the Covid-19 pandemic the European Council took the important decision to provide unprecedented financial support to member states, to help them with the fall-out of the ensuing economic crisis. Within just a few months, the EU agreed to the creation of a temporary institutional structure to support member states in need. Its formal establishment occurred in February 2021: the Recovery and Resilience Facility (RRF) would provide financial support to member states, notably through a combination of