

Embedding the management of the ‘Recovery and Resilience Facility’ (RRF) into the European Semester raises a few concerns

The European Trade Union Institute (ETUI) is publishing two papers in the context of the presentation, by the European Commission of the European Semester Autumn Package, this Wednesday November 24th

Main messages:

- The Recovery and Resilience Facility (RRF), which makes up the bulk of the ‘Next Generation EU’ plan, with 672.5 billion euros (€) in loans and grants (out of a total of €750 billion), will be embedded into the European Semester
- The RRF gives new momentum to policy and political coordination in the EU; thus, it needs to go beyond its role of fiscal surveillance: at a minimum maintain the level of inclusion of social partners participating in the EU Semester
- Broadening accountability for RRF management to social partners at the national and European level would give European integration long-lasting momentum.
- The deeper involvement of the European Parliament would increase the transparency and accountability of the process. Stronger democratic credentials would benefit not only national policy makers but also EU institutions (Commission and Council), which could improve project delivery and thus benefit the recovery
- Although EU civil servants engaged with EU ‘institutional’ social actors on both sides of industry, by contrast EU civil society organisations (CSOs) and national social partners have so far been largely sidelined in the RRF process

1st Paper - Macroeconomic coordination gains and democratic limits

Co-authors: Nicolas Leron, Francesco Saraceno and Xavier Ragot

<https://www.etui.org/publications/embedding-recovery-and-resilience-facility-european-semester>

Despite the tensions among member countries during the negotiations on Next Generation EU, authors observe a propitious context to rethink the role of the European Semester. For the first time for a long while a general acceptance of the principle that EU macroeconomic policies should be aimed at increasing cohesion and solidarity among Member States. Secondly, the flaws of the current fiscal framework (procyclicality, excessive complication, bias against public investment) are today widely recognised, to the point that a few weeks before the pandemic started the European Commission launched a consultation process on reform of the Stability and Growth Pact and [relaunched it on 19 October 2021](#)).

With caution, authors underline some possible democratic progress and limit. The RRF has given new momentum to policy and political coordination in the EU. So, broadening the accountability of RRF management seems important if the RRF is to be able to instigate long-lasting momentum for European integration. The involvement of the European Parliament and social partners at the national or European level will be crucial.

Finally, Europe’s real ‘Hamiltonian moment’ is not common indebtedness, but its possible political consequences for the advent of a European capacity to tax the internal market. European economic governance will become fully legitimate only if it is transformed into a genuine European economic government, no longer based primarily on the coordination of national budgetary policies, but on the conduct of a true European fiscal policy that reflects the preferences of Europeans as European citizens (and not merely the sum of national citizens). Thus, beyond the RRF, the production of European public goods financed by a truly European tax system, not by national contributions, would make it possible to establish a solid democratic basis for the EU’s legitimacy.

2nd paper - Some social actors are (not) resurfacing

<https://www.etui.org/publications/european-semester-recovery-and-resilience-facility>

Authors: Bart Vanhercke, Amy Verdun, Angelina Atanasova, Slavina Spasova and Malcolm Thomson

Media Contact

Alain Bloëdt – ETUI abloedt@etui.org +32 491 56 82 72

etui. press release

communiqué de presse

Authors argue that the Semester was used as a foundation partly because of its ‘Goldilocks’ characteristics (that is, the rules and recommendations are *not too soft* and *not too hard*: they are ‘*just right*’). From their research they learned that the EU actors did not wish to reinvent the wheel, as the Semester was already doing what the Commission and the EU Member States wanted to keep doing in the future: to provide annual assessments and recommendations for reform.

Drawing on extensive document analysis and 32 semi-structured elite interviews, their findings suggest that initially, due to the crisis (and desire for fast action), there was a serious risk that EU institutional social actors were losing the prominence they had previously earned. They gradually reclaimed their position as the immediacy of the crisis subsided and a longer-term focus emerged. EU civil servants also engaged with social partners on both sides of industry, although it is questionable whether this consultation has been meaningful.

To date, EU civil society organisations (CSOs) have been largely sidelined in the RRF process. Likewise, in most Member States, consultation with domestic stakeholders (both social partners and CSOs) has remained insufficient by any standard until now. The European Parliament was reasonably successful in securing its substantive impact during the RRF negotiations. However, it has since failed to insert itself into the approval and assessment procedures applicable to the EU’s recovery programme.

Media Contact

Alain Bloëdt – ETUI abloedt@etui.org +32 491 56 82 72