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STRATEGIC MANAGEMENT FOR PUBLIC GOVERNANCE IN EUROPE

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AND PAUL JOYCE



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Strategic Management for Public Governance in Europe

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PREFACE

This book began with our academic interest in the idea that the governments of the European Union needed to be more effective in their pursuit of economic and social development and in the idea that this meant that they had to become more strategic and long-term in their approach. We thought these ideas connected with a proposition that public governance and public management were converging in a process of reforming the state. As academics with a strong focus on management of public services and the application of strategic management, the book's agenda was to investigate developments in the European Union and its Member States to see how this reform might be developing in practice and especially how it was developing in respect of the Europe 2020 Strategy prepared by the European Commission and authorized by the European Council in 2010. To a large degree we saw the Europe 2020 Strategy as a case study providing an opportunity to investigate the role of strategic management and strategic capabilities in reforms of public governance.

At the time we commenced our research for the book Europe was still in a recovery phase from the financial and banking crisis of 2007–2009 and we were aware that this might be the context in which the Europe 2020 strategy had to be delivered for some years. As we completed the book, in late 2016 and early 2017, things had changed significantly. The context now seemed to be defined not only in terms of global economic challenges and recovery from the crisis, but also in terms of growing public emotions and frustrations about politicians and political institutions. Currently we would say that the context has become one of wavering

public consent to existing public governance arrangements, although this varies from country to country.

Two major events have punched home the seriousness of this political situation. First, there were the events surrounding the Greek government and the risk of Greece leaving the eurozone, the risk of GREXIT as it was called. The problems of Greece proved very difficult for the governance of the European Union to resolve. Rising unemployment, an economy in difficulty, and a public dissatisfied with austerity faced the Greek government in 2011. At one point the Prime Minister of Greece promised a referendum on a loan programme and the European Union's political leaders began talking about Greece having to leave the euro. Later, in the summer of 2012, Syriza, a left party, campaigned in the Greek elections on the basis of renegotiating the EU-IMF programme while remaining in the euro. The Greek public chose not to support Syriza on this occasion, but over the next five years the economic problems of Greece persisted and fears and threats of Greece leaving the Eurozone kept on resurfacing. Secondly, in June 2016, there was the surprise result of the UK in-out referendum on European Union membership. The last few months of the book were written against a background of the UK government preparing to trigger a process leading to the UK's formal separation from the European Union. As a result, our concerns in writing the book became slightly more elaborate as we began to think more and more about the consequences of strategic management and strategic capabilities in government, not only the consequences in terms of government effectiveness but also in terms of public opinion and perceptions of 'good governance'.

We finished this book now believing that there was some plausible evidence that democratic cultures are important to the realization of effective government in Europe and thereby to the sustainability of desirable societies in Europe. We also came to feel that it is clear that the leaders of the European Union have come to see political leadership and public engagement as vital to healthy public governance that can transcend technocratic forms of strategic change. This sets a direction to move Europe as a whole towards a democratic society and not a managerial society. Currently, the challenge is how to adapt European governance to the dilemmas and threats created by both left wing and right wing forms of populism. When this adaptation fails it can result not only in loss of Europe's strategic momentum, but also in fragmentation and even in moves to separate, as occurred in the case of Britain's 2016 referendum decision—by a very narrow majority—to leave the Union. On one hand,

adapting public governance means finding better ways to combine European solidarity with member state initiative and responsibility; on the other hand, it means developing more effective multi-level governance that combines unity of strategic purpose at European level with strategic leadership and mobilization at the national level, which are required to match the social and economic diversity and differences among European countries.

Brussels and London
May 2017

Anne Drumaux
Paul Joyce

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INTRODUCTION

The purpose of this book is to look at strategic management within public governance in Europe. The primary concern is to investigate empirically what has really been happening at the level of the European Union and at the level of national governments. As a consequence, this book includes findings from qualitative studies exploring the governance processes involving two levels of a multi-level governance structure, that is, the level of the European Union as a supranational institution and the level of national governments. We also empirically investigated public governance and strategic process capabilities of the individual Member States composing the European Union, making some fresh new discoveries about how the public, effective government, and desirable societies are interrelated. We introduce the idea of ‘credible government’ to explain one route to effective government at national level in European conditions.

We did not embark on this research expecting the course of strategic management in public governance to always and everywhere run smoothly. In practice the design and delivery of government long-term visions and strategies have to contend with deficiencies in ministerial political will, administrative mistakes and errors, changing circumstances, and much more—all of these can get in the way of the perfect execution of strategic management and create great variety in what really happens in the name of strategic management. So, we wanted to look at real practice and would not have been content with only looking at what people say they are doing or what people say they intend doing. This preference has taken us into detailed qualitative analysis of national reform programmes and European Commission management.

We have discovered difficulties lying across the path of public governance reforms made to create strategic states, both at the European level and at the level of the Member States. There are, for example, difficulties of achieving public engagement, which stand in the way of mitigating any disconnection between governments and society. If this disconnection becomes acute, a public, increasingly frustrated by the actions emerging from public governance systems, may see government actions as unresponsive or inadequate. Politically, this can be interpreted as an indication of the existence of limits of current approaches to public governance in the face of ‘populism’. In management terms, populism is a challenge to public sector leaders trying to achieve accountability and responsiveness to the public in the making of strategic visions and the delivery of government strategies.

We have also found difficulties in the exercise of political leadership at European level and at the level of individual national governments. The issues that arose as a result were those of strategic direction and the political will needed to ensure there is persistence and determination in following a strategic course of action. The evidence for this emerged from detailed qualitative analysis of data on the planning of national reforms and on the management of implementation of European Union strategy (specifically, management via annual monitoring and making recommendations to individual governments). These difficulties have profound implications for the steering and effectiveness of strategic management processes that now lie at the heart of modern public governance.

THE MAJOR DISTINCTIVE TRAITS OF THIS STUDY

Our scientific approach is based on a public management science perspective. Our ambition was to apply this to an analysis of documents concerned with the making and implementation of strategy and governance at European and Member States’ level. We used tools and instruments to understand strategic texts as ‘narratives’ that were giving sense to the practice of public governance. We have not ignored the contribution of political science scholars and administrative sciences scholars on matters such as European integration, governance, political leadership, and administrative reforms. When necessary, we have offered a short review of the related literature and we show how our approach might contribute to answering several questions.

A second trait that characterizes our contribution is our use of a top-down longitudinal analysis of European governance and the Europe 2020 Strategy. We say longitudinal because we tracked the delivery of strategy through European Council and Commission documents, Member States' national reforms plans and finally internal strategic documents at the level of directorates-general (DGs), which are the departments of the European Commission. This approach can be justified as useful for figuring out the functioning of a multi-layered governance system.

Finally, a significant part of the evidence we have used was produced thanks to Alceste©, which is software for a relatively new data analysis technique based on a lexicometric or textual analysis of strategic texts. Widely used by sociologists and political science scholars, this technique is still relatively new in public policy analysis. It seemed suitable for what we needed because the European governance mechanisms and processes have generated a massive volume of documents. It had several advantages, including: its provision of metrics of distance between “discourses”, its use for comparison of similar type documents, and its usefulness for elucidating the dominant focus and differences among texts.

GUIDE TO THE CHAPTERS

In our analysis, we look for evidence of a new type of public governance at work in Europe at both the level of the whole of the European Union and at the level of government by individual Member States. We try to find evidence that this new public governance is governance as organized through ‘strategic states’ and associated with better outcomes (economic, environmental, and lives of citizens).

The early chapters use published data on strategic capabilities in individual countries and we present evidence consistent with the proposition that good governance based on strategic capabilities is associated with better national outcomes. We find ourselves coming around to the same conclusions as others who have carried out statistical studies that link good governance to good outcomes for people (e.g. happiness). We highlight variations between the countries of the European Union in terms of the strategic capabilities of their governments. In effect, the book provides an arm's length capability review of the individual countries as strategic states. In fact, the book could be seen as useful as an input into planning for capability development of the civil services of the European countries.

In the early chapters will be found explicit consideration of the public governance process, the evolution of strategic thinking, and strategic approaches in the European Union (from the early 1980s to the present), and comparative analyses of national data on governance and strategic management. It is in this first part that we set out the way in which we define the public governance process and thereby distance our concerns from those treatments of governance which abstractly contrast relationships based on hierarchy, contract, and partnership. It is also in this first part that we set out to show that the strategic thinking in the Europe 2020 Strategy had emerged over time and contained substantial elements of continuity with previous strategic planning by the European Union. In the first part of the book we also make a case for distinguishing national varieties of public governance in Europe and we explore their correlation with important outcomes for the public.

In the detailed investigation from Chap. 4 onwards we intend that this book's presentation of qualitative data analysis will provide a critical and rigorous interrogation of the actual working nature of economic governance of the European Union in the early years of the Europe 2020 Strategy. Our analysis is intended to get us beyond superficial concerns about the nature of public governance in Europe and how well it is working. These concerns have centred on the difficulties that European governments have had in enabling their societies to become more economically competitive in the global economy. There have also been concerns about political and democratic issues in the European Union and concerns over weakened public confidence in, and consent to, the European Union's role in European governance. The weakening of Europe's solidarity and cohesiveness has been manifested in the handling of problems in Greece's public finances, in the results of a national referendum in the UK in the summer of 2016 (which revealed an electorate split almost evenly but with a slight majority of less than 4 per cent voting against the UK remaining in the European Union), and in the rise of fragmenting forces created by nationalism and populism in a number of different parts of Europe (including France, as shown by the Presidential elections in May 2017). These are the circumstances in which we look at the detailed working of economic governance within the European Union.

We investigate the processes of steering the national governments to deliver national reform programmes; we look at how reform programmes are developed and their content; we look at planning agreements and budgetary matters; and we look at the plans of managers in the European

Commission. This enables us to evaluate plans and other official documents produced by the European Union and by Member States. We will be assessing the evidence that the economic governance of the European Union has been coherent and integrated.

The following paragraphs provide a succinct outline of each chapter.

Chapter 1 opens with a consideration of the strategic state, which is an activist state, and places ideas about this in their historical context. We present it, in effect, as an idea that can be regarded as a synthesis of ideas of *laissez-faire* states and states with centralized economic planning. We stress that the strategic state is not to be subsumed within the New Public Management paradigm. There is a reference to James Burnham's thesis that a transition from a capitalist society to a managerialist society was underway and that this meant that management bureaucrats controlled the state. There is also a reference to the bureaucratic state and the rule of law.

Chapter 2 is concerned with public governance in the individual Member States of the European Union. We briefly set out some basic assumptions that we make in relation to public governance. We suggest that the key relationship in public governance is that between public and government. We also indicate that a policy of 'open government' implies consulting the public on its concerns and what the public wants in terms of new policies and changes to policies. There is data about economics and economic growth in the countries of the European Union, including data on GDP per capita. Critically, we report our operationalization of key management concepts using secondary data: strategic process capabilities, catalysing capability, and government effectiveness estimates (which are published on government effectiveness by the World Bank as a World Governance Indicator).

This chapter contains a cross-tabular analysis showing a very remarkable correlation between strategic process capabilities and government effectiveness. The chapter provides a definition of the concept of 'government credibility'; this is defined as follows: credible governments are governments that have (a) leaders that have public approval, (b) strategic management capabilities, and (c) catalysing capabilities. We suggest that these dimensions of credible government are in some way related to trustworthiness, competence, and ability by government to inspire support and partnership from other parts of society. Within this chapter we present published data on these dimensions of credible government. We report that we discovered that 'government credibility' and 'government

effectiveness' were strongly correlated for a sample of 19 European Union countries. We therefore suggest that the most effective governments in the European Union have also been highly credible governments.

Chapter 3 builds on the previous chapter by looking at national outcomes and national circumstances. Because we are interested in the relationship between the public and government, we define national circumstances in terms of some very important public attitudes on democracy, the quality of public services and satisfaction with life. We present an evaluation of national performance based on good outcomes in recent times and on recent trends. We present some data analysis that we interpret as showing that government effectiveness and government credibility are correlated with national outcomes. We find that the star performers were Denmark, Germany, and Sweden. In contrast, Greece, Italy, Portugal, and Poland appeared to be countries that had low estimates of government effectiveness, poor ratings of government credibility, and poor national outcomes.

The last part of this chapter uses public attitude data to conclude that there is a tendency for public attitudes on democracy, attitudes on the quality of public services, and satisfaction with life to cluster. We use this clustering to define a 'desirable society to live in'. We suggest a very strong relationship between government effectiveness and credibility on one hand and a desirable society to live in. And we also think we show the existence of quite a convincing correlation between countries that have good national outcomes and countries that score well in respect of being a desirable society to live. So, we conclude, that correlational relationships exist between public opinion (a desirable society to live in), government effectiveness and credibility, and national outcomes in the European Union. We speculate, on the basis of the data, that a desirable society to live in, effective and credible government, and good performance on national development outcomes might form the elements of a positive process cycle that could be named a model of sustainable public governance. Countries such as Denmark, Germany, and Sweden might be countries that have benefited from such a positive cycle. And Greece, Cyprus, Italy, and Spain might be countries that could benefit by entering such a cycle.

Chapter 4 focuses on the economic governance process used for the European 2020 Strategy during the period between 2011 and 2016. The European Council made country-specific recommendations as part of the annual monitoring and correction processes of the European Semester between 2012 and 2015. However, as will be seen in the chapter, the

Europe 2020 Strategy did not receive much attention in these processes. This chapter includes consideration of the results of funding, including the effect of structural funds on Europe 2020 success. These results can be seen as showing the possible contribution of structural funds to successful developments (for example, in relation to R&D, renewable energy, and social exclusion, and a possible positive but lagged effect for education). Detailed analysis also probes the evidence for voluntary alignment to the Europe-wide strategic agenda and for ‘amplifying public opinion’. The chapter includes an Alceste analysis of partnership agreements signed in 2014 between Member States and the European Commission. The chapter thoroughly assesses the model implicit in the original strategic document of 2010 (the Europe 2020 Strategy) and the intervention by Jean-Claude Juncker in 2014, when he proposed ten priorities. We conclude this chapter with assessments of governance mechanisms and the discourses of the Europe 2020 Strategy and the 2014 statement of ten priorities.

Chapter 5 addresses political leadership. We explore the Europe 2020 Strategy’s trajectory in terms of its credibility using an analysis of the period after 2010. This involved an analysis of European Council recommendations from 2012 to 2014 (prepared and endorsed during the Barroso Commission) and also case studies illustrating developments between 2011 and 2016 (from the Barroso to Juncker Commissions). We compare and contrast case studies of the United Kingdom and France. These two cases offer an evident difference in terms of government receptivity to the strategic leadership of the European Union. We also present case studies of countries in the southern part of Europe: Italy, Spain, Portugal, and Slovenia. This chapter provides a critical evaluation of the Commission and the European Council’s role in making recommendations, and in particular the existence of differences of opinion on recommendations. We report a finding that there was no fundamental reformulation by the European Council of recommendations prepared by the Commission. This chapter also includes sections with evidence from European Parliament resolutions and evidence about the European Union budget (2014–2017). The chapter ends with our conclusions about the roles of key European Institutions.

Chapter 6 looks at the role of the Member States. We emphasize the variation in national regional performance in relation to Europe 2020. We report that the target for numbers at risk of poverty set under the Europe 2020 Strategy looked as though it was a problematic performance area.

This chapter selects particular countries for closer attention: the United Kingdom, France, Sweden, Finland, Germany, and Lithuania. Use of Alceste analysis is a key feature of the empirical investigations of this chapter. This chapter highlights a number of points in respect of governance. For example, we suggest that the United Kingdom and France were both performing in the middle ranks of European countries on the Europe 2020 Strategy but with France in a slightly better position: we suggest politics contributes to good performance. We comment on the strategic assumptions of the Europe 2020 Strategy, especially the assumption that the strategy would be rolled out to Member States as separate entities. The idea of taking the headline targets of the 2010 document and cascading them to the national level may be seen here as suggesting that the European Union still had a long way to go to create a whole-of-Europe approach, meaning a more integrated and coordinated approach.

In Chap. 7 we turn our attention to the management of the European Commission. It begins by examining the College of Commissioners and the Secretariat-General. The latter might be seen as a key part of the ‘centre of government’ at European Union level it since carries out steering and coordinating work across the entire Commission, manages the Commission’s decision-making process, acts as interface between the Commission and the other institutions, ensures the performance of the administration, and leads policy development on certain cross-cutting policy areas. This chapter includes a section on performance assessment at the level of the Commission. A framework known as the internal performance pyramid included both the Europe 2020 Strategy priorities, which were placed at the apex of the pyramid (e.g. three per cent of the European Union’s GDP should be invested in research and development), and the Juncker Commission’s 10 political priorities that were further down the pyramid. We use a factorial analysis with the Alceste programme to examine the 2015 Annual Management Performance Report. There is a section on DG Management Plans (2015) and we find some focus on processes (DG EPSC and DG SC) and some on policies. A final section looks at 2016–2020 DG strategic plans: DG SG endorses employment and education priorities but other DGs are focused on their functional responsibilities. We conclude that the DGs were sensitive to the political side of their job and their management and strategic plans were to some extent connected to policies. The Juncker 10 priorities, we think, have probably reinforced the Commission’s determination to treat employment and education as key results areas in delivering the Europe 2020 Strategy.

Chapter 8 is the final chapter and contains our summarizing of evidence, arguments, and conclusions as well as offering some generalizations. There are key findings about the essence of the Europe 2020 Strategy, the results it was producing, processes, and the main actors involved in the strategy. We conclude that the European Union is not yet a fully developed strategic state. We also generalize about government credibility. The final section of this chapter looks at the issue of populism and notes how effective and credible governments appear to be less affected by it and consider some ideas for building credible government in the face of higher levels of populism.

WHO IS THIS BOOK FOR?

In the chapters that follow will be found an analysis of the nature of management and public governance in the European Union and in the countries that make up the European Union. The design and the execution of the analysis were motivated by a desire to make it as rigorous an investigation of the practice and consequences of public management within a public governance framework as we could manage. It is, we hope, a book with a great deal of relevance to political leaders, elected representatives, and civil service managers of the European Union and the Member States. It will succeed in terms of our aspirations if it proves useful to politicians and civil servants working in Europe, helping them to reflect on the options for bringing about more credible government and bringing about more desirable futures for societies in Europe.

The Strategic State and Public Governance in European Institutions

Creating effective and credible government has become a big issue in the last 25 years. Our perspective is that of management theory and practice, rather than political science or organization theory. In investigating public governance and management we have paid closest attention to the role of strategic management in building effectiveness and credibility. This no doubt reflects the emergence and spread of new ideas and new thinking on public governance. We think that these new ideas, which now abound not only in the academic literature but also in the pronouncements and work of international bodies, need more empirical investigation. This sets the book on a path of moving beyond the legacy of approaches dominated by concepts of bureaucracy and of government leaders and officials operating mainly through the law. That legacy is now being confronted by ideas focusing on understanding how to develop the strategic functions of public governance and how government can interact with civil society to facilitate action on societal challenges and problems.

In the last 25 or more years, and even now, the top challenges and problems facing public governance have been often perceived in international bodies to be ones of economic development. Despite increasing global attention to sustainability and social wellbeing, the last decade seems to have meant that governments, and government leaders, continue to prioritize economic governance as an area for modernization and

reform. This has also been true in the case of Europe. But we have set out in this book to take a wider view of the benefits of public governance based on strategic management capabilities.

1 THE NEED FOR A STRATEGIC STATE

There has been much writing on the purpose of government (e.g., to supply the public with protection and security; to expand opportunity and prosperity; to foster human happiness; to encourage human goodness and virtuous living; etc.). There has also been much writing, for hundreds of years, on constitutions (and on their varieties, advantages and defects), on ruling, on the rule of law, on the nature of democracy and the extent of its realization in practice, and so on (Aristotle 1981; Machiavelli 1961). Since the 1980s a new issue has risen in importance in the eyes of public policy makers—this is the use of strategic management in government.

Initially many academics wrote about management in government within a framework known as New Public Management, which was undoubtedly their reaction to the many government efficiency initiatives and attempts to trim back the size of the public sector. Some of these academics looked at the application of management to government sceptically and critically, identifying this as caused by ‘managerialism’, by which was meant that there was a widespread conviction that management makes government better, with this being essentially a belief rather than a proven fact (Pollitt 1993). Of course, we could also see the rise of management in governments in the 1980s as a resuscitation of the much older idea of a ‘managerial revolution’ as promoted by James Burnham in a book first published in 1942 (see Burnham 1962), in which he argued that managers, rather than politicians or capitalists, would come to rule society. He wrote about what he claimed was already happening, a transition from a capitalist to a managerialist society. Not only would managers become a ruling class, but also sovereignty would shift from parliaments to administrative bureaus dominated by managers (Burnham 1962, p. 74):

“The managers will exercise their control over the instruments of production ... The state—that is, the institutions that comprise the state—will ... be the ‘property’ of the managers. And that will be quite enough to place them in the position of ruling class.”

We can compare this thesis of a managerial state of the future with the analysis of German sociologist Max Weber, who saw officials in bureaucracies as having powerful roles because of their expert knowledge. Weber characterized politicians, even elected politicians, as in a weak position because they could not match the expertise of the bureaucratic officials—but it is important to remember that he also diagnosed the existence of a tension between bureaucracy and democracy (Weber 1948). If this tension exists we cannot safely make an assumption that either the politicians are in charge or the bureaucrats are in charge of society.

The public policy interest in management in government has outlasted the ‘efficiency phase’ of the 1980s. The interest has continued into a period in which a search for government effectiveness is a major concern. An intense interest in better management within government is now linked to a desire for more strategic governments capable of better public governance because they possess necessary strategic capabilities (OECD 2013). Such governments are strategic states that are more effective in the face of the challenges of an evolving global context (PUMA 1996).

One way of framing the development of the strategic state is to see it as a cross-fertilization of the laissez-faire practices of the liberal state and the centralized state planning of communist societies. As is well known, the neo-liberalism of the 1980s (e.g., as proselytized in the United Kingdom and in the United States) prescribed a minimal role for the state in economic matters and the creation and maintenance of ‘free markets’ that operated with little state interference. In contrast, the theory of centralized economic planning was sometimes taken to mean the planning and coordination of all (or nearly all) economic activity in a society.

1.1 *A Synthesis of Two Doctrines*

The strategic state might be seen as a synthesis of these two opposed doctrines of the state. An early attempt to conceptualize it occurred in the mid-1970s (Budd 1978, pp. 152–153). Strategic planning, it was thought, when used by government, could be selective and interactive. If governments were being selective it meant that they were not trying to plan everything—they were focusing. If governments made use of social interaction to find solutions it was considered that this was better than simply relying on ‘reason’. So, this type of strategic planning—selective and interactive—was neither a centralized Soviet style nor was it a technocratic form of strategic planning in which politicians and experts planned on behalf of society.

We infer that governments using strategic planning should engage with civil society in the process of strategic planning. This was, moreover, a strategic planning based on recognition of the limits of government's ability to exercise control (Budd 1978, p. 153)—hence strategic planning was about “negotiating with the environment rather than seeking to control it.” This idea of a type of governmental strategic planning based on selectivity and interaction was compatible with the World Bank's ideas for effective government that were articulated some 20 years later (World Bank 1997).

The World Bank (1997, pp. 1, 25) endorsed a new activist model of government, one in which the state interacted with wider society and business and was selective and focused in its actions, and which appeared to be very different from the *laissez-faire* model favoured by country leaders on both sides of the Atlantic in the 1980s:

“The message of experience since then [50 years ago] is rather different: that the state is central to economic and social development, not as a direct provider of growth but as a partner, catalyst, and facilitator. [...] the lesson of a half century's thinking and rethinking of the state's role in development is more nuanced. State-dominated development has failed, but so will stateless development. Development without an effective state is impossible.”

The East Asia experience may have been a particularly telling one for the World Bank: it seemed to have taught the World Bank that an active government policy could promote markets. East Asia experience had also shown the World Bank the merits of partnership, demonstrating that “government and the private sector can cooperate to achieve rapid growth and shared development” (World Bank 1997, p. 46).

While the World Bank argued that effective states varied according to their stage of development, it proposed a strategy for making a state effective. There were two priority areas for this strategy: first, matching the government's role to its capability and, second, reinvigorating public institutions. Interestingly the first of these meant not only that government should be strategic in deciding what to do (selectivity) but also, as stated in the report, strategic in deciding how it was to be done. So, we might speculate that government needed to undertake strategic analysis to decide what was to be done and how it was to be done. The second priority area—reinvigorating public institutions—meant several different things. Firstly, it meant government countering arbitrary and corrupt action. Secondly, it meant increasing efficiency by introducing more competition.

Thirdly, it meant improving pay and incentives for those working in the state institutions. Fourthly, it meant making the state more responsive to the needs of the people, and making it get closer to the people through broader participation and decentralization (interaction). It should be noted that these points about government being more responsive to the needs of the public and decentralization could be seen as support for more engagement to back up a representative system of democracy (see Fig. 1.1).

Versions of this new thinking could be found in individual countries. For example, in the UK, an attempt was made to move beyond traditional policy-making by developing strategic policy-making. National leaders were concerned that policy-making was not sufficiently long-term, not sufficiently well delivered, and was beset by problems of poor coordination and poor integration due to departmentalism ('silos'). Also in the UK, government talked about the state becoming enabling. The Prime Minister's Strategy Unit in 2007 made the following statement as part of a major governmental policy review (PMSU 2007, p. 4):

"This Policy Review introduces the idea of the strategic and enabling state as a response to the continuing evolution of global and domestic trends. It seeks to avoid the pitfalls of the big or small state argument and reinvent effective state power for the current age."

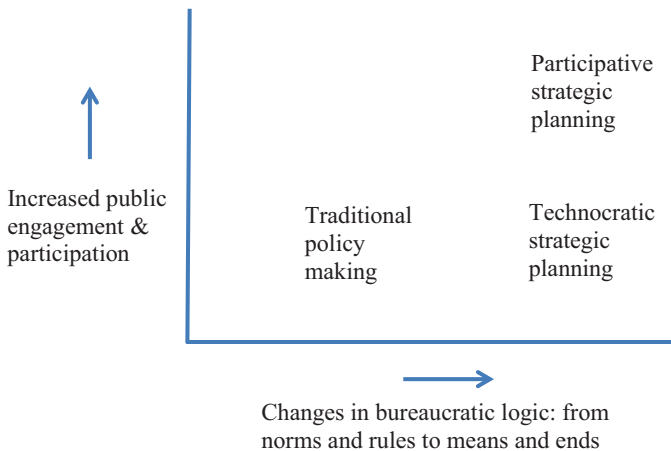


Fig. 1.1 Types of government decision-making system: policy-making, technocratic strategic planning, and strategic planning with the public

A variant of the new thinking was embedded in the OECD's public governance reviews of individual countries and it was the kernel of the OECD's public championing of improving public governance by making changes to realise the concept of a strategic state (OECD 2013). The OECD at around this time consistently pressed the case for the development and use of strategic capabilities by government.

The new thinking was also seen as applicable to public governance for the global community of nations. In 2015 the nations of the planet confirmed their commitment to a long-term vision of a better world, which was operationalized by a set of long-term goals—the 2030 Sustainable Development Goals. This was an expression of intelligent government of the planet. Secretary-General Ban Ki-moon described the goals as a transformative vision for a better world.

1.2 The Institution of a Strategic State Means Moving Away from the Traditional Bureaucratic State

For at least a hundred years people have written about public administration using concepts of bureaucracy and the rule of law. The practices they refer to are even older. For example, in the Chinese state of Qin, more than 2000 years ago, there was a famous public administrator, Shang Yang, who reformed the system of public governance. He created a centralized bureaucracy, appointed administrators to administrative districts, and brought in a harsh but consistently applied system of law. The administrators were state appointed and trained to administer districts and collect taxes. At the time, this was a radically new model of public governance in China, quite different from systems based on rule by nobles.

Another historical example, taken from Spain, can be used to show how legal institutions to regulate behaviour have been at the core of public governance. More than a thousand years ago Aboul-Abbas El Hakkam ruled as the Caliph of most of Spain. According to history, we are told that he “applied himself wholly to promoting the happiness of his subjects,” to enforcing the laws, and “gave audience to his subjects” once a week to hear their complaints and dispense justice (Florian 1840). The Caliph appointed governors to cities and provinces, who were in charge of the military and the administration of the police, and who collected the public revenues. Magistrates (*cadis*) decided lawsuits. History tells us that Aboul-Abbas El Hakkam's reign was a period of justice and peace.

So, bureaucracy and the law have been core features of written accounts of effective public administration for a long time. They have been important all over the world. Why were they found all over the world? Max Weber suggested that bureaucracy was superior to other arrangements in terms of precision and speed. What about the rule of law? Why so important? The English philosopher Thomas Hobbes provides one answer. He considered that there was a need for what he called a coercive power in society to create a constraint on violence and damaging competition (Hobbes 1962). As shown by Shang Yang's reforms, harsh law could create a sense of certainty and security, even if its application was very severe.

The welter of 1980s experiences may have prompted new prescriptions for public governance. The 1980s were times of change economically, socially and politically. The sudden demise of the Soviet Union as well as successful economic growth by a number of East Asian countries must have helped to heighten awareness of (and in some respects problematize) existing ideas about public governance. In terms of the United States and other industrial economies, the 1970s and 1980s were described as a period of deindustrialization and it was suggested that various industrialized countries were entering a post-industrialism stage, which was thought to have profound implications for society and for social relationships in the industrialized countries. At the same time widespread public dissatisfaction with government services and income tax in the 1970s partly explained the dominance of right wing governments in the United States and in some European countries, with these right wing governments abandoning the post-war consensus on governance and espousing laissez-faire ideologies. In the 1980s they made public promises to cut inefficiency and waste in public services. Also at the same time, new management ideas were being applied in the public sector. In the United States these new ideas included strategic planning (Osborne and Gaebler 1992, p. 18):

“In 1987 and 1988, a consulting firm Coopers & Lybrand conducted a Survey on Public Entrepreneurship, which focused on city and county executives in jurisdictions with more than 50,000 people. Virtually all executives surveyed agreed that the demand for public services was outstripping revenues ... Practices on the rise included contracting for services, performance measurement, participatory management, impact fees, and strategic planning.”

One influential diagnosis of the public sector suggested that the model of government being used from 1940 to the early 1990s in the United States was a bureaucratic one and that this was now obsolete (Osborne and Gaebler 1992, pp. 23–24):

“We do not need more government or less government, we need better government. To be more precise, we need better governance. Governance is the process by which we collectively solve our problems and meet our society’s needs. Government is the instrument we use. The instrument is outdated, and the process of reinvention has begun.”

The new ideas emerging in the 1990s included, famously, the idea of government paying more attention to ‘steering’ and less to ‘rowing’. Osborne and Gaebler (1992, p. 40) explained steering as follows: “Steering organisations set policy, deliver funds to operational bodies (public and private), and evaluate performance-but they seldom play an operational role themselves.” This steering by government is more plainly described as strategic management by government (Heymann 1987; Moore 1995). As we have seen above, the World Bank had similar ideas in 1997 when it prescribed the state act as partner, catalyst, and facilitator in economic development.

Still in the 1990s, there was a growing belief in international policy circles and among government leaders that government had to become more strategic. By 2001 this new belief was to be found in reports of the United Nations. The following diagnosis appeared in the United Nations’ “World Public Sector Report: Globalization and the State” (2001). It said that countries needed: (i) an intelligent state, (ii) a strategic response to globalization, and (iii) to empower citizens to enable them to live dignified lives. The United Nations report on the public sector claimed that “only countries that have in place an effective public administration, solid political and economic institutions, adequate social policies ... and a committed leadership can ensure that all sectors of society benefit from globalization ...” (United Nations 2001, p. 4). It told developing countries they needed to enhance their capacity for policy analysis, policy formulation and policy implementation. We might see this as one interpretation of what it means for a country to develop an intelligent state. Finally, the United Nations made it clear that it saw these new types of state as quite different from a state based on bureaucracy, rigidity, and paternalism. In summary, bureaucratic states were to be reformed into strategic states.

2 THE EUROPEAN UNION AND ITS PROBLEMS

The years of the economic and financial crisis of 2007–2009 were difficult ones for the European Union. Some sense of this can be found in the remarks of José Barroso, President of the European Commission, in a speech in 2010 (Barroso 2010, p. 2):

“Over the last year, the economic and financial crisis has put our Union before one of its greatest challenge ever. Our interdependence was highlighted and our solidarity was tested like never before. [...] Those who predicted the demise of the European Union were proved wrong.”

What we can also note here is the opinion of Jose Barroso, in a valedictory speech, who suggested in 2014 that the European Union was actually quite resilient, as shown by its expansion (Barroso 2014b, p. 2):

“2004, the year I had the pleasure and the honour to assume the leadership of the European Commission, do you remember that we were 15? Today, we have 28 countries. So we have almost doubled the membership of the European Union during this crisis. Is there a better proof of the resilience and the capacity of adaptation of our Union? The fact that we were able to remain united and open during the crisis I think confirms the extraordinary resilience and the strength of the European Union and this should not be underestimated.”

But Barroso, in 2010, was clear that the European Union’s economic problems were not merely ones of recovering from a worldwide crisis. He was clear that the European Union needed to modernize its economies and undertake structural reforms. He said that the structural reforms were needed to create sustainable economic growth. He also said that changes to economic governance were part of the answer and were actually progressing.

2.1 *The Need to Modernize the Economies*

Over the course of the years from 2004 to 2014 the global economy tilted away from the United States, Europe and Japan. The economies of China and India made rapid progress, with China, for example, increasing its share of the global gross domestic product from less than 5 per cent to over 13 per cent. The change in the share of the European Union in the gross domestic product of the world over this period was very large: in 2004 the Member States of the European Union accounted for nearly a third of the world’s gross domestic product; by 2014 the Member States produced less than a quarter of world gross domestic product. This was a big fall in a very short time.

In absolute terms the output of the European Union remained substantial bearing in mind that it had less than 7 per cent of the world’s population. In contrast, China and India had huge populations; one out

of every three people in the world was living in either China or India in 2014. But, of course, the ‘direction of travel’ of the European Union economy was very troubling (Table 1.1 and Fig. 1.2).

It would be an oversimplification to lump all countries in the European Union together in terms of their economic trajectory. Taking the period from before the economic crisis until recent times (2004–2014), whatever commonality there was among the countries of the European Union in terms of values, culture and social models, the fact is that economically there was a good deal of differentiation in performance and dynamism.

As a first approximation we can identify three groupings of European countries, each actually occupying a different geographical part of Europe. There were a number of countries with a dire economic record judged in

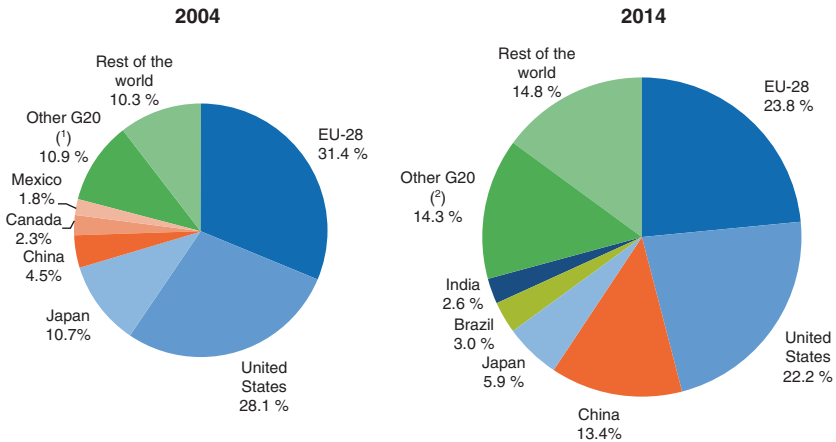
Table 1.1 Gross domestic product, 2004 and 2014 (in US dollars and as a percentage of world GDP)

	2004		2014	
	<i>US dollars (million)</i>	<i>per cent</i>	<i>US dollars (million)</i>	<i>per cent</i>
EU-28	13,713,262	31.4	18,543,670	23.8
United States	12,274,930	28.1	17,348,072	22.2
Japan	4,655,822	10.7	4,602,419	5.9
China	1,952,643	4.5	10,430,590	13.4
Canada	1,018,386	2.3	(Included in other G20)	
Mexico	770,005	1.8	(Included in other G20)	
Brazil	(Included in other G20)		2,346,523	3.0
India	(Included in other G20)		2,054,941	2.6
Other G20	4,741,299	10.9	11,144,563	14.3
Rest of the world	4,507,012	10.3	11,566,310	14.8

Source: http://ec.europa.eu/eurostat/statisticsexplained/index.php/The_EU_in_the_world_economy_and_finance [8 May 2017]

Notes:

- The relative shares shown in the table are based on current price series and reflect market exchange rates
- The Other G20 in 2004 comprised: South Korea, India, Australia, Brazil, Russia, Turkey, Indonesia, Saudi Arabia, South Africa and Argentina. In 2014 it included the following: Russia, Canada, Australia, South Korea, Mexico, Indonesia, Turkey, Saudi Arabia, Argentina and South Africa



(1) Argentina, Australia, Brazil, India, Indonesia, Russia, Saudi Arabia, South Africa, South Korea and Turkey.

(2) Argentina, Australia, Canada, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea and Turkey.

Fig. 1.2 Gross domestic product, 2004 and 2014 (as a percentage of world GDP)
Source: Eurostat—Statistics explained—The EU in the world (economy and finance)

terms of GDP per capita. These countries had experienced reductions in GDP per capita. They included Greece, Cyprus, Italy, Spain and Portugal. The GDP per capita of these southern Europe countries continued to fall even as the Europe 2020 Strategy was agreed and was being implemented—that is, in the period from 2010 to 2014. In contrast, substantial uplifts in GDP per capita in real terms were occurring in Lithuania, Latvia, Poland, the Slovak Republic, Romania, and Bulgaria. These were countries that had previously been part of the Soviet Union. But from 2004 to 2014 these were the countries within Europe that were growing most quickly. It is worth noting here that these fast-growing economies did not include the older Member States in the northern part of Western Europe. Countries such as Sweden, Finland, Germany, Denmark, the Netherlands, and the United Kingdom, which might be admired in many respects for the quality of their public services, and for their social achievements and democratic values, achieved only modest and unspectacular economic growth rates between 2004 and 2014.

2.2 *The Europe 2020 Strategy*

Public finances were a major concern in the European Union in 2010. Government debt and spending deficits were seen as serious threats to the countries of Europe. The European Union saw its responsibility for encouraging a shift to more satisfactory public finances very clearly and for bringing about a tighter grip on Member State's budgets to create a financial basis for stability and growth. But alongside this was a strategy for economic growth and jobs, known as the Europe 2020 Strategy.

The international economic crisis of 2007–2009 and its aftermath was the context for the work by the European Union's civil servants on a strategic analysis and a set of strategic priorities that were included in the Europe 2020 Strategy document that was published in 2010. The analysis highlighted a disappointing economic record for the Member States of the European Union and clearly identified a concern about the economic fitness of Europe for global competitive challenges. The weaknesses were described as follows (European Commission 2010a, p. 7):

“Europe's average growth rate has been structurally lower than that of our main economic partners, largely due to a productivity gap that has widened over the last decade. Much of this is due to differences in business structures combined with lower levels of investment in R&D and innovation, insufficient use of information and communications technologies, reluctance in some parts of our societies to embrace innovation, barriers to market access and a less dynamic business environment.”

The Europe 2020 Strategy sought to help European countries move beyond merely recovering from economic crisis and public indebtedness to being able to respond to the global and domestic challenges facing the countries of Europe.

The strategy document was drafted by the European Commission and provided a high-level perspective on a strategic agenda for the European Union. Its goals clearly included smart and sustainable inclusive growth in order to create more jobs and better lives. The document identified the top priorities for the strategy as: smart growth, sustainable growth, and inclusive growth. While there was mention of the financial crisis, there was also an admission that the crisis had made pre-existing economic weaknesses visible. It emphasized the importance of new economic governance arrangements for delivering strategic results and proposed measurable targets for the strategy.

The EU targets for the strategy were as follows:

1. 75 per cent of the population aged 20–64 should be employed.
2. 3 per cent of the EU’s GDP should be invested in R&D.
3. The “20/20/20” climate/energy targets should be met (including an increase to 30 per cent of emissions reduction if the conditions were right).
4. The share of early school leavers should be under 10 per cent and at least 40 per cent of the younger generation should have a tertiary degree.
5. 20 million less people should be at risk of poverty.

There was a concern for looking ahead in the strategy document, with, for example, three scenarios for Europe by 2020. One scenario was that Europe did so well that it went beyond the pre-crisis growth path. The worst scenario saw Europe continuing to perform badly and not even matching the pre-crisis growth. There was also a concise listing of strengths (without any supporting facts). Europe could count on, for example, “the talent and creativity of our people, a strong industrial base, a vibrant services sector, a thriving, high quality agricultural sector, strong maritime tradition, our single market and common currency, our position as the world’s biggest trading bloc and leading destination for foreign direct investment” (European Commission 2010a, p. 7). These scenarios did not appear to be based on a foresight process to generate scenarios of the future environment of the European Union and nor did they appear to be vision statements setting out desirable and undesirable futures as targets of strategic action. Perhaps they could be best seen as initial guesses at possible trajectories for recovery when thinking about a gap analysis for economic growth between 2010 and 2020 (using pre-crisis growth trends as a point of reference).

There was little reference to the Member States in the situational analysis that the document offered, although it was remarked that, “Many of our Member States are amongst the most innovative and developed economies in the world” (European Commission 2010a, p. 7). There were narratives setting out the actions that Europe needed to take to deliver the three priorities, but little indication of how rigorous had been the assessment of the feasibility and attractiveness of the actions outlined. We do not know, for example, if actions had been considered and then rejected as not being feasible. Moreover, while the document referred to the EU budget and innovative financing solutions to support Europe

2020, nowhere in it is there a detailed treatment of the costs and resourcing of the Europe 2020 Strategy. The main implementation issues considered in the document appeared to be the consent and mobilization of Member States. Arguably this document left much still to be decided both at the European Union level and at the national level, both in relation to strategic actions and strategic budgets. This might be seen as a weakness of the document or, alternatively, a pragmatic acceptance of the need to negotiate and get consensus with a large number of stakeholders—especially the national governments represented in the European Council.

In 2010 the European Council approved the strategy and its long-term priorities for the development of Europe. The key results areas that were to guide strategic action and reform efforts by both the European Union as a whole and by Member States were also approved. In signing off the strategy, the European Council was also endorsing a concern to maintain the social models of Europe. In a key passage in the strategy document these social models were described as unique (European Commission 2010a, p. 10):

“And today Europeans face again a moment of transformation to cope with the impact of the crisis, Europe’s structural weaknesses and intensifying global challenges. [...] For our own and future generations to continue to enjoy a high-quality of healthy life, underpinned by Europe’s unique social models, we need to take action now. What is needed is a strategy to turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. This is the Europe 2020 strategy. This is an agenda for all Member States, taking into account different needs, different starting points and national specificities so as to promote growth for all.” (Emphasis added)

Arguably, the European Council was tacitly acknowledging that the greatest strategic issue facing Europe was how to meet the simultaneous challenges of delivering increased European economic competitiveness in the world economy and preserving Europe’s unique social models.

What were the European social models back in 2010? In a number of countries in Western Europe, social democracy emerged strongly just before, or just after, the Second World War (from 1939 to 1945). We would hypothesize that Europe’s unique social models might be seen as embodying a key aspect of a social democratic vision for Europe: a desire by a set of democratic societies to protect their citizens. This included,

importantly, spending public money on social protection to mitigate as much as possible some of the problems of unemployment, ill health, old age, and poverty.

The authors of the Europe 2020 Strategy document recognized the great variations between countries in the European Union; the document referred to Member States having different needs, starting points, and national specificities. Little was done in the document, however, to analyse the situation, resources, opportunities, and so on of individual Member States. The European Commission did write a proposal into the strategy document that each Member State should modify the Europe 2020 strategy to suit its particular situation and set national targets and trajectories.

3 ECONOMIC GOVERNANCE ARRANGEMENTS

The European Commission had stated in the strategy document that stronger economic governance was required in the European Union. Speaking in 2014, Barroso suggested that the European system of governance had not been strong enough. It could not sufficiently “press Member States [to] undertake the structural reforms they clearly needed” nor was it sometimes able to “check the national accounts” (Barroso 2014a, p. 2). He said that when “expected reforms within countries or rebalancing between economies did not materialise spontaneously, Europe could take note, but Europe could not take the required corrective actions or make sure they were taken by national governments” (Barroso 2014a, p. 2).

3.1 *A Stronger Economic Governance*

Stronger economic governance was therefore required to ensure the Europe 2020 Strategy delivered results and this governance was needed not only to facilitate and coordinate the collective efforts of the Member States but also to foster (societal) ownership of the strategy. The document set out how this governance would be organized and the role that each of the three main government institutions of the European Union might have.

It can be noted that the two bodies responsible for co-legislation, one representing governments and one representing citizens, had different roles. The European Council, which represented governments within the European Union governance structure, was identified as taking the lead in steering the strategy and providing overall guidance on it. It was argued

that this was appropriate because it was the Council that sought to integrate policies and to handle the interdependence between (the governments of) Member States and the EU. The European Parliament, which comprised representatives elected by citizens, was to work on mobilizing citizens and the parliaments of Member States.

The European Commission, the third of the three main institutions, was to be given a key role in monitoring the implementation of the Europe 2020 Strategy. Its duties included carrying out monitoring of progress towards the strategic priorities using performance indicators. Second, it was to assess country reports and the European Union's stability and convergence programmes. Third, it was to prepare an annual report on the implementation of the strategy. Finally, it was to prepare policy recommendations and warnings to help Member States refine their national action in order to deliver the European Union strategy.

The success of the Europe 2020 Strategy was seen as dependent on both partnership and ownership (European Commission 2010a, p. 27):

“All national, regional and local authorities should implement the partnership, closely associating parliaments, as well as social partners and representatives of civil society, contributing to the elaboration of national reform programmes as well as to its implementation.

By establishing a permanent dialogue between various levels of government, the priorities of the Union are brought closer to citizens, strengthening the ownership needed to deliver the Europe 2020 strategy.”

In summary, it is evident from the strategy document that its authors, the European Commission, envisaged that the system of governance would have a top-down element and an enabling and helping element. (And other elements too, as we will explore later in the book.) The top-down element consisted of monitoring and policy recommendations and warnings prepared by the Commission. The second element was combined into the top-down element—it was the European Union helping Member States “to develop their strategies to return to sustainable growth and public finances” (European Commission 2010a, p. 4).

3.2 *How New Was This New Economic Governance?*

The declared intention of creating coordination of countries across the European Union to deliver the Europe 2020 Strategy has historical resonance

with earlier periods of economic difficulty in Europe. For example, in 1981, unemployment in the European Community was rising towards 10 million and balance of payments deficits were causing concern. The Community's Commissioner responsible for competition policy made a speech testifying to the extent of concern at the time, and this was a concern existing not just in government circles (Andriessen, 1981, pp. 1–2):

“The policy paper by the Dutch Christian Employers’ Association (Nederlandse Christelijke Werkgeversverbond—NCW) and by the Association of Dutch Entrepreneurs (Vereniging van Nederlandse Ondernemers—VNO) on ‘Europe: the test of the 1980s’ ... sees a growing tendency towards protectionism and indeed a danger of disintegration, and it argues that ‘a Community approach to the basic problems such as the decline in economic growth, rising inflation, employment problems and the diminishing strength of the private sector alongside a top-heavy public sector is now more necessary than ever.’”

This was a time that challenged prevailing assumptions as well as seeming to call for practical actions to address the economic situation in Europe. In the UK the ideas of neo-liberalism and ideas of supply-side economics seemed to have triumphed over those of demand management by governments. Should the European Community have followed this example and turned to *laissez-faire* ideas? The Community's Commissioner for competition policy considered this option in his speech (Andriessen 1981, pp. 10–19):

“In the view of some, the best industrial policy is no industrial policy. Government should not become involved in any way: it should not provide any aid or impose any restrictions on trade. In a completely free economy, the necessary adjustments would take place automatically of their own accord. It must be said that this view is close to the philosophy underlying the Treaty of Rome. However, it is too simple a solution to be applied today and is therefore inappropriate. It callously ignores social problems and overlooks regional disparities and weaknesses in the fabric of industry. Lastly, it does not allow for the fact that, certainly in difficult times, restrictions on trade cannot all be avoided.”

Instead, he signalled the start of a more activist phase of economic governance in Europe (Andriessen 1981, pp. 7–10):

“It is against this background that you must see the general review of Community policies which I referred to earlier. It is also against this background that the Commission intends to use the powers which it has in a number of areas (and here I am thinking particularly of its powers in the area of competition) as a key to achieving greater coordination of national policies on the regional, sectoral and economic fronts.”

In the early 1980s, in the context of a resurgent economic liberalism and laissez-faire governments, the European Community civil servants gave voice to concerns about supply-side matters and inflation, even though the level of demand remained a consideration. This can be seen in the text of the final draft of the 5th Medium Term Economic Policy Programme, which was prepared by the Economic Policy Committee and sent to the President of the Council of the European Communities in July 1981. In a note introducing the draft, the Vice President of the Commission described the Medium Term Economic Policy Programme as containing an economic strategy:

“... the present Communication describes the economic strategy which must be implemented both inside the Community and by the Community, in order to restore the economic situation, and to offer the citizens of Europe better employment prospects and a better future.”

And the foreword to the draft programme endorsed government activism and coordination of national economic policies, financial support and joint action in the European Communities (Commission of the European Communities 1981, p. 5):

“... the Community can help sustain as high a level of demand as possible. More active coordination of national economic policies is important in this respect: where policies are decided each year a systematic effort should be made to ensure that they are mutually consistent in order to achieve the multiplier effect, however limited, that Community interdependence will generate. Other possible courses of action are to help in measures to promote investment and, where this is justified on economic grounds, practical measures of financial solidarity to reduce balance of payments difficulties. [...] The real contribution to growth, even if difficult to quantify, that such measures and joint opportunities for action can make must be systematically sought out.”

Moving on nearly 20 years brings us to the Lisbon Strategy. This strategy was launched in 2000, and appears to have had very similar goals and priority areas to the Europe 2020 Strategy that followed a decade later. And just like its 2010 successor strategy, the Lisbon Strategy mentioned Europe's unique social model (European Commission 2010b, p. 2):

“The European Council defined the objective of the strategy for the EU ‘to become the most dynamic and competitive knowledge-based economy in the world by 2010 capable of sustainable economic growth with more and better jobs and greater social cohesion and respect for the environment’. Underlying this was the realisation that, in order to enhance its standard of living and sustain its unique social model, the EU needed to increase its productivity and competitiveness in the face of ever fiercer global competition, technological change and an ageing population.”

Its four priority areas were: (a) research and innovation, (b) investing in people and modernizing labour markets, (c) unlocking business potential, and (d) energy and climate change. The priorities of the Europe 2020 Strategy show clear continuities with the four priority areas of the Lisbon Strategy. Two targets—70 per cent employment rate and 3 per cent of GDP spent on research and development—used the same indicators as the successor Europe 2020 Strategy, namely employment rate and investment in research and development. These two targets had not been delivered by 2010, when the Lisbon Strategy was replaced by the Europe 2020 Strategy. Delivering on Union aspirations for employment and research and development investment continued to be stubbornly difficult in the early years of the Europe 2020 Strategy (2010–2014).

Also like its successor, the Lisbon Strategy was to be applied at the European Union level and the national level. Commission staff later wrote (European Commission 2010c, p. 2) that, “close co-operation between the EU and Member States would be necessary to achieve results”. This attempt to deliver a strategy at both the European level and the national level appears to have had problems. There was a re-launch of the Lisbon Strategy in 2005 with new governance arrangements designed to ensure greater cooperation between levels (European Commission 2010c, p. 2):

“... the original strategy gradually developed into an overly complex structure with multiple goals and actions and an unclear division of responsibilities and tasks, particularly between the EU and national levels. The Lisbon Strategy was therefore re-launched in 2005 following a mid-term review. In

order to provide a greater sense of prioritisation, the relaunched Strategy was focused on growth and jobs. A new governance structure based on a partnership approach between the Member States and the EU institutions was put into place.”

The new governance structure introduced in 2005 looks in many respects like the governance structure set up for the Europe 2020 Strategy, and notably included the provision of country-specific policy recommendations to Member States, which continued after 2010 as country-specific policy recommendations and policy warnings. According to a Commission evaluation of the Lisbon Strategy these recommendations sometimes made a difference and were an impetus to national action but not always (European Commission 2010c, p. 6):

“Country-specific policy recommendations, a Treaty-based instrument which the Council addresses to Member States on the basis of a Commission recommendation when progress should be stepped up, were an important component of the strategy. In some Member States these recommendations have produced real impact. By setting their policies within a European dimension and showing that other countries were addressing the same issues, these Member States used the recommendations to build domestic pressure for reforms. However, in others the recommendations did not give rise to political debates or effective follow-up.”

So, we see that by 2010 the European Union desire for better coordination of action by national level governments went back nearly 30 years. It appears from this brief consideration of Andriessen’s remarks in the early 1980s and from the Lisbon Strategy that attempts to improve governance for the Europe 2020 Strategy had precursors. In the early 1980s the European Community considered that economic strategy and the coordination of national economic policies inside Europe required active consensus. The need for more cooperation and partnership between the European Union and the national governments led to a revised governance structure in 2005. In 2010 the Commission saw the implementation of economic strategy as requiring partnership and ownership—and not just within government but also beyond government. The fact that in 2010 the Commission saw the need for partnership with stakeholders beyond government may, of course, have simply reflected the fundamental rethinking of the nature of effective government by bodies such as the

World Bank, the United Nations, and the OECD. It was now believed by these bodies that effective governments were selective in their interventions, focused on a few priorities, and worked by means of partnerships with non-governmental actors and citizens.

We are open to the view that major long-run strategic change may emerge through a series of developments and events, so that current episodes of strategic change have continuities with the past. So, we are not surprised that features of the thinking and action by the European Union in 2010 were not completely new.

3.3 *Governance Institutions in Europe*

The governance institutions of the European Union are of central importance to the research concerns presented in this book. The essence of the governance institutions of the European Union were summarized as follows in a 2013 publication (European Union 2013, p. 5):

“The European Council defines the general political direction and priorities of the EU but it does not exercise legislative functions. Generally, it is the European Commission that proposes new laws and it is the European Parliament and Council that adopt them. The Member States and the Commission then implement them.”

The first important point about the European Council as an institution at the time of the creation of the Europe 2020 Strategy was that it represented governments in the European Union—not citizens as such. Its members were the heads of state or heads of government of the Member States—that is, Presidents and Prime Ministers. Its standard style of working was informal, consensus seeking, and predisposed towards accommodating the wishes of individual Member States. In 2012 the President of the European Council, Herman Van Rompuy, emphasized some of this in his acceptance speech for a second term of office (Van Rompuy 2012, p. 2):

“As guardian of the unity of the 27, I have insisted all along on involving all Member States—all 27, even when it was about the 17 of the eurozone—and all institutions. My aim is to reach decisions which each and everyone of us can support and defend at home. To do that requires time, and—even more crucially—trust.”

Its meetings took place at least four times a year and were behind closed doors. The European Council's membership and its style of working seemed designed to allow national government leaders to talk more openly and more confidentially to each other. It appears from reports of its meetings that there had been engendered a collegial spirit and unitary ethos among its members. We can speculate that with so many Member States being represented, and with a desire to reach as much consensus as possible, the ideal member of the European Council was seen as a leader who was respectful of the views of fellow political leaders and who was prepared and able to listen carefully to what others said behind the closed doors. If successful, the European Council would combine European diversity and national differences with a spirit of European unity and cohesiveness.

The European Parliament, which was made up of approximately 700 elected representatives of the citizens of Europe, provided a forum for handling the governance of Europe. The Parliament was quite transparent in how it normally worked and so it was obvious that political differences existed in Europe. These political differences were institutionally represented in seven political groups and, behind the groups, in some 300 political parties. Various differences were publicly articulated and displayed in the chamber of the European Parliament.

President of the European Commission, Jose Manuel Barroso, who had been Prime Minister of Portugal, led the European Commission in the first phase of the Europe 2020 Strategy (from 2010 up to 2014). When he was coming to the end of his time as President of the Commission, he said to the European Parliament that the Commission was politically neutral and focused on putting Europe first rather than any political party (Barroso 2014b, p. 9):

“Ladies and gentlemen, there is one thing that I would like to say to you with the greatest of conviction. The team that I have had the honour of heading has worked with enormous commitment and diligence, whilst always putting Europe's interests first. There is something that I want to say to you, since this is a political assembly with a wealth of political dynamics, but where the emphasis is always on the common European good. My Commission was not made up of colleagues from the EPP, socialists or liberals. It was made up of people who worked for Europe. My party is the EPP and I am proud of that, but, as President of the Commission, my party is Europe and that is the message I wish to convey ...”

Barroso also saw the Commission's officials as acting impartially between Member States and focused instead on pursuing the interests of Europe as a whole. He saw his role as the President of the Commission as concerned with creating consensus within the Commission on the basis of the political direction emerging from the European Council.

In terms of the Union's normal operating procedures, the system of governance was based on the European Commission being expected to be proactive rather than reactive. So, for example, the Commission was expected to initiate proposals for legislation. The other two core institutions, then, were placed in a position of responding to Commission proposals, which they did by operating as co-legislators. The European Council (the forum where the governments of Member States were represented) and the European Parliament (the forum where the citizens of Europe were represented) had to approve the proposals of the Commission before they could become law.

The working of the governance system was presumably important for maintaining the integrity of the European Union. But integrity no doubt has a symbolic dimension too. The Presidents in the European Union were highly visible as leaders who articulated overarching meanings to explain the European Union. We can look at some examples of how the Presidents spoke about Europe as a 'project' or 'cause', and not just an economic alliance.

Martin Schulz, who was president of the European Parliament from 2012 until 2017, argued that it was worth fighting to keep Europe together as an entity (Schulz 2012):

"The European Union represents an attempt in the globalised 21st century to protect our social model against the impact of the emergence of new powers. An attempt [to] prevent Europe's decline. An attempt to protect our democracy."

For some, the European Union was important for advancing the values of freedom and democracy. President Herman Van Rompuy (2012, p. 3) expressed this as follows in a speech to the European Council:

"I know you all share my deep conviction that the euro and the Union are irreversible projects. They support and embody the ideals of a peaceful, prosperous and democratic continent. It is our duty to continue this historical endeavour."

3.4 *How Well Was Europe 2020 and the New Economic Governance Working?*

In 2014 the European Union's own evaluations suggested that the economic governance arrangements had not been enough to deliver complete success with respect to Europe 2020. The evaluation also produced concerns about the development of awareness and a sense of wider ownership of the Europe 2020 Strategy. This was expressed as follows (European Commission 2014a, p. 20):

“Awareness and ownership by all relevant actors—governments, parliaments, regional and local authorities, social partners and all stakeholders—is a crucial prerequisite for success. In many Member States, the involvement of the different stakeholders in the implementation of the strategy could still be improved.”

Whereas the strategy document of 2010 had envisaged national and local governments engaging citizens and others in planning and delivering national reform programmes, the European Commission decided in 2014, and possibly as a result of the 2014 progress review, that it needed to consult the European public directly. We would not be surprised if the Commission wanted to directly consult the public because it was alarmed at the lack of awareness and wider ownership and did not trust an approach that relied on national and local government as the interface with stakeholders.

In terms of its results, some progress had been made in some areas and not in others. The European Commission wrote (European Commission 2014a, p. 21):

“The analysis set out in this Communication shows that experience with the targets and flagships [initiatives] of the Europe 2020 strategy has been mixed. The EU is on course to meet or come close to its targets on education, climate and energy but not on employment, research and development or on poverty reduction.”

The formal system of governance in Europe generally placed a lot of responsibility on the European Commission to be proactive. As we have noted, it was the European Commission that initiated new laws, although it was then up to the European Council and European Parliament to approve the laws. This might be seen as justifying the critical comments

sometimes made: that unelected bureaucrats ran Europe. But of course, a proper understanding of institutions must involve looking at practices and the informal systems in operation. This is where the academic research we are presenting in this book comes in—looking for evidence on which to found proper insights into the working of the economic governance that was meant to ensure that the Europe 2020 strategy was working and delivering results.

The view of Barroso in a speech in the European Parliament in January 2014 was that the new system of economic governance in Europe was a change compared to the soft system of governance that had existed previously, and that economic success now depended on delivery at the national level (Barroso 2014a, p. 3): “The outcome of the process now depends not so much on the structure of the system, but success lies in the delivery, namely at national level and in the broad-based legitimacy of the reform efforts in any one Member State and in Europe as a whole.” For him this seemed to entail that the European Parliament and national parliaments were critically important. In other words, we might say, that the challenge was not a management one but a political one. His concluding words in the January speech remind us of the Weberian view of a tension between bureaucracy and democracy; he said (Barroso 2014a, p. 6):

“And, as I said before several times in the European Parliament—I’m happy to discuss this with all of your members of national parliaments—I believe the European Union now is in a moment where we cannot go on pretending it’s only technocratic or bureaucratic. More than ever, we need a European Union that is fully democratic.”

4 CHAPTER SUMMARY

Much mention has been made of economics and economic performance in this first chapter. The measure of success of public governance, however, is not to be reduced to global statistics on economics and population, and certainly not to growth of GDP. The purpose of public governance is not just to ensure successful economic development. It is also about performance on environmental and social matters. The satisfaction of citizens with their lives and the desirability of the societies in which they live will be key concerns in this book’s attempts to understand the importance and the consequences of strategic management in the governments of Europe.

In summing up this first chapter, we want to stress that this book is chiefly intended as a contribution to an understanding of public governance and strategic management in Europe. Its scope is both the European Union and national governments in Europe. It is intended to foreground both management and an understanding of public governance as essentially about the relationship between government and the public. It will succeed in terms of our aspirations if it provides insights into the nature of, not only effective government, but also of ‘credible government’, with credible government defined as concerned with public leadership and strategic management of national and European development.

For us, the idea of the strategic state is the essence of the new thinking about public governance, and it represents the reinvention of governance around a set of public management processes that deliver direction, steering, and a new relationship between government and citizens. This new thinking about public governance can serve, we hope, both economic success and better lives. The idea of the strategic state within individual countries is followed up in the next two chapters.

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Public Governance in Member States

The purpose in this chapter is to help set the scene for our analysis of the governance processes developed by the European Union to deliver the Europe 2020 Strategy. It specifically sets out to build a deeper understanding of the variations in the strategic capabilities of the national governments of Member States. As we noted in the first chapter, the strategy document drafted by the European Commission in 2010 was very clear that there were important differences between Member States and very clear that this should be reflected in the delivery of the Europe 2020 Strategy by national governments. It was proposed to reflect this in varying the national targets under the Union-wide strategy. Presumably the success of the multi-level approach of the Europe 2020 Strategy would depend on the strategic capabilities of national governments and parliaments and on their cooperation with the European Union institutions. Nevertheless, there was no explicit assessment of the strategic capabilities of Member States in the document, nor of their readiness and fitness to be integrated into a European Union-wide effort to deliver the Europe 2020 Strategy. This omission is not explained in the document, and it may be that such assessments were made but not included in the strategy document. Alternatively, perhaps the Commission assumed that it was not needed and that strategic thinking and planning would also be undertaken at national level using the Europe 2020 Strategy as a framework. If so, perhaps it was further assumed there would be a great deal of involvement of national level governments and parliaments in strategic thinking and planning.

In this chapter it is our intention to keep the analysis as simple as possible in terms of the conceptual framework. First, we assume that the relationship between public and government is the key relationship in a public governance process, and that within government there is an important relationship between politicians and appointed officials. Second, we see the public governance process as including within it a process of politicians making promises to the public and expressing these as priorities and even long-term strategic visions. Third, we hypothesize that the actions of government (which might take various forms including regulatory action and public service delivery) are more effective when the government has strong strategic capabilities and when the actions have the consent and support of the public. Fourth, we hypothesize that successful government action is measured using outcomes indicators and that these outcomes are ones that meet the needs and aspirations of the public. Where public needs and aspirations are met satisfactorily we assume this means that government has created ‘public value’ (Moore 1995).

If the relationship between government and the public is the key relationship in a public governance process (and we assume it is), then how should we conceptualize this relationship? In Europe, since the signing of the Treaty of Rome in 1957, one of the most important societal changes has been the move away from the prevalence of deferential attitudes among ordinary people, a movement that seems to have been propelled forward in the 1960s with the rise of pop music and youth culture. The relationship between government and public has changed accordingly and there has been a growing expectation that governments should be transparent, accountable and responsive to the public. In fact, these expectations are key goals set for government reforms designed to bring about more open government. There is also an expectation that governments should be encouraging public participation in policy making. The idea of more open government may be justified on a variety of grounds, including the urgency of countering declining levels of trust in politicians and governments, the need to improve the effectiveness of government, the continuing attempts to reduce government corruption, and so on.

At the very least, governments committing to the principles of open and responsive government should be consulting the public about its top concerns and what it wants in terms of new policies or changes to policies. Survey evidence, however, suggests that government officials often perceive a lack of interest by members of the public in participating in government policy development (OECD 2016). So, while we may feel that

government should consult the public and listen to the public, we should not leap to a belief that currently there is an enormous demand from the public for public participation. Nor should we assume that, at the present time, the European public wants to spend much of its free time being consulted and participating in government decision making. It may be that the public in Europe are satisfied with current systems of democratic representation and periodic national elections because, as individuals, they want to be listened to by their governments without having to commit very much time or effort to it.

Recent research has been exploring how to increase civic engagement with political decision-making (e.g. Tolmie et al. 2014). Such research may assume that ordinary people experience civic participation as disruptive to their daily lives and burdensome, with the burdens including taking up their free time, requiring personal effort, and generally taking place inconveniently. While the research may be right to assume that the public experiences democracy as disruptive and burdensome, we hypothesize that democracy does matter to members of the public, that members of the public do want to be listened to, and that democracy does make a difference.

What do governments hear when they listen to the public? At times the public (or some part of the public) wants more security and protection. Sometimes they want opportunities to help them get ahead in life. Thomas Hobbes, in his book *Leviathan*, which was first published in 1651, wrote about people seeking to ‘live well’, to get rich, and so on. He talked about people being in competition with each other and this creating a tendency to conflict and enmity. He also said that people sought aid by society because they were fearful. Hobbes (1962, pp. 123–125) wrote:

“Competition of riches, honour, command, or other power, inclineth to contention, enmity, and war: because the way of one competitor, to the attaining of his desire is to kill, subdue, supplant, or repel the other.

Fear of oppression, disposeth a man to anticipate, or to seek aid by society: for there is no other way by which a man can secure his life and liberty.”

Hobbes may seem to us to have been a bit gloomy about the lives people led, but he had some important ideas about people’s lives, ideas that still have a degree of relevance today. For example, in the case of the European public, a report in 2014 (European Commission 2014b) reported that two-thirds (67 per cent) of people thought anyone is at risk of poverty at some

time in their lives. Among the unemployed the perception of risk of personal poverty was very high—some 51 per cent of unemployed people felt that there was a risk that they could fall into poverty. A fifth (19 per cent) of those surveyed felt unsafe when walking alone after dark in the area where they lived. In relation to ‘getting ahead in life’, most Europeans (63 per cent) were found to think that getting a good education is very important for this.

The public may want governments to act in relation to a wide range of matters. They may, for example, want governments to provide income to people who are unemployed, ill, or retired to prevent them living in poverty. We can note here that Europe in the past has spent relatively large sums of money on social protection as a percentage of GDP; in fact, Europe has spent relatively high amounts compared to G20 countries such as the United States, Japan, Russia, China, Turkey, and Brazil—and relatively higher still than India and Indonesia. They may want governments to ensure the rule of law and to employ police to patrol and keep the streets of cities safe. They may want government to provide public transport and make sure that the public can use it safely. They may want local authorities to provide or improve street lighting to reduce the risks of people being attacked after dark. They may think governments should seek to build more meritocratic societies and use public money to fund schools and universities to create more equal educational opportunities. These are just some examples of what the public might want governments to provide in relation to the public’s needs for security, protection, and opportunity.

Of course, some writers and political thinkers may argue that the European public may need protection from government. For example, libertarian thinkers on the right may claim that government may be a threat to the freedom of individuals. But even in this case it may be advocated that government should provide protection—although in this case it is protection of individual rights (Dewey 1927, p. 87):

“Thus the practical movement for the limitation of the powers of government became associated, as in the influential philosophy of John Locke, with the doctrine that the ground and justification of the restriction was prior non-political rights inherent in the very structure of the individual. From these tenets, it was a short step to the conclusion that the sole end of government was the protection of individuals in the rights which were theirs by nature.”

The contemporary governments of today vary in their emphasis on protection as against opportunity. The intended beneficiaries of the government’s

actions also vary. Governments pursuing a ‘social market economy’, for example, try to create opportunities for citizens through education, training, and employment growth, and at the same time try to provide social protection to the poor, the elderly, the unemployed, the disabled, and people who are ill. Barroso described the European Union economy as a social market economy and believed that the strategy approved in 2010 was consistent with such an economy (Barroso 2010, p. 10):

“I have set out how to modernise our social market economy to deliver growth and jobs in a smart, sustainable and inclusive economy through our Europe 2020 flagship initiatives.”

Governments aspiring to operate on *laissez-faire* lines may be reluctant to provide social protection to the poor, the elderly, the disabled, and so on; and they may try to reduce state regulation of markets justifying this as ‘freeing the market’, meaning that businesses are left to decide how they will identify and pursue market opportunities. Some governments reject a *laissez faire* approach and regulate and intervene in business activity extensively; they may also provide substantial protection to their domestic businesses and industries to shield them from competitors in other countries. We might think of these governments as creating societies containing different social models in terms of protection and opportunity.

In this chapter we will be using secondary data analysis to consider government effectiveness and economic growth. We will also note some issues that may be encountered in the definition of government effectiveness. In the middle section of the chapter we will look at the strategic management of government, which we will do mainly in terms of strategic management capabilities. We will seek to establish the plausibility of estimates of the strategic capabilities of European governments at the national level.

The incorporation of strategic management capabilities into a model of government credibility is a key development in the middle part of the chapter. Our definition of government credibility has three dimensions: the approval of country leaders, the possession by government of strategic process capabilities, and the possession of capabilities in mobilizing non-governmental stakeholders. We explore variations in government credibility, using data that was mainly sourced from a project by the Hertie School of Governance. We look for a correlation between government credibility (based largely on the Hertie School data) and government effectiveness (using indicators published by the World Bank). We would not expect this

to be a perfect correlation since there may be different ways of achieving government effectiveness and also because it is likely that government effectiveness depends partially on operational competence. There may also be more than one way of defining government effectiveness. We think it may also be possible that some definitions of government effectiveness may privilege particular models of public governance over others, with the result that there may be an issue about the choices made when defining government effectiveness and collecting data on it. In fact, as will be seen shortly, we did discover a correlation between government credibility and effectiveness providing us with some reassurance about the plausibility of the government credibility ratings we have constructed.

The next chapter will explore the degree to which government effectiveness and credibility can be linked to variations in societal outcomes, which will be considered in terms of the values of outcomes at a point in time and in terms of their trend over time. Chapter 3 also offers an exploration of public attitudes on life, democracy, and public circumstances. These attitudes tell us something about the national circumstances that may encourage or inhibit government effectiveness and credibility.

1 GOVERNMENT EFFECTIVENESS AND ECONOMIC GROWTH

Government effectiveness, an indicator published by the World Bank, has been frequently used by academic researchers and other researchers. It is one of six composite Worldwide Governance Indicators that are constructed from several hundred variables and a wide variety of data sources. It appears that it is subjective data, being the views of survey respondents and experts. The indicators have been described as ‘capturing governance perceptions’ (Kaufmann et al. 2010, p. 2).

The definition of this government effectiveness indicator has been quoted by Kaufmann et al. (2010, p. 4):

“Government Effectiveness (GE)—capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies.”

This definition requires decisions to be made about how to operationalize what is meant by the ‘quality’ of public services, the ‘quality’ of the civil service, the ‘quality’ of policy formulation and implementation, and the

‘credibility’ of the government’s commitment to such policies. In fact, as already noted, the indicator is based on a large number of variables and a variety of data sources. The variables used, in effect, have important implications for how the indicator was operationalized.

As can be seen, this definition privileges a certain view of public governance. It is one in which the civil service has a ‘degree of independence of political pressures’. At first sight this might seem an odd stipulation in the case of parliamentary democracies where the democratic mechanism is based on citizens electing representatives to make decisions and pass laws. Presumably, the independence of the civil service means that the elected representatives pass laws in parliament and then the civil service acts in accordance with the laws. The assumption seems to be that the officials in a civil service are not expected to obey every command coming from a politician, but only those that have been expressed in statute or that is consistent with the law. So, it is possible that this definition of government effectiveness assumes effectiveness is subject to the rule of law.

A second interesting point is the reference to ‘the credibility of the government’s commitment to such policies’. Presumably, this implies that governments that are seen as committed to the policies they are creating and implementing are more likely to get stakeholders to take them seriously. If, for example, the public doubts the commitment of a government to a policy then the public may assume that the policy may soon be abandoned and thus need not support it or act in line with it. This may be a plausible argument but it could be seen as introducing speculation about the causes of government effectiveness into the definition.

Based on what is included in the indicator, it could be argued that this indicator misses out some important elements. The indicator includes in the definition of effectiveness the quality of the civil service. If so, why not also include the quality of political leadership? The definition includes the quality of policy-making and the quality of public services. Why include these two in an indicator of government effectiveness and not include as an integral aspect of government effectiveness the quality of government regulation? Also, why not include in the definition something on the quality of government’s consulting and engaging with citizens? Why not include something on partnership working? Some of the things missing from the definition of government effectiveness are addressed in other Worldwide Governance Indicators. But, we might conclude that the governance effectiveness indicator does not deal comprehensively with government effectiveness because it does not deal comprehensively with government activity.

The Worldwide Governance Indicators, as we have noted, are regarded as designed to capture perceptions of governance. It might be expected that the perceptions will be subject to ‘halo effects’. For example, societies perceived to be prosperous and successful might end up being perceived as having better governance and more effective governments than they really have. Then again, it might also be expected that some governments are better at reputation management. So, reputation management might intervene between the actuality of government effectiveness and perceptions of government effectiveness.

We do not wish here to exaggerate the problems of subjectivity in perceptions and we do believe that perceptions have some basis in reality. We would expect that countries with higher estimates of government effectiveness based on surveys of perceptions do have a tendency to be countries with effective governments.

Table 2.1 below contains data on European Union countries showing the government effectiveness estimates from the Worldwide Governance Indicators project published by the World Bank and two different sets of data for the 2015 value of GDP per capita.

Taking the estimates of government effectiveness at face value, countries rated highly in terms of government effectiveness in 2015 included Denmark, Finland, Germany, the Netherlands, Sweden, and the UK. In contrast, countries with the lowest estimates for government effectiveness included Greece, Italy, Poland, and Hungary. Countries in the middle ranks of government effectiveness included Austria, the Czech Republic, Estonia, France, Spain, Portugal, Belgium, Ireland, and Slovenia.

The countries in the northern part of the west of Europe, including the Scandinavian countries, the Netherlands, Germany, and the UK, have been the relatively wealthy countries and seen as important global economies. They are countries that had relatively high values of GDP per capita in 2015 by international standards as well by the standards of the European Union. Both sets of data for GDP per capita in Table 2.1 correlate with estimates of government effectiveness (and the two sets correlate very highly with each other). It may be that variations in government effectiveness can provide a large part of the explanation for variations in GDP per capita. But it is also possible that observers tend to attribute higher government effectiveness to governments in countries that are more prosperous—we may tend to assume that a country like Sweden or Germany must have a very effective government because it is a successful country as shown by GDP per capita. So, high-income societies may tend to be

Table 2.1 European Union countries—government effectiveness estimates and 2015 values for GDP per capita

<i>Country</i>	<i>2015 Government effectiveness estimate (-2.5 to +2.5)</i>	<i>2015 GDP per capita (constant 2010 US \$)</i>	<i>2015 GDP per capita, PPP (constant 2011 international \$)</i>
Austria	1.5	47,604	44,048
Belgium	1.4	45,181	41,826
Bulgaria	0.2	7612	17,000
Croatia	0.5	13,876	20,664
Cyprus	1.0	27,587	30,383
Czech Republic	1.1	21,225	30,381
Denmark	1.8	60,001	45,484
Estonia	1.1	17,604	27,345
Finland	1.8	45,214	38,994
France	1.4	41,702	37,775
Germany	1.7	45,260	43,788
Greece	0.2	22,579	24,095
Hungary	0.5	14,519	24,831
Ireland	1.5	65,250	61,378
Italy	0.5	33,889	34,220
Latvia	1.1	14,328	23,080
Lithuania	1.2	15,347	26,971
Luxembourg	1.7	107,036	93,900
Malta	0.9	24,321	32,720
Netherlands	1.8	51,258	46,354
Poland	0.8	14,090	25,323
Portugal	1.2	21,969	26,549
Romania	0.0	9539	20,484
Slovak Republic	0.8	18,644	28,254
Slovenia	1.0	23,781	29,097
Spain	1.2	30,466	32,219
Sweden	1.8	55,164	45,488
United Kingdom	1.7	41,183	38,509

Notes:

a. Source: <http://databank.worldbank.org/data/>

b. Definitions:

Government effectiveness—this is a governance indicator based on perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. The data consists of estimates in units of a standard normal distribution (ranging from approximately -2.5 to +2.5)

GDP per capita—this is gross domestic product divided by midyear population. Data are in constant 2010 US dollars

GDP per capita, PPP—this is gross domestic product converted to international dollars using purchasing power parity rates. Data are in constant 2011 international dollars. Purchasing power parity rates may be used to take account of differences in costs and inflation when making comparisons of countries

perceived as having more effective government simply because they are high-income societies. Of course, countries such as Greece and Italy, at least in the years since the international financial crisis, are known to have had very difficult times. It is possible that their governments have poorer reputations simply because of this and that this leads to an attribution that government effectiveness is lower than it really is.

1.1 Economic Growth

Between 2004 and 2014 the 28 countries of the European Union had relatively low real economic growth rates—lower than, for example, China, India, Indonesia, Argentina, Saudi Arabia, Turkey, South Korea, Brazil, and Russia, which between them represented a large proportion of the global economy. However, there was a lot of variation in real growth rates within Europe over this same period.

The changes in real GDP per capita for European countries are shown in Table 2.2. The biggest increases in real GDP per capita between 2004 and 2014 were in the cases of Bulgaria (38.9 per cent), the Czech Republic (20.3 per cent), Estonia (30.0 per cent), Latvia (42.5 per cent), Lithuania (55.2 per cent), Malta (21.9 per cent), Poland, (46.6 per cent), Romania (40.7 per cent), and the Slovak Republic (45.2 per cent).

In contrast, Belgium (5.1 per cent), Denmark (3.2 per cent), Finland (2.2 per cent), France (1.4 per cent), Ireland (3.4 per cent), Luxembourg (7.0 per cent), the Netherlands (7.0 per cent), Sweden (9.7 per cent), and the UK (5.2 per cent) saw their GDP per capita increase only a little. For a small number of countries the changes in GDP per capita were actually negative between 2004 and 2014. Countries in this group were: Cyprus (−9.8 per cent), Greece (−18.6 per cent), Italy (−9.3 per cent), Portugal (−1.6 per cent), Slovenia (−0.8 per cent), and Spain (−3.3 per cent). Two points can be made about the changes in real GDP per capita between 2004 and 2014. First, the countries varied a great deal in this respect. And, second, the variations seemed to have a spatial pattern. The pattern for the period consisted of three spatial groups: Member States with relatively high rates of increase in real GDP per capita that were located in Central and Eastern Europe and along the eastern edge of the Baltic; the group with modest increases in real GDP per capita found in the north and west of Europe; and the group with negative changes in real GDP per capita that were located in southern Europe. Three-quarters of the Member States could easily be allocated to one of these three groups. Germany was not easy to allocate in this way. It had an increase in real GDP per capita over this period of 16.0 per cent. We suggest

Table 2.2 European Union countries—changes in GDP per capita

<i>Country</i>	<i>2015 Government effectiveness estimate (-2.5 to +2.5)</i>	<i>per cent Change in real GDP per capita 2004–2014</i>	<i>per cent Change in real GDP per capita 2010–2014</i>
Austria	1.5	8.8	2.2
Belgium	1.4	5.1	0.5
Bulgaria	0.2	38.9	6.7
Croatia	0.5	7.4	0.2
Cyprus	1.0	-9.8	-12.5
Czech Republic	1.1	20.3	2.9
Denmark	1.8	3.2	2.5
Estonia	1.1	30.0	18.5
Finland	1.8	2.2	-2.1
France	1.4	3.4	1.6
Germany	1.7	16.0	7.4
Greece	0.2	-18.6	-16.5
Hungary	0.5	12.6	7.8
Ireland	1.5	3.4	7.1
Italy	0.5	-9.3	-6.3
Latvia	1.1	42.5	22.1
Lithuania	1.2	55.2	24.6
Luxembourg	1.7	7.0	1.4
Malta	0.9	21.9	9.8
Netherlands	1.8	7.0	0.3
Poland	0.8	46.6	11.8
Portugal	1.2	-1.6	-4.5
Romania	0.0	40.7	10.4
Slovak Republic	0.8	45.2	8.3
Slovenia	1.0	9.6	-0.8
Spain	1.2	-3.3	-4.0
Sweden	1.8	9.7	2.9
United Kingdom	1.7	5.2	4.9

Notes:

a. Source: <http://databank.worldbank.org/data/>

b. GDP per capita—this is gross domestic product divided by midyear population

it was not in one or other of the groups but had an increase intermediate between the group in the north and west of Europe and the group in Central and Eastern Europe and along the eastern side of the Baltic.

How can the spatial pattern be explained? Were variations explicable as caused by differences in government effectiveness? Government effectiveness estimates for 2015 are shown in Table 2.2; we note that estimates of

government effectiveness do not fluctuate much from year to year and can be fairly unchanging for long periods of time. We would say it is possible to argue that government effectiveness accounts for the negative trends in the south of Europe countries. They were countries with government effectiveness estimates of 1.2 or less. However, we think government effectiveness cannot by itself explain much of the variations in changes in GDP per capita. Looking at Table 2.2, it is evident that the relationship between changes in real GDP per capita did not correlate with government effectiveness estimates in a simple linear way. The countries with the highest estimates of government effectiveness (1.4 or more) had only modest increases in real GDP per capita, whereas countries with lower estimates for government effectiveness might have big increases or negative changes in real GDP per capita.

There might have been a ‘catch up’ effect in the trends observed. The Central and Eastern European countries that joined the European Union in comparatively recent times (since the early 1990s) may have done well in terms of changes in GDP per capita because they were catching up to the rest of Europe. Perhaps these countries had politicians and populations that felt they needed to catch up economically with other European countries and that joining the European Union offered them a good opportunity to do so. Certainly it is in these countries that the public—even in 2016—were least likely to be satisfied with the lives they were leading and least likely to rate their public services as good. Perhaps such attitudes galvanized politicians and the people living in the new Member States into supporting economic and national development efforts. Existing member countries in the western and northern part of the European Union may have had a head start in terms of things such as GDP per capita but we might speculate that their politicians and populations may have not felt as strongly the determination to accelerate national development. Larger proportions of these western and northern European populations were very satisfied with their lives and saw their public services as good.

1.2 Strategic Management in Government: Capabilities

We envisaged that a strategic state would be effective (in part) because it was good at strategic management and was good at motivating public and private stakeholders to work towards long-term strategic visions. In order to investigate this we used data from a data set created by the Hertie School of Governance (2014) in Germany as part of a project on governance. This is shown in Table 2.3, which also includes perception

Table 2.3 Strategic process capabilities and catalysing capabilities (Hertie School of Governance 2014) (*N* = 26)

<i>Country</i>	<i>Strategic process capabilities (estimates, ranking and total score)</i>				<i>Catalysing capability: Mobilizing public and private stakeholders behind the long-term strategic vision</i>	<i>Government effectiveness estimates (-2.5 to +2.5) (World Governance Indicators for 2015)</i>	
	<i>Long-term strategic visioning</i>	<i>Ensuring government coordination, integration and coherence</i>	<i>Evaluating strategic action (policies), and adapting</i>	<i>Ranking—strategic process capabilities</i>			<i>Total score for strategic process capabilities</i>
Austria	1.2	0.6	0.8	11	7.9	0.8	1.5
Belgium	1.2	1.1	0.8	9	11.2	0.8	1.4
Bulgaria	-0.3	-0.2	0.4	22	0.0	-0.2	0.2
Croatia	-0.8	0.6	0.4	18	3.0	-0.2	0.5
Cyprus	1.2	1.2	1.4	4	12.1	1.8	1.0
Czech Republic	-0.3	-0.2	0.3	25	-2.3	-0.2	1.1
Denmark	1.7	1.7	1.9	1	16.1	1.8	1.8
Estonia	0.2	0.6	0.9	14	5.1	0.8	1.1
Finland	1.2	1.2	1.3	7	11.8	0.8	1.8
France	-0.3	0.4	-0.2	21	0.8	0.8	1.4
Germany	1.7	1.0	0.8	5	11.9	1.8	1.7
Greece	-0.3	0.0	-0.2	23	-1.1	-0.2	0.2
Hungary	0.3	-0.2	-0.1	24	-2.2	1.8	0.5
Ireland	1.7	1.0	0.8	7	11.8	0.8	1.5
Italy	0.3	0.8	0.4	15	4.9	0.8	0.5
Latvia	0.2	0.0	0.9	19	2.1	0.8	1.1
Lithuania	0.7	0.8	0.8	12	6.9	0.8	1.2
Malta	0.3	0.2	0.9	17	3.2	1.8	0.9
Netherlands	1.2	1.0	1.3	10	11.0	0.8	1.8
Poland	0.2	0.4	0.8	16	4.9	0.8	0.8
Portugal	0.7	0.6	0.4	13	5.9	0.8	1.2
Romania	-1.3	-1.0	-0.7	26	-10.3	-1.2	0.0

(continued)

Table 2.3 (continued)

Country	Strategic process capabilities (estimates, ranking and total score)				Catalysing capability: Mobilizing public and private stakeholders behind the long-term strategic vision	Government effectiveness estimates (-2.5 to +2.5) (World Governance Indicators for 2015)
	Long-term strategic visioning	Ensuring government coordination, integration and coherence	Evaluating strategic action (policies), and adapting	Ranking—strategic process capabilities		
Slovenia	1.2	1.9	1.3	3	1.8	1.0
Spain	-0.3	0.4	0.4	19	-0.2	1.2
Sweden	1.2	1.0	1.9	5	0.8	1.8
United Kingdom	1.2	1.9	1.9	1	1.8	1.7

Notes:

The Hertie School of Governance data source used did not contain relevant data on Luxembourg and Slovakia.

a. The strategic process capabilities total score was calculated by summing the values of 10 variables in a data set created by the Hertie School of Governance. They were as follows.

Long-term strategic visioning:

1. Do the authorities have a long-term strategic vision for territorial/urban planning?
2. Do the public authorities have a long-term strategic vision for the development of human capital (education, health etc.)?
3. Do the authorities have a long-term strategic vision to protect the environment?

Ensuring government coordination, integration and coherence:

4. Is the capacity of national public authorities hampered by divisions within the state apparatus?
5. Degree of coordination/collaboration between ministries
6. Degree of coordination within administration?
7. Overall coherence of public policies
8. Are the actions of the public authorities in line with a long-term strategic vision?

Evaluating strategic action (policies) and adapting:

9. Is the evaluation of public policies a common practice?
10. Authorities' capacity to adapt policies to changes in the economic and social context

b. The values in the catalysing capability column were also taken from the Hertie School of Governance data set. The item in the data set in this case was: Do the public authorities have the capacity to encourage public and private stakeholders to work towards that vision?

c. Source: <https://www.hertie-school.org/en/governancereport/govreport-2014/> [last accessed 19 May 2017]

data on government effectiveness published by the World Bank and scores calculated by us for this study.

Hertie School of Governance data was selected that allowed us to compute values for the following dimensions of government behaviour and processes:

- (a) Long-term strategic visioning
- (b) Ensuring government coordination, integration and coherence
- (c) Evaluating strategic action (policies) and adapting
- (d) Catalysing capability (capacity to encourage public and private stakeholders to work towards vision)

We computed a score for ‘strategic process capabilities’ by adding together estimates for items comprising long-term strategic visioning, ensuring government coordination, integration and coherence, and evaluating strategic action (policies) and adapting. All these items seemed to relate logically to a strategic management process. The remaining dimension of government behaviour—catalysing capability could be seen as a complementary capability relevant to notions of effective government and the strategic state.

We decided to explore the plausibility of the strategic process capability scores using estimates of government effectiveness for 2015. We expected strategic process capabilities to be correlated with government effectiveness, on the basis that government effectiveness might be seen as a function of both strategic and operational capabilities. We also thought that strategic process capabilities developed and used in one period might have effects over the subsequent years and would influence perceptions of government effectiveness. We assumed that there might be a time lag between increases in strategic process capabilities and perceptions of higher government effectiveness. In fact, as Table 2.4 shows there is a remarkable degree of correlation between strategic process capabilities and the government effectiveness estimates for 2015 published by the World Bank.

There appears to be some correlation as well between the estimates for catalysing capabilities and estimates of government effectiveness for 2015 (see Table 2.5). This appears to be mainly as a result of a small group of countries with low estimates for catalysing capability providing no cases where the government effectiveness was judged to be high and the group of countries with medium and high estimates for catalysing capabilities including relatively few cases of low estimates of government effectiveness.

Table 2.4 Cross-tabular analysis: strategic process capabilities and government effectiveness

		<i>Strategic process capabilities</i>	
		<i>Low</i>	<i>High</i>
Government effectiveness (Worldwide Governance Indicators) (2015)	High	Austria France	Belgium Denmark Finland Germany Ireland Netherlands Sweden UK
	Low	Bulgaria Croatia Czech Republic Estonia Greece Hungary Italy Latvia Lithuania Malta Poland Portugal Romania Spain	Cyprus Slovenia

Notes:

- a. Low values of the score for strategic process capabilities are less than 10; high values for the score of strategic process capabilities are more than 10
- b. Low values of estimates for government effectiveness are less than 1.3; high values of estimates for government effectiveness are more than 1.3. Government effectiveness data relates to 2015

Thus we conclude that the Hertie School of Governance data set has some plausibility. We also noticed that the two types of capabilities appeared to be correlated as well—this is shown in Table 2.6.

It is possible that the Worldwide Governance Indicator for government effectiveness (which is based on perceptions) tends to a traditional view of government effectiveness that would equate it to an organizational performance and might neglect or underplay effectiveness resulting from a government ability to mobilize public and private sector partners, and citizens, to act in line with national priorities and goals. Tables 2.4 and 2.5 can be compared and contrasted to consider the possibility that catalysing capabilities

Table 2.5 Cross-tabular analysis: catalysing capabilities and government effectiveness

		<i>Catalysing capabilities</i>		
		<i>Low</i>	<i>Medium</i>	<i>High</i>
Government effectiveness (Worldwide Governance Indicators) (2015)	High		Austria Finland France Ireland Netherlands Sweden	Denmark Germany UK
	Medium	Czech Republic Spain Latvia	Belgium Estonia Lithuania Portugal	Cyprus Slovenia
	Low	Bulgaria Croatia Greece Romania Malta	Italy Poland	Hungary

Notes:

a. Low values of estimates for catalysing capabilities are less than 0.5; high values for estimates of catalysing capabilities are more than 1.0

b. Low values of estimates for government effectiveness are less than 1.0; high values for estimates of government effectiveness are more than 1.5. Government effectiveness data relates to 2015

might augment strategic process capabilities in creating government effectiveness. But because of the limitations of our data and analysis we are not confident in making such an assertion. It does, however, seem that the countries that scored very low on strategic process capability and also had low estimates for catalysing capability had on average the lowest estimates for government effectiveness in the 26 European countries shown in the tables. The six countries in this ‘low-low’ group, which were Bulgaria, Croatia, Czech Republic, Greece, Romania and Spain, might be identified as a group of countries that had the least strategic governments in Europe. As will be seen later, they were not necessarily countries with the worst national outcomes, and so it would appear that strategic capabilities could not be the only factor in explaining variations in performance in national development. We should stress that we are not committed in this book to a ‘one best way’ and it is possible that not all the various ways of achieving national development require governments to be strong in strategic management capabilities.

Table 2.6 Cross-tabular analysis: strategic process capabilities and catalysing capabilities

		<i>Strategic process capabilities</i>		
		<i>Low</i>	<i>Medium</i>	<i>High</i>
Catalysing capabilities	High	Hungary Malta		Cyprus Denmark Germany Slovenia UK
	Medium	France Italy Latvia Poland	Austria Estonia Lithuania Portugal	Belgium Finland Ireland Netherlands Sweden
	Low	Bulgaria Croatia Czech Republic Greece Romania Spain		

Notes:

- a. Low values of the score for strategic process capabilities are less than 5; high values for the score of strategic process capabilities are more than 10
- b. Low values of estimates for catalysing capabilities are less than 0.8; high values for estimates of catalysing capabilities are 1.8

2 GOVERNMENT CREDIBILITY

The adjective ‘credible’ can be attached to a variety of words as in credible leadership, credible strategies, and credible governments. In the case of leadership, Kouzes and Posner (2007) identified the concept of credible leadership as approximating to the idea of believable leadership and they used surveys of managers to profile what it means to be a leader who is believable. They found that managers commonly looked for, and admired, the same things in leaders whose direction would be followed willingly. Justified on the basis of the views of 75,000 managers around the world they listed the four top qualities of credible leaders as being those of honesty, competence, inspiring and forward-looking (Kouzes and Posner 2007, p. 29). Three of these characteristics together might be said to create believable people: we tend to believe people who we think

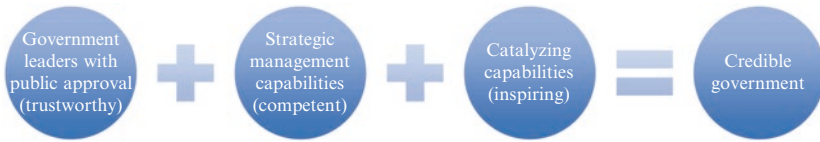


Fig. 2.1 Credible government

are honest, competent, and inspirational. Combine these three with being a leader who is forward-looking and they form the basis of credible leadership.

In some ways the concept of credible government could be seen as overlapping with the idea of legitimate government—because we could say that we are more likely to back, and consent to, the decisions of governments that are rated as more credible than governments rated as lacking credibility. We build on this idea of government credibility as linked to public consent to government by defining credible governments as follows. Credible government is defined in this book as government that has leaders with high levels of public approval, strategic (management) process capabilities, and catalysing capabilities (i.e. good at mobilizing stakeholders and citizens; see Fig. 2.1).

It will be noticed that we have already considered strategic process capabilities and catalysing capabilities in this chapter, which can be used to operationalize two elements of the equation shown in Fig. 2.1. Gallup World Poll data collected in 2014 can be used to operationalize the concept relating to government leaders. One of the survey questions used by Gallup was as follows: “Do you approve or disapprove the job performance of the leadership in this country?” An analysis of this survey data showed a very high correlation between confidence in government and approval by the public of country leadership (OECD 2015). If we see confidence in government as a proxy for trust in government, then the approval of country leadership data could be seen as measuring the trustworthiness of government leaders.

2.1 *Credibility and Effectiveness*

As can be seen in Table 2.7, the top countries in terms of our scoring of government credibility were: Denmark, Germany, Finland, Netherlands, Slovenia, Sweden, and the UK. It will be noticed that there is a predominance of countries from western and northern Europe in this top group.

Table 2.7 Government credibility and government effectiveness in the European Union ($N = 19$)

<i>Country</i>	<i>Government credibility (percentages, estimates, and total score)</i>				<i>Government effectiveness estimates (–2.5 to +2.5) (World Governance Indicators for 2015)</i>
	<i>Approval of leadership in this country (per cent)</i>	<i>Strategic process capabilities (score)</i>	<i>Catalysing capabilities (estimates)</i>	<i>Total score for government credibility</i>	
Austria	47	7.9	0.8	3	1.5
Belgium	49	11.2	0.8	4	1.4
Czech Republic	27	–2.3	–0.2	3	1.1
Denmark	62	16.1	1.8	6	1.8
Estonia	34	5.1	0.8	3	1.1
Finland	57	11.8	0.8	5	1.8
France	25	0.8	0.8	3	1.4
Germany	71	11.9	1.8	6	1.7
Greece	18	–1.1	–0.2	3	0.2
Hungary	28	–2.2	1.8	4	0.5
Ireland	33	11.8	0.8	4	1.5
Italy	35	4.9	0.8	3	0.5
Netherlands	63	11.0	0.8	5	1.8
Poland	35	4.9	0.8	3	0.8
Portugal	29	5.9	0.8	3	1.2
Slovenia	30	14.1	1.8	5	1.0
Spain	31	2.1	–0.2	3	1.2
Sweden	59	11.9	0.8	5	1.8
United Kingdom	45	16.1	1.8	5	1.7

Notes:

- The source of the country leadership approval data was the OECD. StatLink: <http://dx.doi.org/10.1.1787/888933249237> [21 May 2017]
- The source of the data for the estimates of catalyzing capability and our computed scores for strategic process capabilities were the Hertie School of Governance. Source: <https://www.hertie-school.org/en/governancereport/govreport-2014/> [last accessed 19 May 2017]
- The source of the government effectiveness data was the World Bank. Source: <http://databank.world-bank.org/data/home.aspx>
- The government credibility score was calculated as follows. Country leadership approval of more than 50 per cent was scored 2, else scored 1. Strategic process capabilities of 10 or more was scored 2, else scored 1. Estimates of catalysing capabilities of 1.8 were scored 2, else scored 1. The scores for the three items were then summed to give a total score for government credibility

Quite a few countries ended up with the lowest score, including a number of countries located in southern Europe, namely Greece, Italy, France, Spain, and Portugal. This southern group includes a number of countries that had received recommendations from the European Commission to reform and modernize public administration—Italy (2016), Spain (2014), and Portugal (2014). However, in 2016, Slovenia was also recommended to modernize its public administration, and that has been categorized here as scoring well on government credibility. Unfortunately, the data available related to only 19 of the countries in the European Union and it should be noted that the country leadership approval data for Hungary and Ireland are for 2013 rather than 2014.

2.2 *Capabilities and Leadership*

We have already pointed out that strategic process capabilities and catalysing capabilities were correlated (see Table 2.5). The correlation between country leadership approval and strategic process capabilities was also substantial, even though Ireland and Slovenia seem to be quite anomalous. Of course, Ireland's government finances and economy were severely destabilized by the international crisis of 2007–2009 and perhaps approval of government leaders was depressed by that experience. The data obtained by cross-tabulating strategic process capabilities and country leadership approval is presented in Table 2.8. In relation to country leadership approval and catalysing capabilities, we can say that countries with a low estimate of government's catalysing capability were all countries in which country leadership approval was less than 40 per cent: Czech Republic (27 per cent), Greece (18 per cent), and Spain (31 per cent).

So, the three components of our concept of government credibility are probably not completely independent of each other. We guess that strategic process capabilities have a key role in connecting our three elements of government credibility. Presumably government leaders stand much more chance of getting high approval ratings from the public if they are fortunate enough to lead a government with good strategic management capabilities, since such leaders can make use of governments' strategic capabilities to deliver on their promises to the public. And maybe stakeholders beyond government are less likely to be receptive to a government's strategic agenda if it perceives the government as strategically incompetent.

Table 2.8 Cross-tabular analysis: strategic process capabilities and country leadership approval

		<i>Strategic process capabilities</i>		
		<i>Low</i>	<i>Medium</i>	<i>High</i>
Country leadership approval	High			Denmark Finland Germany Netherlands Sweden
	Medium		Austria	Belgium UK
	Low	Czech Republic France Greece Hungary Italy Poland Spain	Estonia Portugal	Ireland Slovenia

Notes:

- a. Low values of the score for strategic process capabilities are less than 5; high values for the score of strategic process capabilities are those more than 10
- b. Low values of country leadership approval are percentages up to and including 39 per cent. High values for country leadership are percentages from 50 per cent upwards

2.3 *A Typology of Members States in Terms of Effectiveness and Credibility*

Arguably, we can expect that government credibility will correlate with estimates of government effectiveness, since we have already found strategic process capabilities to be strongly correlated with government effectiveness. This is indeed the case, as shown in Table 2.9. The six most effective governments in the European Union countries in this table are six out of the seven that scored highly on government credibility. As might now be expected given earlier tables, these six countries were: Denmark, Finland, Germany, Netherlands, Sweden, and the UK—countries from the west and north of Europe.

Table 2.9 Cross-tabular analysis: government credibility and government effectiveness

		<i>Government credibility</i>	
		<i>Low</i>	<i>High</i>
Government effectiveness (Worldwide Governance Indicators) (2015)	High		Denmark Finland Germany Netherlands Sweden UK
	Low	Austria Belgium Czech Republic Estonia France Greece Hungary Ireland Italy Poland Portugal Spain	Slovenia

Notes:

a. Low values of the score for government credibility are 3 and 4; high values for the government credibility score are 5 and 6

b. Low values of estimates for government effectiveness are less than 1.6; high values of estimates for government effectiveness are 1.6 or more. Government effectiveness data relates to 2015

Source: <http://databank.worldbank.org/data/>

3 SUMMING UP

Where has our analysis taken us so far? We think we can say this: the most effective governments in the European Union have also been highly credible governments; governments that are not so effective have mostly been not so credible. Furthermore, we can suggest that governments that are credible governments have strategic management capabilities (specifically, those we have named strategic process capabilities), have leaders that are widely approved in the country, and have the ability to mobilize stakeholders in the public and private sectors in support of the national strategic agenda. Countries that were rated highly for government effectiveness and we have

identified as having credible governments are: Denmark, Finland, Germany, Netherlands, Sweden, and the UK. At the other end of the spectrum of effectiveness and credibility we would include the governments of Greece, Hungary, Italy, and Poland. The geographical differentiation of public governance in the European Union between the west and north of Europe on one hand and the south of Europe and Central and Eastern Europe on the other has also been clear. We are not concluding that government credibility is the only way of achieving government effectiveness, but it does seem to us that government credibility has been an important and viable way of achieving government effectiveness in the European Union.

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Member States' Outcomes and Desirable Societies

In this chapter we offer an interpretation of the national level data to suggest how national circumstances, government effectiveness and credibility, and societal outcomes are linked together as interrelated phenomena. We will suggest that it is possible to interpret the evidence as showing the plausibility of a model of sustainable societal progress achieved by effective and credible governments that have strategic management capabilities.

There is an old saying in England that goes as follows, “The proof of the pudding is in the eating.” This can be seen as an everyday expression of pragmatic philosophy. Applying this pragmatic philosophy to our concerns, we now want to check if government effectiveness and government credibility can be linked to variations in national outcomes.

We start this chapter with a discussion of how to carry out a comprehensive national performance assessment. We are looking for good outcomes in recent times and positive trends. For our purposes we are looking for simple categorizations of outcomes, such as poor, modest and good. Likewise in terms of trend performance, we are interested in knowing if a country is standing still or going backwards, improving or improving a lot. These can then be combined to produce a simple classification of national outcomes, such as low, medium and high scores on national outcomes. We are basing our assessment on performance in relation to three policy areas: economic, environmental and social. We have chosen six indicators:

- (a) GDP per capita (2015)
- (b) Change in GDP per capita (2010–2015)
- (c) Environmental Performance Index (EPI 2016)
- (d) 10 year change in EPI (2016)
- (e) Happiness of a sample of people in a country in a single period (2013–2015)
- (f) Change in happiness of people in a county comparing two periods (2005–2007 and 2013–2015)

We should underline here the almost global fascination with judging countries by their economic performance and using a particular measure—gross domestic product—to make this judgement. In contrast, we are advocating a more balanced national scorecard to evaluate the effectiveness of national governments. Data for this balanced scorecard was sourced from the World Bank (see above for details) and two other published sources (see Helliwell et al. 2016; Hsu et al. 2016). The data was coded and then summed to create a total score for national performance. The coded data and the total score are shown in Table 3.1.

There is some evidence in Table 3.1 that government effectiveness and credibility are correlated with variations in national outcomes. For example, Denmark, Germany, and Sweden were all countries with high estimates for government effectiveness; high ratings on credibility; and all were performing well at national level. Greece, Italy, Portugal, and Poland had low estimates for government effectiveness, poor scores on government credibility and poor national outcomes. As also can be seen in Table 3.1, half the countries with high values for national outcomes had high estimates of government effectiveness in 2015, whereas the majority of countries with low or medium scores for national outcomes were countries with governments having low estimates for their government effectiveness. However, it would be surprising if there were not a combination of causes producing good national outcomes and therefore we expect government effectiveness and credibility is only one explanation for the generation of good national performance.

It is also desirable to explain why Finland, the Netherlands, and the United Kingdom did not match Denmark, Germany, and Sweden in generating good national outcomes. All might have been expected to have better national outcomes based on their government effectiveness estimates and government credibility ratings (see Table 3.2). There are several possible explanations. It is possible that some important dimensions of

Table 3.1 National outcomes for European Union countries and government effectiveness (N = 26)

Country	National outcomes (coded values and total score)						Government effectiveness estimates (-2.5 to +2.5) (World Governance Indicators for 2015)
	GDP per capita PPP (2015)	Change in GDP per capita	Environmental Performance Index (EPI) (2016)	10 year change in EPI (2016)	Happiness (2016)	Change in happiness	
Austria	3	2	2	3	3	2	15
Belgium	3	2	1	3	2	1	12
Bulgaria	1	3	1	3	1	3	12
Croatia	1	2	3	3	1	1	11
Cyprus	2	1	1	2	1	1	8
Czech Republic	2	2	2	2	2	3	13
Denmark	3	2	3	1	3	1	13
Estonia	2	3	3	1	1	3	13
Finland	2	1	3	1	3	1	11
France	2	2	3	2	2	1	12
Germany	3	2	1	2	3	3	14
Greece	1	1	2	3	1	1	9
Hungary	1	3	2	3	1	3	13
Ireland	3	3	2	1	2	1	12
Italy	2	1	2	2	2	1	10
Latvia	1	3	1	2	1	3	11
Lithuania	1	3	2	2	1	1	10
Luxembourg	3	2	2	1	2	[2]	12
Malta	2	3	3	3	2	[2]	15
Netherlands	3	2	1	2	3	1	12
Poland	1	3	1	2	1	3	11

(continued)

Table 3.1 (continued)

Country	National outcomes (coded values and total score)					Change in happiness (range 6–18)	Total score for national outcomes (range 6–18)	Government effectiveness estimates (-2.5 to +2.5) (World Governance Indicators for 2015)
	GDP per capita PPP (2015)	Change in GDP per capita	Environmental Performance Index (EPI) (2016)	10 year change in EPI (2016)	Happiness (2016)			
Portugal	1	1	3	3	1	10	1.2	
Romania	1	3	1	3	1	12	0.0	
Slovak Republic	2	3	2	3	2	15	0.8	
Slovenia	2	1	3	3	1	12	1.0	
Spain	2	1	3	3	2	12	1.2	
Sweden	3	2	3	1	3	14	1.8	
United Kingdom	2	2	2	1	2	10	1.7	

Notes:

- a. Sources for data in addition to World Bank: Helliwell et al. (2016) and Hsu et al. (2016)
- b. Coding of GDP per capita PPP data: below 27,000 = 1; 27–40,000 = 2; and above 40,000 = 3
- c. Coding of change in GDP per capita: less than 2 per cent = 1; 2–10 per cent = 2; and above 10 per cent = 3
- d. EPI 2016 codings: below 85 = 1; 85–87 = 2; above 87 = 3
- e. Coding of change in EPI over 10 years: below 8 = 1; 8 or 9 = 2; and above 9 = 3
- f. Coding of happiness: below 6.2 = 1; 6.0–6.9 = 2; and 7 and above = 3
- g. Coding of change in happiness between 2005/7 and 2013/15: negative values = 1; 0.0 = 2, and 0.1 or more = 3
- h. The missing data for Luxembourg and Malta in respect of change in happiness was dealt with by assuming the trend in each case had been an improving one (i.e., coded as 2)
- i. The World Bank data for GDP per capita was calculated using purchasing power parity rates (PPP)

Table 3.2 Cross-tabular analysis: national outcomes and government effectiveness ($N = 28$)

		<i>Government effectiveness (estimates)</i>		
		<i>Low</i>	<i>Medium</i>	<i>High</i>
National outcomes (score)	High	Hungary	Estonia	Austria
			Malta	Czech Republic
			Slovak Republic	Denmark Germany Sweden
	Medium	Bulgaria Romania	Belgium	Ireland
			France	Luxembourg
			Slovenia	Netherlands
			Spain	
	Low	Croatia Greece Italy	Cyprus	Finland
			Latvia	UK
Lithuania				
Poland				
Portugal				

Notes:

a. The democracy index was constructed by: adding together the percentages from survey items on trust in government, trust in parliament, agreeing my voice counts in my country and satisfaction with the way democracy works in my country; dividing the total percentage by 40 (which produced a score in the range of 0–10); and then coding the scores (below 3.4 = 1, 3.4–4.9 = 2, and 5.0–10.0 = 3)

b. Low values of government effectiveness are estimates up to 0.8. High values for government effectiveness are estimates of 1.5 or more

strategic process capabilities have been overlooked and in their absence we have an inadequate model of public governance. It is possible that the Hertie School of Governance data was not sufficiently accurate for some countries. And it is possible that some contingent factors undermined the relationship between effective and credible government on one hand and national outcomes on the other.

Of course, there might be special explanations for each one. Finland may have suffered from poor crisis management capabilities that meant it did not handle the period after 2007 very well; it certainly struggled to recover in economic terms from 2010 onwards. According to Anckar et al. (2014, p. 2):

“The Finnish economy contracted in 2009 as a result of the global economic crisis, and although Finland is still counted among successful

European countries in terms of economic validity and stability, its economic outlook is less than bright. Unemployment figures are alarming, and especially the increase in youth unemployment is a cause for concern.”

In fact, it was suggested by Anckar and colleagues that Finland’s government, or rather, specifically, its Cabinet, had not performed well. “The Cabinet is a sort of catch-all institution, comprised of six parties and including representatives from right-wing as well as left-wing interests. In times of economic decline, the disadvantages of such an umbrella framework have become more obvious, especially with ideological cleavages in the government’s handling of matters related to taxation, employment and social welfare” (Anckar et al. 2014, p. 3). So, we might speculate that even governments that have good strategic management capabilities and have tended to be very effective over a number of years can be let down by excesses of ideological thinking within Cabinet and by mistakes in government decision-making.

The Netherlands has been diagnosed as suffering from instability in its political system in the wake of the economic crisis (2007–2009). It is also possible that the public governance system had become obsolete and needed modernizing to cope better with globalization (Hoppe et al. 2014, p. 4):

“Since the 1970s, an ongoing wave of government reforms has been dominated by a managerialist approach to the state as a (public) enterprise (New Public Management). There has been no political rethinking about the new types of democracy and citizenship needed in times of globalization, including the role of the nation-state in new multilevel international governance systems of shared sovereignty, like the European Union.”

We might speculate in this case that the Netherlands’ reputation for government effectiveness and government credibility were based on assessments that were overgenerous because the government was too locked into New Public Management rather than the more modern type of strategic state capabilities needed in response to globalization. This, combined with problems of democracy, might have somehow or other robbed the country of an impetus towards national development.

Despite perceptions of the United Kingdom government as being quite strategic there has been long-standing concerns expressed about the strategic capacity of the centre of government (see Barber 2007). Doubts about the

strategic nature of the United Kingdom government surfaced within the UK state in the years since 2010. An extremely negative picture of government strategic management emerged from the House of Commons Public Administration Select Committee in 2010 (PASC 2010, p. 3):

“If we now have a renewed need for National Strategy, we have all but lost the capacity to think strategically. We have simply fallen out of the habit, and have lost the culture of strategy making. The new Government’s aspiration to think strategically is most welcome but to restore strategic leadership ministers must invest time and energy into this. It is the only way to stimulate demand for strategic analysis and assessment within government. It must be supported by the establishment of specific mechanisms with appropriate authority.”

In 2012, Bernard Jenkin, chair of the United Kingdom’s House of Commons Public Administration Select Committee, was quoted in the media as saying that his committee had found a lack of cross-departmental strategic planning by the government and he reported that the committee was ‘unimpressed’ by this (Dudman 2012). He criticized a 2011 white paper on public services because it had very little detail on what the overall government strategy should be, or how to achieve it. He further criticized the lack of government attention to strategic concerns. The result according to Jenkin was lack of coherence across central government. He also saw poor relationships between ministers and senior civil servants as a barrier to a more strategic approach to government.

Concerns about the strategic capabilities of the United Kingdom have also been expressed in relation to the lack of specialist expertise in the centre of government (Busch et al. 2014, p. 26):

“Contrary to many comparable countries and their core executives, there is no prime ministerial department to provide strategic planning or advice. [...] ... a new Policy and Implementation Unit was set up in 2011, manned exclusively by 10 senior civil servants who can also draw on the services of a Research and Analytics Unit. The strategic capacity of the new unit is unlikely to surpass that of its predecessors, which were themselves considered modest compared to those of other countries.”

So, perhaps the Hertie School of Governance data provided an excessively flattering assessment of the strategic capabilities of the United

Kingdom government. Perhaps, in addition, the United Kingdom government lacked ambition and determination about some of its non-economic priorities and had been too ready to accept performance trade-offs to achieve its economic priorities; for example, the United Kingdom Prime Minister in 2013, David Cameron, reacted to public complaints about rising energy prices by cutting environmental charges paid by the energy firms (see Cohen 2014, p. 2). The coalition government that came to power in 2010 also officially elevated economic recovery above all other priorities (Busch et al. 2014, p. 4). And, so, however well it did in terms of GDP growth, the United Kingdom may have settled for sub-standard national performances in environmental and social matters. In fact, Table 3.2 suggests the weakest performances by the United Kingdom were evident in trend data for environmental performance (EPI) and happiness. But even the United Kingdom's GDP per capita in 2015 did not match those of Denmark, Germany, and Sweden.

1 PUBLIC ATTITUDES ABOUT LIFE, DEMOCRACY, AND PUBLIC SERVICES

Public opinion can be regarded as an important part of the circumstances in which public governance processes operate. Public opinion is probably of major significance for public governance whatever the constitutional arrangements and institutional set up of a society. And in countries with an open government policy, it might be expected that national leaders would be striving to do things that were aligned to public opinion.

We decided to look at public opinion in the Member States and to do this using survey data in three key areas: democracy, quality of public services, and satisfaction with life. The data is displayed in Table 3.3 and was based on surveys in all Member States (European Commission 2016b). A democracy index was computed using four survey items: did respondents tend to trust government, did they tend to trust parliament, did they agree that their voice counted in their country, and were they satisfied with the working of democracy in their country. Using these four items, countries were rated as low, medium, or high in terms of democracy.

On this basis we rated Denmark, Finland, Germany, Netherlands, and Sweden as having high values on the democracy index. These were all countries in the western and northern part of the European Union and they accounted for five out of the seven countries in the European

Union that we had rated as high in terms of government credibility (see Table 3.4). Only one country, Austria, scored high on the democracy index and also low on government credibility. Most of the countries rated as low or medium on the democracy index were rated medium or low on government credibility. It is noteworthy that Greece, Italy, and Spain, in the south of Europe, were low in terms of democracy and low in terms of government credibility. In other words, it seems reasonably clear that countries with more democratic cultures were also countries with the most credible governments in the European Union.

Since we have seen that government effectiveness and government credibility appear to correlate (see above), it was not surprising to find something similar when democracy and government effectiveness were cross-tabulated (see Table 3.5). Seven countries out of 9 that had high estimates for government effectiveness were also rated high on the democracy index. Whereas only one country out of 19 countries that had low or medium estimates for government effectiveness was rated as high on the democracy index. So, it seems that European countries with the most democratic cultures mostly had effective and credible governments, and vice versa. We might speculate that democracy provides a good platform for effective government and for credible government based on strategic management, which is not an obvious conclusion. Indeed, we might have easily assumed that they were antithetical. It is a hopeful sign that effective government and credible government based on strategic management can be combined with democratic cultures (Tables 3.4 and 3.5).

Turning now to other public attitudes, we discovered quite a strong correlation between survey respondents saying that public service provision was good and them reporting being very satisfied with the life they lead. We found high percentages of respondents in Denmark, Finland, Luxembourg, the Netherlands, Sweden, and the UK that said public service provision was good and said they were very satisfied with the life they lead. Surprisingly (to us), respondents from Germany were different from these other six countries because it had a lower percentage of respondents reporting being very satisfied with the life they lead.

We found that there was quite a strong correlation between the democracy index and the assessment of public services and between the democracy index and the percentage of people being very satisfied with life they lead. It would seem, therefore, that there is a tendency for public attitudes on democracy, attitudes on the quality of public services and satisfaction with life to cluster. These attitudes probably reflect the reality of people's

Table 3.3 Public attitudes about life, democracy and public services (N = 28)

Country	Key attitude variables (2016)						Desirable society score (range from 3 to 9)	Government effectiveness estimates (-2.5 to +2.5) (World Governance Indicators for 2015)
	Tend to trust in Government (2016) (per cent)	Tend to trust in Parliament (2016) (per cent)	Total per cent agree my voice counts in my country (2016)	Satisfaction with the way democracy works in your country (per cent total satisfied) (2016)	Satisfied with life you lead (per cent very satisfied) (2016)	Good rating of public services (per cent saying good) (2016)		
Austria	36	43	77	65	31	66	8	1.5
Belgium	34	37	63	63	28	60	7	1.4
Bulgaria	24	12	45	31	6	24	3	0.2
Croatia	15	15	75	32	16	29	5	0.5
Cyprus	28	23	28	34	34	30	4	1.0
Czech Republic	27	17	44	58	17	56	6	1.1
Denmark	43	56	93	88	73	64	9	1.8
Estonia	43	33	39	51	14	65	6	1.1
Finland	41	54	81	77	23	79	9	1.8
France	14	18	62	42	23	56	6	1.4
Germany	39	41	68	66	31	67	8	1.7
Greece	11	10	21	17	4	8	3	0.2
Hungary	30	26	39	34	8	47	4	0.5
Ireland	28	29	62	69	47	45	7	1.5
Italy	15	19	26	40	7	23	3	0.5
Latvia	27	17	34	53	13	56	4	1.1
Lithuania	24	10	23	30	13	49	4	1.2

Luxembourg	53	44	56	85	42	85	9	1.7
Malta	55	49	63	66	32	70	9	0.9
Netherlands	54	54	78	78	52	88	9	1.8
Poland	22	19	62	50	12	39	4	0.8
Portugal	33	32	45	45	7	36	4	1.2
Romania	24	14	44	31	9	27	3	0.0
Slovak Republic	33	32	58	38	15	27	5	0.8
Slovenia	16	12	49	30	30	49	5	1.0
Spain	14	15	39	32	20	31	4	1.2
Sweden	45	60	90	80	51	69	9	1.8
United Kingdom	33	35	57	62	47	62	8	1.7

Notes:

- a. Sources for data—The data was extracted from European Commission (2016) Public Opinion in the European Union, which was available from: <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/index.php=1&instruments=STANDARD>
- b. The desirable society score was constructed using the democracy index and two survey items. The item on satisfaction with life was coded as follows: below 15 per cent = 1, 15–34 per cent = 2, and 40 per cent or more = 3. The rating of public services was recoded as follows: 40 per cent or less = 1, 41–59 per cent = 2, and 60 per cent or more = 3. The score for the new variable ‘desirable society’ was computed by adding the recoded values for the three items (democracy index, satisfaction with life, and rating of public services)

Table 3.4 Cross-tabular analysis: democracy and government credibility ($N = 19$)

		<i>Democracy index</i>		
		<i>Low</i>	<i>Medium</i>	<i>High</i>
Government credibility	High	Slovenia	UK	Denmark Finland Germany Netherlands Sweden
	Medium	Hungary	Belgium Ireland	
	Low	Greece Italy Spain	Czech Republic Estonia France Poland Portugal	Austria

Notes:

- The democracy index was constructed by: adding together the percentages from survey items on trust in government, trust in parliament, agreeing my voice counts in my country and satisfaction with the way democracy works in my country; dividing the total percentage by 40 (which produced a score in the range of 0–10); and then coding the scores (below 3.4 = 1, 3.4–4.9 = 2, and 5.0–10.0 = 3)
- The ratings of government credibility (low/medium/high) were based on scoring three items and then assigning ratings based on the total score for them. Country leadership approval of more than 50 per cent was scored 2, else scored 1. Strategic process capabilities of 10 or more was scored 2, else scored 1. Estimates of catalysing capabilities of 1.8 were scored 2, else scored 1. The scores for the three items were then summed to give a total score for government credibility. The total score was then assigned ratings as follows: 3 = low; 4 = medium; and 5 or 6 = high

circumstances to some extent. We can also see them as a foundation for imagining a desirable future: as in, we can imagine that a future society that was more democratic, where public services were even better than they are now, and where even more people are very satisfied with the lives they lead would be a more desirable society. Assuming that this set of attitudes could be seen as both a reflection of current reality in a country and also the basis for imagining an even better future, we created an index that we have named ‘desirable society to live in’. We divided the countries into those with a high score for ‘desirable society to live in’ and those with a low score. Both the estimates of government effectiveness and our rating of government credibility were correlated with ‘desirable society to live in’ (see Tables 3.6 and 3.7 below).

Table 3.5 Cross-tabular analysis: democracy and government effectiveness ($N = 28$)

		<i>Democracy index</i>		
		<i>Low</i>	<i>Medium</i>	<i>High</i>
Estimates of government effectiveness (Worldwide Governance Indicator)	High		Ireland UK	Austria Denmark Finland Germany Luxembourg Netherlands Sweden
	Medium	Cyprus Latvia Lithuania Slovenia Spain	Belgium Czech Republic Estonia France Portugal	Malta
	Low	Bulgaria Greece Hungary Italy Romania	Croatia Poland Slovak Republic	

Notes:

- a. Low values of the score for national outcomes are 8, 9, 10, and 11; high values for the score of national outcome are 13, 14, and 15
- b. Low values of government effectiveness are estimates up to 0.6. High values for government effectiveness are estimates of 1.5 or more

The western and northern European countries that scored high on government credibility and high on ‘desirable society to live in’ were: Denmark, Finland, Germany, Netherlands, Sweden, and the UK. The countries that scored lower on government credibility and lower on ‘desirable society to live in’ included: Czech Republic, Estonia, France, Greece, Hungary, Italy, Poland, Portugal, and Spain. This is a very strong correlation (see again Table 3.6). Similarly, there is a very strong correlation between ‘desirable society to live in’ and government effectiveness (see again Table 3.7). So government effectiveness and credibility tend to be high in countries that we have labelled as being a ‘desirable society to live in’. Remembering that such societies scored highly on democracy, this presumably means that such societies have more of a partnership between

Table 3.6 Cross-tabular analysis: government credibility and 'desirable society to live in'

		<i>Government credibility</i>	
		<i>Low</i>	<i>High</i>
Desirable society to live in	High	Austria Belgium Ireland	Denmark Finland Germany Netherlands Sweden UK
	Low	Czech Republic Estonia France Greece Hungary Italy Poland Portugal Spain	Slovenia

Notes:

- a. Low values of the score for government credibility are 3 and 4; high values for the government credibility score are 5 and 6
- b. 'Desirable society to live in' was first constructed as a variable with a range from 3 to 9 by trichotomizing the three constituent variables as follows. Democracy index: below 3.4 = 1, 3.4–4.9 = 2, 5.0 and more = 3. Very satisfied with life: below 15 per cent = 1, 15–34 per cent = 2, and 40 per cent or more = 3. Percentage saying public service provision was good: 40 per cent or less = 1, 41–59 per cent = 2, and 60 per cent or more = 3. The sum of the three constituents were calculated and then ratings attributed as follows: 3–6 = low and 7–9 = high

public and government based on empowerment (respondents agree that their voice counted in their country), trust (in government and in parliament) and public satisfaction with the working of democracy. And presumably the public infers from good public services that government is competent and therefore can be trusted. Conversely, if large segments of the public were very dissatisfied with their lives this might undermine their confidence in government's capabilities.

It may be expected that countries where there was a good performance in respect of national development outcomes would be countries that tended to be rated as desirable societies to live. This is based on the logical argument that the most desirable societies (to live in) tend to be countries

Table 3.7 Cross-tabular analysis: government effectiveness estimates and ‘desirable society to live in’

		<i>Government effectiveness</i>	
		<i>Low</i>	<i>High</i>
Desirable society to live in	High	Malta	Austria Belgium Denmark Finland Germany Ireland Luxembourg Netherlands Sweden UK
	Low	Bulgaria Croatia Cyprus Czech Republic Estonia Greece Hungary Italy Latvia Lithuania Poland Portugal Slovak Republic Slovenia Spain	France

Notes:

a. Low estimates for government effectiveness are 1.0 and lower; high estimates are above 1.0

b. ‘Desirable society to live in’ was first constructed as a variable with a range from 3 to 9 by trichotomizing the three constituent variables as follows. Democracy index: below 3.4 = 1, 3.4–4.9 = 2, 5.0 and more = 3. Very satisfied with life: below 15 per cent = 1, 15–34 per cent = 2, and 40 per cent or more = 3. Percentage saying public service provision was good: 40 per cent or less = 1, 41–59 per cent = 2, and 60 per cent or more = 3. The sum of the three constituents were then calculated and then ratings attributed as follows: 3–6 = low and 7–9 = high

that have the most effective and most credible governments, and such governments will tend to get better national development outcomes. We might also expect that good national performances sustain the positive characteristics of desirable societies. If this argument was true, then

Table 3.8 Cross-tabular analysis: 'desirable society to live in' and national development outcomes ($N = 28$)

		<i>National development outcomes</i>			
		<i>Low</i>	<i>Medium</i>	<i>High</i>	
'Desirable society to live in'	High	Finland	Luxembourg	Austria	
		UK	Netherlands	Denmark	
				Finland	
				Germany	
				Malta	
				Sweden	
	Medium	Croatia		Belgium	Czech Republic
				France	Estonia
				Ireland	Slovak Republic
			Slovenia		
Low	Cyprus Greece Italy Latvia Lithuania Poland Portugal		Bulgaria	Hungary	
			Romania		
			Spain		

Notes:

- a. See notes for Table 3.1 for details of how we assessed national development outcomes. Ratings in this table were as follows: 8, 9, 10 and 11 = low, 12 = medium, and 13, 14, 15 = high
- b. 'Desirable society to live in' was first constructed as a variable with a range from 3 to 9 by trichotomizing the three constituent variables as follows. Democracy index: below 3.4 = 1, 3.4–4.9 = 2, 5.0 and more = 3. Very satisfied with life: below 15 per cent = 1, 15–34 per cent = 2, and 40 per cent or more = 3. Percentage saying public service provision was good: 40 per cent or less = 1, 41–59 per cent = 2, and 60 per cent or more = 3. The sum of the three constituents were then calculated and then ratings attributed as follows: 3 and 4=low; 5, 6, and 7=medium; and 8–9=high

national development performance should correlate with a high value for 'desirable society to live in'. This is what we found. The countries with the best national performance were mostly rated as high on our variable 'a desirable society to live in' and a majority of the countries with the worst national development performance had the lowest rating on 'a desirable society to live in'. The countries with a medium performance rating on national outcomes (4 out of 9) were typically rated as medium in respect of being a desirable society to live in (see Table 3.8).

For completeness we should put on record the possibility that societies that are desirable to live in based on their democratic cultures, good public services, and widespread satisfaction with life led may partly be more successful societies (in terms of national development outcomes) because of the public's support of government and because of the public's partnership with government. Such support and partnership may pay off by enabling government to be more effective and credible when acting. But it is also possible that the public itself can take initiatives that are consistent with national priorities and that they are more likely to do so in a society with a democratic culture and when they are feeling on the whole satisfied with life. So, then, public and government are acting both together and separately to bring about a better and more desirable society.

2 VIRTUOUS CIRCLES AND SOCIAL CLEAVAGES

In this analysis we have 'closed the loop' in terms of the relationships between public opinion, government capability, and national performance. We now sum up the analysis so far and offer our interpretation of what the data for countries in the European Union is showing.

The analysis has suggested that a desirable society to live in can be understood as one where people are very satisfied with the lives they are leading, where the public services are good, and where there is a democratic culture as experienced by the public. On the last point about a democratic culture, we assume that members of the public have to experience democracy as working well within their country, they have to feel that their voice is heard and not ignored, and, in order for it to be a well-functioning and constructive democracy, they have to trust their governments and parliaments. If they have doubts about trusting government and parliament, the issue may be that they do not feel that members of the public have a voice or are listened to in their own country; that public services and government action are poor quality; or, that government and parliament are not acting in a trustworthy and honest way.

We have discovered that effective governments may be credible governments, and that credible governments have leaders that are regarded with approval by the public. This approval for leaders is presumably built on trust in government and parliament as institutions. Approval of leaders is something else again, however, because leaders are trusted for what they do (looking ahead strategically and making competent long-term decisions) and for their personal honesty and integrity. Credible governments are also

characterized by strategic management capabilities (which we have specified as strategic process capabilities) and their ability to mobilize public and private stakeholders behind national agendas. There may be other ways of being effective as a government—that is, being a credible government may not be the only way to be an effective government. But in the European Union being a credible government seems to have worked well for a number of Member States in the western and northern part of Europe—at least by comparison with other Member States in the European Union.

A balanced view of national development outcomes, moving beyond reliance on measuring national well-being by the size of the economy or by measuring changes in GDP to operationalize economic growth as an indicator of national performance, we have found that the best national performance in terms of economic, environmental, and social indicators is highly correlated with our ratings of societies as desirable ones to live in.

The following figure (Fig. 3.1) shows the public and government acting together and separately to create better national performance that then sustains, expands and extends the desirable nature of society. We think that it is consistent with the analysis that we have—although we are intentionally going beyond our evidence to present a model that could be regarded as a hypothesis for future research.

In Europe there are a small number of countries that have exemplified a positive cycle of government and we infer that they have managed to create to some extent a relationship of public support for government and partnership with it. This would represent a significant movement towards an ideal form of public governance with a functional and relatively satisfactory relationship between public and government. These countries are Denmark, Germany, and Sweden. They point to a model of strategic and sustainable public governance.

For the countries that do not have effective and credible governments it may be difficult to bring about a positive cycle of public governance. As we have seen, some of the countries of southern Europe appear to fall into this category, notably Greece, Cyprus, Italy, Spain, and Portugal. Their national performance has been disappointing. Legrain (2014, pp. xiv–xv) described some of the economic aspects of their recent experiences as follows:

“Some parts of Europe have been in freefall. In Greece, where national income has shrunk by a quarter, children scavenging through rubbish bins for scraps for food, while hospitals run short of medicine. In Spain, where more than one in four people are unemployed, suicide is now the top cause

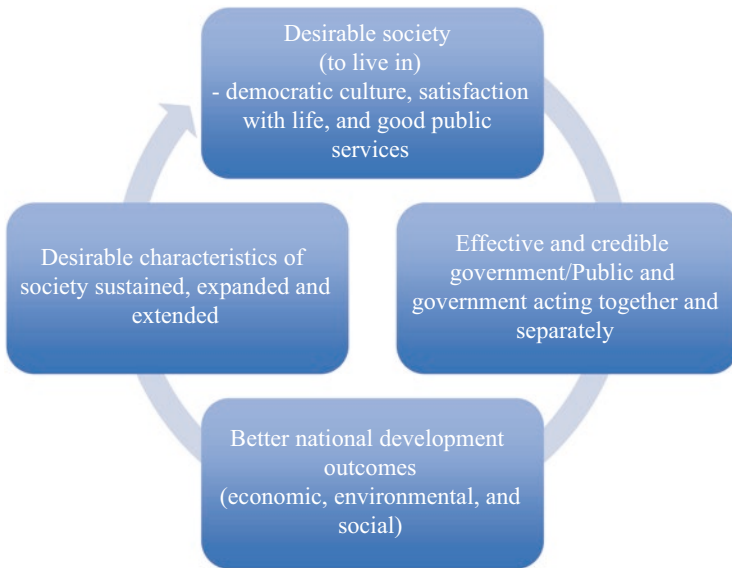


Fig. 3.1 Sustainability cycle of a desirable society

of death after natural causes. [...] In Italy, more than two in five young people are out of work; in Greece and Spain, nearly three in five are. [...] Is it any surprise ... that someone emigrates from Portugal every four minutes?"

Three countries appeared to have moved in the direction of a positive cycle of public governance in terms of their reputations for government effectiveness and ratings of government credibility, but their national performance did not look as good as we might have expected. Either the government reputations and ratings of these three are too flattering or else there are things amiss that are holding up the achievements of public governance. These countries are Finland, the Netherlands, and the United Kingdom. As we have already noted, some possible issues could be poor performing Cabinets and an excess of ideological decision-making (Finland), weak centres of government that do not have sufficient strategic capacity, and poor cross-ministry strategic planning (United Kingdom).

Another possibility is the existence of dysfunctional divisions within society. Levi (2006) makes the following point about resolving splits and tensions within a society (p. 6):

“Government, and especially effective government, does not just happen, even when there are well-designed constitutions, and particularly when there are not. Most countries experience stops and starts in their efforts to build states and better functioning governments. Many state building efforts also require nation-building, the construction of attachments to a larger entity beyond religion, ethnicity, or tribe.”

The implication of this is that attachments to society are needed to bind people together despite their religious, ethnic or tribal differences. Moreover, we would guess that differences within society by themselves do not cause greater complexity and difficulty for public governance; the differences must be the basis of splits. What might this suggest about the effects of populism? Perhaps we can think of the growth of a populist movement in a country as bringing or deepening splits and polarization of the public, so that society becomes divided by different attitudes and grievances. We suggest that populist parties express and organize splits. It is logical that the job of public governance becomes more complex and difficult if the society is split into two or more antagonistic groupings that identify different priorities and concerns and require different things from public services. For example, how should the United Kingdom government have responded to a referendum during 2016 in which 52 per cent of the public voted to leave the European Union and 48 per cent voted to remain in the European Union? Should the government have decided that the will of the British people was the same as the views of the majority, and ignored the 48 per cent voting to remain—and as a result create feelings of dissatisfaction and alienation among nearly half of the population? Or should the government try to find a compromise way forward that takes account of the minority view as well as the view of the majority? It would be much easier if, say, 80 per cent had voted to remain or had voted to leave. It is noticeable that all three of the countries we have identified—Finland, the Netherlands, and the United Kingdom—have had significant populist movements. Perhaps their capabilities for public governance had been checked by the more difficult circumstances they faced because of populism?

As shown in Table 3.9, each of these countries had more than 10 per cent of the public voting for a populist party in the European Parliamentary

Table 3.9 The success of some populist parties in the European Parliamentary elections of 2014

<i>Country</i>	<i>Political party</i>	<i>Percentage share of the vote</i>
Austria	Freedom Part of Austria (FPO)	19.7
Finland	Finns Party	12.9
France	Front National (FN)	24.9
Germany	Alternative for Germany (AfD)	7.1
Greece	Syriza	26.6
Italy	Five Star Movement (M5S)	21.2
	Forza Italia (FI)	16.8
Netherlands	Party for Freedom (PVV)	13.3
Spain	Podemos	8.0
UK	UK Independence Party (UKIP)	26.8

Source: www.europarl.europa.eu/elections2014-results/en/election-results-2014.html [accessed 23 May 2017]

elections of 2014. In fact, in the case of the United Kingdom the figure was nearly 27 per cent.

So, perhaps Finland, the Netherlands, and the United Kingdom have done less well than might have been expected because of populism. It is possible that public governance and populism may impact each other. Not only might populism create more complexity and difficulty for public governance, but it is possible that effective and credible governments may leave less opportunity for the growth of populism than do ineffective and less credible governments. These propositions can be evaluated by looking to see what headway populism made in the years after 2009 in countries which had governments that were effective and credible and which performed well in terms of national development (namely, Denmark, Germany, and Sweden) as against countries which had governments that were least effective and least credible and where national performance was less successful (notably, Greece, Italy, Poland, and Portugal). The gains and losses in the 2014 European Parliamentary elections provide some relevant evidence on this. The biggest gains for populist parties were in Greece (Syriza), Italy (Five Star Movement, Forza Italia), France (National Front), the UK (UKIP), and Austria (FPO), all of which were countries with populist parties that gained 20 per cent or more of the national vote. In the case of the three countries where government was estimated to be effective, highly rated in terms of

credibility, and national outcomes were good, only Germany had a significant populist vote in the 2014 European Parliamentary elections, with the AfD party gaining slightly over 7 per cent of the vote.

3 THE TREND TO POPULISM—A CHALLENGE FOR EUROPE

In recent years commentators have drawn attention to the growing power of populism. According to one report, 'populist parties are gaining momentum in countries across Europe' (Heinen and Kreutzmann 2015). In March 2017 the Dutch VVD party (the People's Party for Freedom and Democracy) did well in elections to parliament and its leader was widely reported as saying that the electorate was rejecting the wrong kind of populism. Wrong kind? 'Populism' is a rather fuzzy category and populist parties in the same country or in different European countries can be quite different in character. They do not all share the same values on immigrants or on democracy as a space for learning and compromise. Populist parties can also evolve over time. For example, Syriza, a Greek populist party became a government party and then seemed to realize that the populist aspiration to leave the Euro-zone was detrimental to the general interest of the people of Greece.

There is no consensus on the definition of populism except to say that populist parties seek to mobilize the people of a society against the governing elite (Fuest 2017). The leaders of populist parties may be seen as demagogues, misleading the public and fomenting grievances. This demagogic leadership may be more successful when the government of the day is failing to deal with widespread grievances and the public has lost confidence in it. Hence populist parties are not necessarily on the right of the political spectrum and racist—populist parties can be right wing or left wing. Populist parties may be associated with calls to reject government austerity because the poor are being hit hardest by them or with demands to change government policies because of the inequalities that seem to result from globalization. There is, in fact, evidence that inequality has been increasing. There are serious scholarly attempts to identify the real winners and losers of globalization. According to Piketty (2013) there has been a massive explosion of inequality of revenues in the twentieth and twenty-first centuries fuelled by a growing differential between the growth rate of financial investment and economic growth.

In a number of countries in Europe populism has been associated with the rise of racism and the growth of anti-immigrant feelings. President of the European Parliament, Martin Schulz, said the following at a conference in 2015 (Schulz 2015, p. 3): “I note with alarm that xenophobia is gaining ground once again, that populist politicians are using cheap slogans to stir up public opinion.” We can identify a number of examples of populism in Europe vocalizing concerns about immigration. A few years ago, a Dutch populist party (Partij voor de Vrijheid, PVV) secured what was called a tolerance agreement on immigration and asylum issues with a minority government. However, its position was eroded in the 2014 European Parliamentary elections when its electoral support dropped compared to its showing in 2009.

Another example of a country experiencing the rise of populism and the surfacing of anti-immigration feelings is the United Kingdom. In fact, in the United Kingdom, populism was identified with a growth of feeling against both immigration and the European Union, which occurred during a period of coalition government, between 2010 and 2015. The difficulties populism created for government leadership were not merely the electoral threat of the rise of a populist party—the UK Independence Party—but also maintaining the cohesiveness of the senior coalition party (the Conservative Party). The government leadership responded to this challenge by promising an in-out referendum for the British public on membership of the European Union. During the referendum, which actually took place in 2016, it was obvious that hostility to immigration was an important factor in the decision of many members of the British public to vote to leave the European Union.

Not only has a rise in populism been noted in European countries in recent years, but also there is sometimes a tendency to see it as a product of economic crisis, government austerity, as well as a rejection of immigration by the public. To take one example of where populism was thought to be gaining a lot of ground, Finland, both economic crisis and immigration were mentioned in the following recent assessment of the state of party politics (Anckar et al. 2014, p. 2):

“In the wake of the economic crisis, Finland’s attitude toward immigrants has grown increasingly negative, a situation that is weakening prospects for economic improvements through work related immigration. What’s more, the main political parties have hesitated to confront or extensively challenge such attitudes. In part, this hesitation may be explained by the

growing support for the right-wing, populist True Finns party, with its anti-immigration stance.”

A rising tide of anti-immigration feeling may have caused the growth of populism in some (but by no means all) European countries, but knowing this does not take responsible governments very far in deciding what they should do. Responsible governments need to understand the appeal of populism to the public in order to respond to the challenge it poses to public governance. A newly elected President of the European Parliament, speaking in Florence in spring 2017, warned of the need to understand why European people turned to populist political parties, such as the French one led by Marine Le Pen (Tajani 2017):

“It would be wrong to underestimate the powers of those who, like Marine Le Pen, are able to tap into the widespread sense of genuine unease. It is clear that many of the remedies are counter-productive or pipedreams. But it is no use attacking the parties concerned: the real point is to understand why citizens are turning to them.”

The nature of the leadership of populism is also complex. Often it appears to take the form of a charismatic leadership, with leaders who claim to represent the ‘people’ (but not all people since some may not be seen as having rights¹). The populist leader is formally acting democratically and at the same time may be seen as mobilizing deliberately suppressed or possibly politically neglected emotions. Sometimes these emotions lead to movements that threaten to culminate in social destructiveness. The exact nature of the motivation of populist leaders who lead and focus such destructiveness may be ambiguous. This leader may see themselves as simply speaking on behalf of the people and expressing their frustrations. But others may believe such leaders are self-interested and self-promoting. Hannah Arendt’s (2006) concept of the banality of evil could well be useful for understanding how emotion driven societies might contribute to make inhuman attitudes commonplace and to justify them as normal.²

The best long-term answer to populism in Europe, based on the records of Denmark, Germany, and Sweden, seems to be good government, open

¹ Based on the idea of qualitative populism of Umberto Eco (2017).

² We thank our colleague Emil Turc of Université Aix Marseille (France) for an interesting discussion on that matter.

government, government that is effective and credible and performing well on a balanced agenda for national development.

4 SUMMARY AND CONCLUSIONS

We have offered an interpretation of our findings, which is that government credibility is one route to government effectiveness and that it is part of a cycle of public governance that plays an important role in the sustainability of desirable societies. The data we presented suggested to us that desirable societies (to live in) correlate with the existence of effective and credible governments, and that effective and credible governments correlate with better national development. The data could also be interpreted as showing that better national development outcomes feed back into the reproduction of desirable societies.

What we have here in this chapter is a plausible theoretical model of a process in which desirable societies (defined in terms of democratic culture, public satisfaction with lives led, and good public services) provide the basis for effective and credible government. We should note again that credible government is a function of the leadership and management of government action and activities. We defined credible government as having three components: public approval of leaders, good strategic process capabilities, and catalysing capabilities needed to mobilize public and private stakeholders to deliver national outcomes.

We surmise that a government's strategic process capabilities are critical in that they appear to be linked to the existence of public approval of national leaders and to catalysing capabilities. We can think of government credibility as an explanation for the existence of government effectiveness, although it may not be the only explanation. We should also note that we have not systematically taken into account all possibly relevant strategic management variables. For example, it is possible that the capacity of the centre of government for strategic coordination and steering could be usefully included in the measurement of strategic process capabilities—but that has not been possible on this occasion.

We also conclude that good national performance (understood as both current results and direction of travel of the society) produced by effective and credible government also means increments of improvement in a desirable society. Is it a step too far to identify the desirable societies in this analysis with the 'good society'?

In these early chapters we have been setting the scene for our systematic and detailed qualitative analysis of the governance and management of an economic (and social) strategy for Europe, a strategy designed to modernize Europe's social market economy. Before we finally leave this chapter, we can note that we have seen at least three important things about this European Union governance system in these early chapters. First, we have seen that public governance is quite diverse among Member States, especially in terms of their democratic cultures, their government effectiveness and credibility, and in terms of performance on national development outcomes. Hence the continuing efforts to bring about greater integration of the European Union takes place against a powerful differentiation of Member States into clusters that have a strong spatial pattern (western and northern Europe, southern Europe, and central and eastern Europe).

Second, as we saw in the first chapter, the European Union institutions for governance form, by European standards, a slightly unusual system. It is possible that this form has in recent years led to a dominance of government interests over the interests of citizens when democratic decisions are being made. Why do we say this? There is a supreme democratic body that represents individual governments (the European Council) and an elected chamber that represents citizens (the European Parliament). They have been co-legislators. The division of representation between the European Council and the European Parliament permits tensions between government interests and citizen interests.

A third important point concerns the status of the civil service—the European Commission. However much *de facto* influence civil servants in national governments have often been thought to possess by virtue of their expertise and knowledge, the European Commission's influence is in a different league entirely. Some European leaders have argued that the Commission is the one institution in the European Union that is primarily focused on Europe's interests as a whole. There is an official acceptance in the Union that the European Commission should be leading on and initiating legislation. Hence we should not be surprised that the Europe 2020 Strategy was drafted by the European Commission and approved by the European Council: it is tempting to speculate that strategic leadership was with the Commission rather than the European Council.

Martin Schulz, President of the European Parliament, suggested, during a talk in May 2012, that a problem with the democracy of the European Union could be rectified by making the European Parliament more responsible for proposing legislation (Schulz 2012): “This problem could

be remedied by giving the European Parliament the unrestricted right to propose legislation.”

Efforts to further integrate the European Union were much discussed and considered in late 2016 and early 2017. According to Jean-Claude Juncker, President of the European Commission, there was a major problem for the European Union—fragmentation. He told the European Parliament that there was a crisis—an existential crisis (Juncker 2016, p. 6):

I stood here a year ago and I told you that the state of our Union was not good. [...]

“Our European Union is, at least in part, in an existential crisis. [...] ... never before have I seen such little common ground between our Member States. So few areas where they agree to work together. Never before have I heard so many leaders speak only of their domestic problems, with Europe mentioned only in passing, if at all. Never before have I seen representatives of the EU institutions setting very different priorities, sometimes in direct opposition to national governments and national parliaments. It is as if there is almost no intersection between the EU and its national capitals anymore. Never before have I seen national governments so weakened by the forces of populism and paralysed by the risk of defeat in the next elections. Never before have I seen so much fragmentation, and so little commonality in our Union.”

Juncker’s remarks also help to set up the analysis of themes in the qualitative analysis of the next chapters.

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The Governance System for the Europe 2020 Strategy

Governance has been widely discussed by scholars since the nineties in the different but related fields of politics, public administration and European studies. Research and theorizing of governance has resulted in a complex, diverse and at times bewildering array of writing. Governance has been written about as a new approach by the modern state (Kickert et al. 1997). In contrast, it has also been analysed as governance without government (Peters and Pierre 1998). It has been studied in relation to regimes, law, rules, judicial decisions and administrative practices (Lynn et al. 2001). Then again, it has been studied in relation to non-state actors and policy entrepreneurs building networks (Klijn 2005; Kooiman 2005). One influential view suggested that there are a number of approaches to the concept of governance in the study of public administration, including the study of: (1) inter-jurisdictional governance, (2) extending state function by exporting it to third parties (profit or non-profit), and finally (3) non-state governance in accounting for NGO activities (Frederickson 2005).

The concept of governance has appeared in the field of European studies. Characterizing research on governance and the European Union as a growth industry, Kohler-Koch and Rittberger (2006) consider that the ‘governance turn’ in European Union studies has led to two strands of research: work on the European Union as a ‘regulatory state’ and research on ‘new modes of governance’. It may be seen as a new type of regulation through networks (Dehousse 1997; Metcalfe 1996).

European governance has been described as a fluid system of governance (McCormick 2014) relying on a range of coordination mechanisms (community method, supranational centralization, intergovernmental arrangements, a system of pooled responsibilities, open method of coordination and new modes of governance) (Buonanno and Nugent 2013). The mechanisms vary in function and imply different degrees of coercion or soft coordination. The balance between hard and soft coordination is debated. There may be shift towards softer forms of cooperation since the nineties (MacCarthaigh and Molenveld 2017). There may be a shift towards more coercive coordination in the more recent context of crisis (Leontitsis and Ladi 2017) as shown by a ‘hardening’ of European Union regulation in key policy areas. But then again, the European Commission may have been using its ‘soft powers’ (Dehousse 2016).

The multi-level governance concept is central to many reflections on the modern state in Europe. Multi-level governance in the European context is discussed as a general feature of the European Union or as a phenomenon confined to particular sectors and levels (Jordan 2001). It is relevant to discussions of centre and periphery, the relationship between state and society, and between the domestic and international spheres (Piattoni 2009). It is also relevant to theorizing of state transformation (with the increasing role of non-state actors) and theorizing of public policy making and implementation (Tortola 2017).

The usage of the concept of governance and the governance paradigm has been criticized. First, the concept has been criticized for its fuzziness. Second, there are concerns about the paradigm’s capacity (both practical and theoretical) to accommodate the complexity that governments have to deal with (Koppenjan and Koliba 2013). In 2005, Hill and Lynn (2005, p. 173) carried out a review of empirical research and argued that the apparent shift away from hierarchical government towards horizontal governing reflected more a gradual addition of new forms to a system of ‘constitutional authority that is necessarily hierarchical’. So, it seems, based on their conclusion, that the academic world may have correctly picked up on an important development in governance but may have concentrated on horizontal governance to such an extent that the continuing importance of traditional hierarchical aspects of governance could easily be overlooked or underestimated.

In this chapter, we investigate the evolution of governance in the European Union between 2011 and 2016. We do this by analysing the dominant strategic discourses contained in official documents.

In terms of our own perspective, we share with Stephenson (2013, p. 833) the point of view that multi-level governance “as a conceptual garment of European political science may need ‘accessorizing’”. As researchers in public management, we will focus on the accessorizing of governance. We can make two points about our approach. First, we are aware that public policy instrumentation is a major issue in public policy (Lascoumes and Le Gales 2007) since it reveals the relationship between the governing and the governed and because instruments at work are not neutral devices: they produce specific effects, independently of the objective pursued. We intend to analyse coordination mechanisms as tools for the Europe 2020 Strategy. Second, we will attempt to make use of both the strategy-as-practice approach (Whittington 1996; Jarzabkowski 2003; Jarzabkowski and Spee 2009) and the narrative approach (Boje et al. 2004). We see this as a promising way forward. We focus on strategy texts contained in governance documents. Strategy texts may be defined as follows: ‘strategy texts are produced by strategy praxis, draw on practices embedded in the history of the organisation and in the institutional environment and translate the intentions of their author-practitioners’ (Fenton and Langley 2011, p. 1182).

1 THE MECHANISMS INSTALLED IN 2010

The economic governance mechanisms recently put into force at European level have been of two orders: one focused on the economic governance throughout the European Semester and a second one linked with the Europe 2020 Strategy.

Different governance mechanisms will hereafter be discussed in relation to the Europe 2020 Strategy. Four specific governance mechanisms are addressed: top-down steering, targeting of funding, encouragement of voluntary alignment and building public opinion.

1.1 *The European Semester as a ‘Generalist’ Top-Down Mechanism*

We already discussed in Chap. 1 the context in which Europe 2020 Strategy was launched and what were its priorities. Considered as a new beginning, Europe 2020 was a strategy for jobs and growth containing five headline targets that were to be realized by the end of 2020. These were in the areas of (1) employment; (2) research and development; (3) climate and energy; (4) education; and (5) social inclusion and poverty reduction. A system for reporting and evaluating progress was created—this was referred to as the

European Semester (European Commission 2017b). In addition, the strategy instigated a set of flagship initiatives as well as committing to the use of the budget and other actions to implement the strategy.

The European Semester was designed as a forum for monitoring Member States on delivery of macroeconomic objectives defined in the Growth and Stability Pact (GSP) and for monitoring progress in implementing the Europe 2020 Strategy. It was first put into practice in 2011. It ensured that Member States discussed their budgetary and economic plans with their European Union partners at specific times throughout the year. It facilitated the supervision by the European Union of both the growth strategy and the long-term Europe 2020 Strategy.

Figure 4.1 illustrates why the European Semester mechanism might be considered as a vertical coordination tool aimed at coordinating the national budgets of Member States.

Different documents are produced:

- DPB: Draft budgetary plan
- AGS: Annual Growth Survey
- AMR: Alert Mechanism Report
- EA: Euro Area recommendations propositions
- CSR: Countries Specific Recommendations (European Parliament 2016g) prepared by the Commission and endorsed by the Council; this document recapitulates annual recommendations in respect of the respect of Growth and Stability Pact
- NPR: National Reform Programmes more focussed on reforms related to the Europe 2020 Strategy
- SCP: Stability and Coherence Programme focussed on Growth and Stability Pact
- EPW: European Parliamentary week, meetings between national parliaments and European Parliament

At least theoretically, all actors (national level actors, European Commission, European Council and European Parliament) had a specific role in the recommendations that were communicated to Member States.

1.2 The Europe 2020 Strategy in the European Semester but Also as Part of a Wider Governance System

The Europe 2020 strategy text (European Commission 2010a) refers to the need to develop a true economic governance of the European Union.

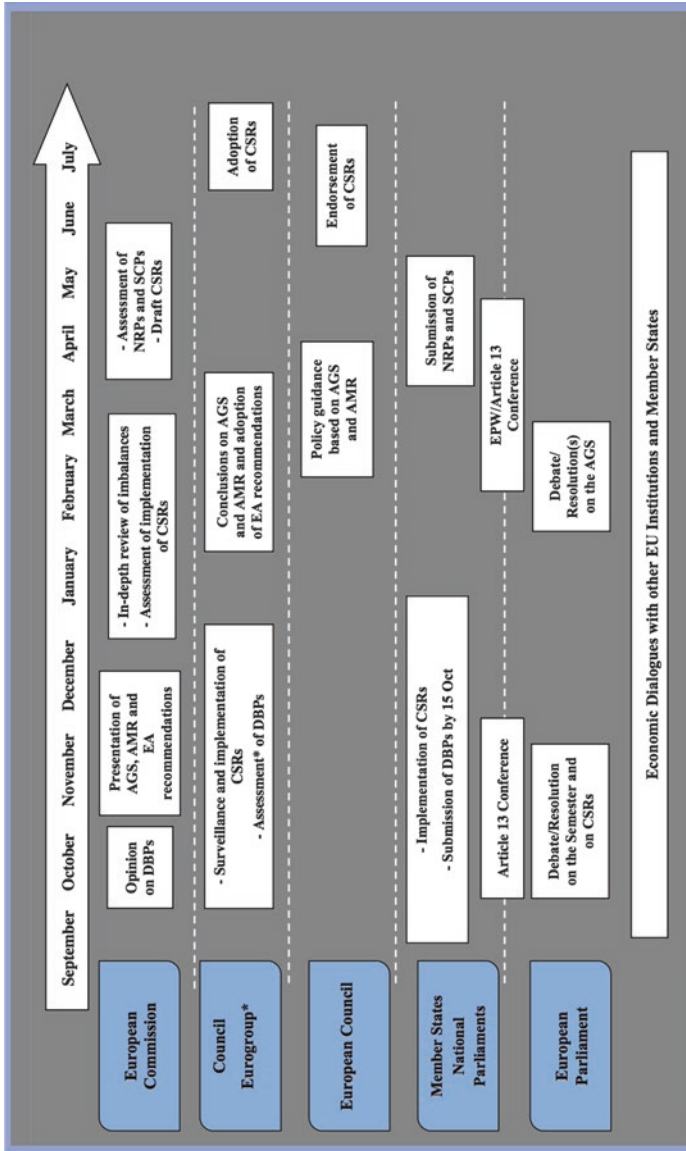


Fig. 4.1 Main actors in the European semester
Source: Economic Governance Support Unit (2015) of the European Parliament

The Europe 2020 Strategy was not only a part of the European Semester mechanism, relying mainly on a top-down approach, it was also supposed to function in the context of multi-level governance.

Top-Down Steering Through the European Semester

As part of the European Semester, top-down steering involves creating reporting and monitoring processes and top-down correction processes if the strategy is going astray or gets stalled. Such processes were core elements of the process of economic governance for Europe 2020 involving the European Council, the Commission and Parliament. The system was set up for an annual cycle. It was envisaged that policy recommendations and warnings would serve to correct the national reform programmes produced annually by Member States. The implementation rate of Council's specific recommendations was rather limited and had been decreasing between 2012 and 2015.

Hallenberg et al. (2011) consider that from the market point of view European economic governance faces a crisis of policy effectiveness due to a lack of guidance on areas of significant spill over. For citizens the European Union faces a democratic legitimacy crisis due to an intrusion into national policy-making. Another point has been raised about whether or not the semester had been delivering the right advice to national governments, and querying an aggregated fiscal stance as an 'empty rhetoric' (Darvas and Vihriälä 2013).

It was mainly the small countries rather than the big leading countries that implemented the Country-Specific Recommendations. Darvas and Leandro (2015) mention that the rate of implementation of these recommendations (intended by the European Union to coordinate Member States) was not any higher than the rate of implementation of the OECD's recommendations, which might be seen as a purely voluntary recommendation by the OECD to countries. Significantly, the implementation of Country-Specific Recommendations (CSRs) declined over time. Was the system of economic governance failing? Was the governance system badly designed or not implemented forcefully enough? What was going wrong? It has been suggested that the European Semester had been too complex with National Competitiveness Boards (Gros and Alcidi 2015). Perhaps the will to implement economic governance properly evaporated as global and European financial turbulence abated.

The findings of a recent analysis of the results of Country-Specific Recommendations are displayed in Fig. 4.2. The findings relate to a four-year

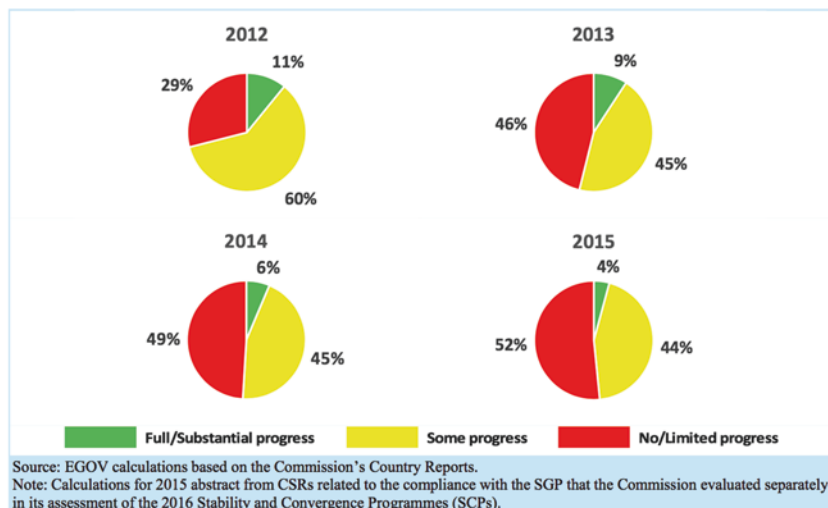


Fig. 4.2 Country-specific recommendations 2012–2015
 Source: Zoppè et al. (2016)

period from 2012 to 2015. We need to bear in mind that this analysis addressed recommendations relating to either the Europe 2020 Strategy or the Growth and Stability Pact, however the figure shows that the trends over these four years were disappointing. From 2012 to 2015, the percentage of Country-Specific Recommendations producing full or substantial progress decreased from 11 per cent to 4 per cent and those leading to limited progress or no progress increased from 29 per cent to 52 per cent (Zoppè et al. 2016).

Whether it is linked to external conditions or was caused by Member States having limited confidence in the Growth and Stability Pact will not be discussed here. We just underline the point that the analysis of CSR implementation was disappointing. Presumably to respond to emerging concerns about the effectiveness of Country-Specific Recommendations, the European Commission proposed a revised version of the European semester in order to tighten up the link with national parliaments.

The Targeting of Funding

Targeting of funding and competitive funding mechanisms have been used by higher levels of government to influence the work of government at lower levels. This can be seen, for example, in respect of regeneration

activity and economic development. In the case of Europe 2020, the Commission proposed using European Union structural funds to pursue the strategic priorities it had identified. The partnerships agreements signed in 2014 between the European Commission and the Member States could be seen as the Commission seeking to use incentives to enact the Europe 2020 Strategy, which can be distinguished from the use of direction delivered through top-down steering.

Following the study led by Moore and Rhodes (1973) on the poor impact of European regional policies on employment in the United Kingdom, a number of economic studies have been carried out—and their conclusions have not been totally unanimous on the impact of structural funds (Becker et al. 2010, 2012; Gomez-Garcia et al. 2012; Mohl and Hagen 2010):

- On one hand a positive effect on growth (partially due to the former objective 1 of structural funds) in the same programming period or with a lag of 3 years but nevertheless with a growth multiplier lower than the transfer intensity meaning that the effort is costly and not ‘reimbursed’ in terms of growth
- On the other hand a positive effect on employment with lag and spill-over effect on other regions and no effect on growth. This means that the benefit for employment is diffused in space and time

More recently, Drumaux and Ravet (2015) tested the relation between the inputs and outcomes of structural funds and a Europe 2020 success index. Their results confirm the possible benefits of structural funds for R&D success, renewable energy, exclusion performance, and (with a lagged effect) education. These benefits of structural funds relate to four headline targets of the Europe 2020 Strategy. The study by Drumaux and Ravet also raised the possibility that structural funds could function as a key enabler of green growth. They checked out—and found—some important correlations. They reported that there was (Drumaux and Ravet 2015):

- a positive correlation between growth and a R&D index and a school leaving performance index
- a negative correlation between Gini index and inclusion performance index

These results confirmed, partially, the basic assumptions of the (Eurostat 2013; European Commission 2017a) on the links between headlines indicators (education and R&D, renewable energy and R&D, and exclusion and employment). These findings suggest that this second governance mechanism is possibly effective.

The Encouraging of the Voluntary Alignment of Member States

Voluntary alignment of action by the governed with the strategic goals and indicators of set for a society or community makes sense where the members of the governance system are quite autonomous—but only if they tend to agree with the goals and indicators (Bryson 2004). The European Commission’s President, back in 2010, suggested that the leaders of Europe did share common thinking about the lessons of the 2007–2009 crisis and also shared a view that urgent action was needed. So, it might be surmised, there was some basis for thinking it was possible to create collective action by European Union Member States on a voluntary basis. The text of the Europe 2020 Strategy gave the impression that there was a degree of voluntarism in how the strategy would be made to happen. It referred to a ‘partnership approach’ being followed in relation to the implementation of the strategy. It was stated that (European Commission 2010a, p. 4),

“This partnership approach should extend to EU committees, to national parliaments and national, local and regional authorities, to social partners and to stakeholders and civil society so that everyone is involved in delivering on the vision.”

There was to be permanent dialogue between different levels of government as a means of strengthening the ownership needed to successfully deliver the Europe 2020 Strategy. And there was to be dialogue between the national governments and the European Commission to set national targets that were to be adjusted to each national situation and position. If members are very autonomous then a voluntary approach to delivering a collectively agreed strategy may be the only realistic proposition for its delivery. But, obviously, such an approach will lead to a lot of attention being given to just how much ownership of the strategy is felt by members. What can be done when one or more members do not feel much obligation to deliver the strategy? Those leading the governance system

may believe that they will have little option but to tolerate some degree of non-cooperation.

To judge this point, we will have to investigate the Member States' actions through their national policies. This question of the voluntary alignment will be documented further in Chap. 5 when discussing the Member States' action. In the meantime, it is possible to give a partial view on one disposal that has been added to structural funds policy since 2014 in order to enhance this voluntary alignment. These are the partnership agreements through which the Europe 2020 Strategy and cohesion policy would be better aligned.

The qualitative analysis of documents is a promising avenue offering a new bridge between qualitative and quantitative approaches. Content analysis software is nowadays extensively used by researchers in sociology and political science in order to analyse survey answers on societal issues but also to analyse discourse in the political decision-making process (Schonhardt-Bailey 2013) even if this latter approach is still under-developed. Our approach has been to use extensively new techniques to figure out the main content, or the main differences between the contents, of the voluminous European documentation on the Europe 2020 Strategy.

Basically, the statistical technique we use produces a clustering of words through a hierarchical descending classification, which yields the main discourses in the text analysed. The partition of the text is a process based on an algorithm allowing co-occurring terms to be regrouped into classes. The reliability of the descending classification is tested against an ascending one and checked by metrics.¹ Appendix A details some of the basic features of lexical or textometric analysis and the main tools used in Alceste©.²

Figure 4.3 shows the result of a factorial analysis produced using Alceste© to analyse partnership agreements signed after the reform of 2014. The factorial analysis is particularly helpful in trying to understand the main differences in the orientations of Member States; this is because it produces contrasting key words.³

¹Two metrics check the validity of the analysis: the pertinence index giving the per cent of unities that have been classified. The Khi2 index calculates a measure of distance between co-occurring terms allowing regrouping them into a class and by extension the membership to a class.

²As for example factorial analysis, ascending and descending classifications, cross sort and so on.

³This a strength of qualitative factorial analysis compared to quantitative one to allow the representation on the same graph of variables (key words) and variables modalities (countries).

- In the upper left quadrant: general concerns (i.e., not specially focused) for Bulgaria, Slovenia, Croatia, Czech Republic, Greece, and Denmark
- In the centre: conditionality⁶ recalling for Latvia
- Just below: energy and business support for Estonia, Poland, and Spain
- In the lower left quadrant: environmental issues and biodiversity for Sweden, Hungary, and Portugal

It is difficult to know the extent to which partnership agreements have been driven by the Member States' interests and strategic thinking when making these agreements. It is also difficult to know the extent to which the planning agreements have functioned successfully as tools for national self-alignment to the Europe 2020 Strategy ECA (2017b). What is clear is that some countries had a clear focus in their future use of structural funds. Indeed Pucher et al. (2015) confirm in their research on partnerships agreements for the Committee of Regions that Member States' needs and strategies were broadly aligned with the Europe 2020 targets and the European Structural and Investment Funds priorities. However, it seems that the Member States may not have realized that they could have selected from thematic objectives and did not need to select all of them. The lack of selectivity in relation to thematic objectives may suggest a compliance approach was adopted by national governments rather than a strategic approach. Overall, we suggest that there had been a reorientation of structural funds to support the delivery of the Europe 2020 Strategy, but whether this was the result of top-down steering of planning agreements by the Commission or the voluntary self-alignment of the national strategy by Member States cannot be determined.

The Building on Public Opinion

Finally, systems for amplifying and clarifying public opinion is an important governance mechanism, which, if successful, makes it easier for governments to act according to an open government agenda. If public opinion is amplified, governments are likely to better understand the values and aspirations of the public and therefore to increase their responsiveness to the public. The European Commission proposed that governments at all levels within Member States should engage with citizens and other

⁶ Conditionality refers to the rules for application.

actors in civil society so that there was widespread understanding of the Europe 2020 Strategy, its priorities, and the contributions being sought from all the stakeholders. The Commission (European Commission 2010a, p. 27) also proposed that civil society should be associated with the formulation of the annual national reform programmes that were part of the delivery of the strategy: ‘All national, regional and local authorities should implement the partnership, closely associating parliaments, as well as social partners and representatives of civil society, contributing to the elaboration of national reform programmes as well as to its implementation.’

The Eurobarometer survey that featured questions on Europe 2020 (European Commission 2015a) elicited the following public attitudes on the objectives of the Europe 2020 Strategy:

- About half of the respondents found each of the Europe 2020 objectives to be about right, ranging from 56 per cent for energy efficiency and employment rate to 48 per cent for poverty and higher education
- Substantial minorities found each of the Europe 2020 objectives to be too ambitious (ranging between 19 per cent and 40 per cent)

After 2010 it seems that among the public the perceived realism of all the objectives declined. It was as if the European public was losing confidence in the Europe 2020 Strategy. In fact, 53 per cent of the respondents considered that the European Union was going in the right direction to exit the crisis and face the global challenges. Only one in four (25 per cent) thought the European Union was going in the wrong direction.

Moreover, civil society, at least at the European level, has been consulted on the strategy in 2010 and in 2015. In 2010 the consultation report (European Commission 2010b) was clearly focussed on the relevance of the strategy and the views of each of the main stakeholders (Member States, European and national political parties, social partners, and citizens). In 2015, the main conclusions of the public consultation were as follows (European Commission 2015a, p. 1):

- Europe 2020 appears as a relevant framework to promote jobs and growth at European Union and national level and its objectives and priorities are meaningful.
- The five headline targets are recognized as key catalysts for jobs and growth and as drivers for delivering the strategy.

- Most of the flagship initiatives associated to the strategy are considered as serving their purpose, but their visibility has remained weak.
- There is a need to improve the delivery of the strategy through enhanced ownership and involvement on the ground.

A SWOT analysis (Fig. 4.4) based on the opinions of stakeholders included a number of weaknesses in the delivery of the strategy. These included the lack of visibility of the flagship initiatives taken under the umbrella of the Europe 2020 Strategy and the inadequate involvement of stakeholders in the strategy. The list of weaknesses also included a reference to performance shortfalls (employment, research and development, and poverty reduction) and a reference to the need for improved delivery and implementation of the strategy. The conceptual classifications might at times look a bit arbitrary or idiosyncratic to us—for example, why was lack of ambition on the part of Member States classified as a threat rather than as a weakness and why was the need to improve delivery and implementation classified as a weakness rather than a follow up or corrective

<p style="text-align: center;">STRENGTHS</p> <ul style="list-style-type: none"> • Overwhelming support for an EU-wide jobs and growth strategy • Consistency of the areas covered by Europe 2020 with the challenges to be tackled • Relevant and mutually reinforcing targets • Some already tangible progress: the EU is on course to meet or closely approach the targets on education, climate and energy 	<p style="text-align: center;">WEAKNESSES</p> <ul style="list-style-type: none"> • Lack of visibility of the flagship initiatives • Need to improve the delivery and implementation of the strategy • Insufficient involvement of the relevant stakeholders • Far from reaching the targets on employment, research and development and poverty reduction
<p style="text-align: center;">OPPORTUNITIES</p> <ul style="list-style-type: none"> • Actors willing to play an active role in the strategy • Close monitoring of the strategy through the European Semester • Alignment of Europe 2020 with the Commission's priorities (jobs, growth and investment) 	<p style="text-align: center;">THREATS</p> <ul style="list-style-type: none"> • The crisis has amplified divergences across and within Member States • Political nature of the targets and lack of ambition of Member States

Fig. 4.4 SWOT of Europe 2020 strategy based on stakeholder’s view
 Source: European Commission (2015a) and European Commission (2015f)

action decided on the basis of an interim performance evaluation? And surely weaknesses caused problems in delivering targets for employment, research and development, and poverty reduction; the poor performances on these things were not weaknesses as such but poor performances caused (possibly) by existent weaknesses? But we should not make too much of these classifications because there was no doubting the assessment being made: the Commission thought that the strategy was partially failing (as shown by the results in the areas of employment, research and development, and poverty reduction), the flagship initiatives needed more visibility, and better implementation required Member States to have more ambition, stakeholders to be engaged more, and the European Commission and the European Council to make their monitoring of targets through the European Semester even closer.

The evidence discussed above points to a number of conclusions based on the views of stakeholders: first, the objectives of the Europe 2020 Strategy had the approval of many members of the European public; second, the implementation of the strategy was failing in some key domains of the strategy; and thirdly, the European Union, Member States and stakeholders all needed to be doing more to ensure successful strategy.

Kohler-Koch and Quittkat's (2013) book on European Union participatory governance considered whether consultation actually increases the democratic legitimacy of the European Union. Relying on four normative yardsticks (equal and effective participation, publicity, and accountability), they highlighted that while the European Commission makes considerable effort to expand and open up its consultation regime, these efforts are not reflected in unequivocal democratization. Their arguments draw attention to the existence of informal governance modes such as expert groups that lead to tailored consultation style and at the end push the interest groups to professionalize in order to be included.

The Governance Mechanisms at First Glance

The four governance mechanisms mentioned earlier (top-down steering, targeting of funding, voluntary alignment, and public opinion support) function diversely and their assessment is already clear for the two first mechanisms:

- Top down steering has been limited during the period 2012–2015 and appeared to be diminishing as shown by the decreasing rate of country-specific recommendations. This question will be addressed further in Chap. 5 when we discuss the content of these recommendations;

- Targeting of funding, noticeably through structural funds, has been partially successful and could be reinforced in the future with the partnerships agreements;
- Voluntary alignment could be encouraged by partnership agreements but the final test will be to analyse to what extent Member States orient their national reforms programmes and national priorities using their own strategic thinking. This point will be discussed further in Chap. 6
- The formal amplification of public opinion is largely instigated and steered ‘from above’ and public opinion is elicited selectively through specific consultations of interested stakeholders or on through surveys. Chapter 6 will also try to answer to what extent Member States have based their national reform programmes on a wider involvement of actors.

It should be stressed that the European Commission itself was very concerned about insufficient involvement of stakeholders in the Europe 2020 Strategy. The Commission wanted to see ownership of the strategy extend beyond government. Consultations carried out by the European Commission in 2014 led to the following judgements (European Commission 2015, p. 6):

“The successful implementation of the strategy has been affected by weaknesses in terms of awareness, involvement and enforcement. First, the contributions to the public consultation point to an awareness gap regarding the strategy, either explicitly when the respondents indicate that they cannot reply to some questions, or implicitly when the replies misinterpret the content or the objective of the strategy. Second, less than half of respondents (46%) say that they are involved in the strategy and three quarters (77%) express a willingness to get more involved in the strategy.”

2 MULTI-LEVEL GOVERNANCE AFTER 2014

The design and delivery of the Europe 2020 strategy faced a number of challenges relating to the European Union’s multi-level governance structure. We have already documented the partnerships initiative to enhance Member States’ buy-in to the strategy. The new Commission under the Presidency of Jean-Claude Juncker took various initiatives and launched a new priority list in order to re-focus the implementation of the European 2020 strategy.

2.1 *A Revised Version of the European Semester Mechanisms*

Prepared by the President of the European Commission, in close cooperation with the President of the Euro Summit, the President of the Eurogroup, the President of the European Central Bank, and the President of the European Parliament, a report published in February 2015 has quite a different tone to the original text of the Europe 2020 Strategy. It does appear to have been written as a ‘grand discourse’. It has five chapters: Euro and European Monetary Union (EMU), convergence and prosperity, financial system, responsible budgetary policies with EMU as the cornerstone, and, finally, democratic accountability.

Europe 2020 is not mentioned since the main focus is on the euro zone. Convergence, jobs and growth are mainly discussed within the framework of an Economic Union of convergence, growth and jobs that ‘should rest on the following four pillars: the creation of a euro area system of Competitiveness Authorities; a strengthened implementation of the Macroeconomic Imbalance Procedure; a greater focus on employment and social performance; and on stronger coordination of economic policies within a revamped European Semester’ (Juncker et al. 2015, p. 7).

The last chapter on democratic accountability presents, among other initiatives, a renewed European Semester that could allow the European Commission to engage with the European Parliament at a plenary debate before the Annual Growth Survey is presented, and to continue the debate following its adoption. In addition, a second dedicated plenary debate is proposed for the presentation of Country-Specific Recommendations. Finally, the report mentions the necessity to work out model arrangements to make the interaction with national Parliaments more efficient, and especially the debates on Country-Specific Recommendations within the annual budgetary procedure (Fig. 4.5).

This report could be seen as an answer to the weakness of the top-down mechanism documented earlier. Renewal of the European Semester mechanism could tighten up the top-down mechanism and also enhance the voluntary alignment of governments at different levels.

2.2 *A Double Reference to Priorities Based on Two Distinct “Grand Discourses”*

Indeed the Europe 2020 strategy (European Commission 2010a) can be seen a kind of challenging European ‘reinvention’ of public governance

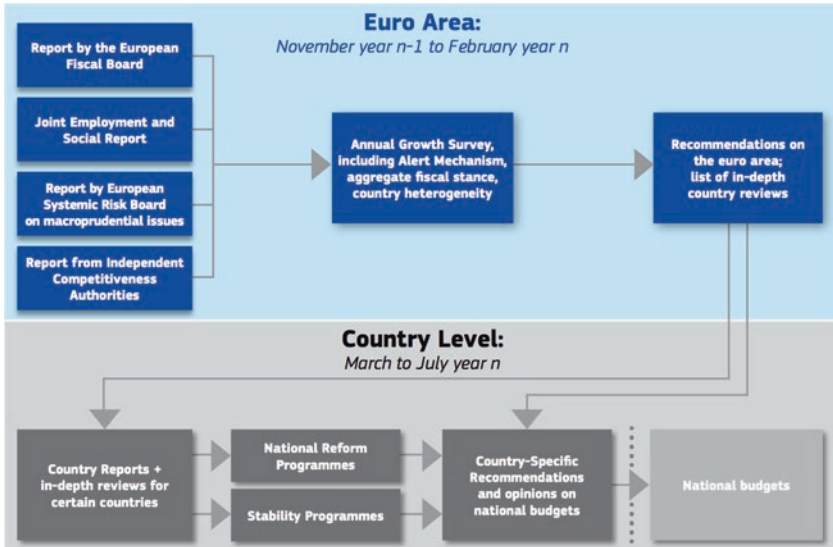


Fig. 4.5 A new European semester proposition
Source: Juncker et al. (2015, p. 22)

by applying strategic management to government. It was not simply an economic plan but included strategic goals on employment, R&D, climate change and sustainability, education, poverty and social exclusion. It was, in other words, a comprehensive framework for the social, environmental and economic development of Europe based on a sustainable model over the decade to 2020. It emphasized the need for a coherent and integrated effort by all countries and levels of government to work with social partners and citizens to renew Europe's dynamism. Terms used in the Europe 2020 documents, namely strategy, targets, delivering, flagships, etc., refer to strategic management—thereby inviting public management scholars to observe the processes and tools encompassed.

Later the not yet President Jean-Claude Juncker (Juncker 2014) proposed a new plan with ten priorities, insisting on growth and employment, and these ten priorities became, after its designation, a key reference for the strategy pursued by the European Commission. Indeed as depicted in Fig. 4.6, a potential tension is noticeable in the European documents since 2014 between two potential 'grand discourses', on one hand the Europe 2020 strategy and on the other hand the ten Juncker Priorities. But is there really a difference between both lines or are they complementary?

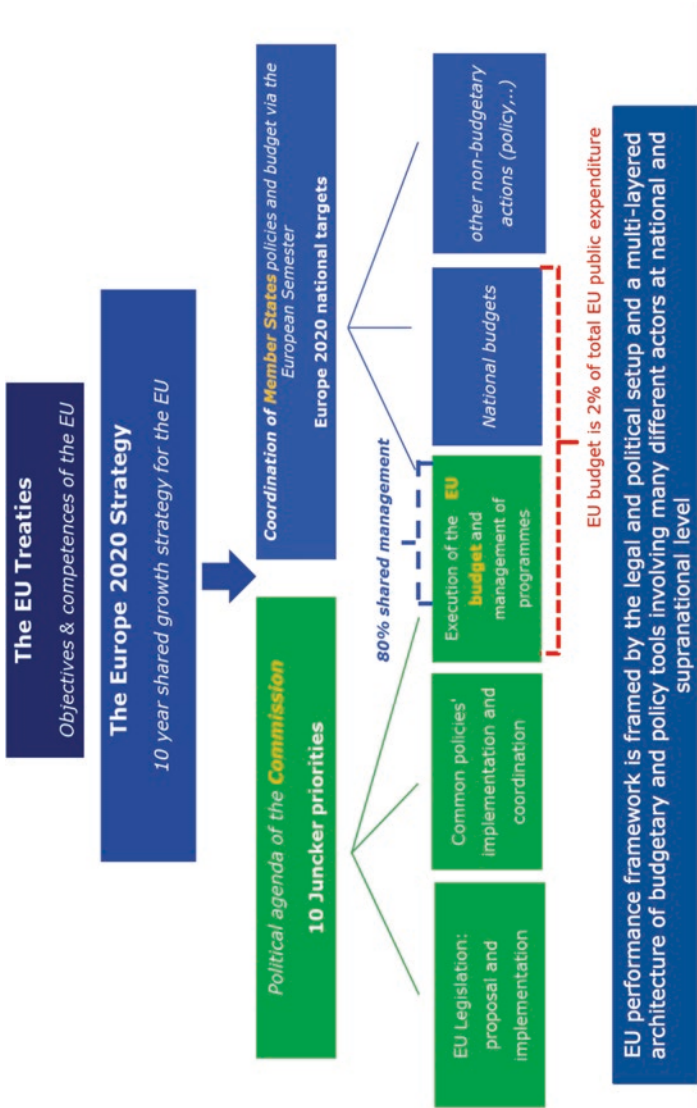


Fig. 4.6 Legal and political context of EU budget
Source: EP (2016) Control Committee BFOR presentation

To investigate the relationship between the two documents, we submitted both texts to an Alceste© analysis; we were aiming to capture the dominant discourses in both documents.

EUROPE 2020: the grand discourse on a smart, green and inclusive growth in Europe

The results obtained for the 2010 text of Europe 2020 strategy (European Commission (2010a) 2020 final) is presented in Fig. 4.7. The figure details the result of a descending classification of the text units regrouped into classes.

Figure 4.7 shows the text analysed (with a pertinence index of 84 per cent⁷) into six discourses that cover the dominant themes:

- Class 1 (23 per cent of textual units), the first to appear in the partition of the text, regroups essentially institutional matters with terms like “council”, “target”, “recommendation” recalling the institutional frame of the recommendation,
- Class 2 (17 per cent) is organized around terms like “labour”, “education”, “training”, “young people”, “poverty”, “exclusion” defining the inclusive targets,
- Class 3 (14 per cent) deals with green targets illustrated by words like “green”, “energy efficiency”, “emissions”, “climate”,
- Class 4 (19 per cent) has the terms “access”, “service”, “innovation” refers to sectoral reforms and need for innovation corresponding to smart targets,
- Class 5 (17 per cent) has terms like “crisis”, “world”, “weaknesses” to the economic context and to the related challenges for Europe,
- Class 6 (10 per cent) is constructed around terms like “consolidation”, “coordination” “budget” “fiscal” and refers clearly to the other founder reference, the convergence objectives.

This Alceste© analysis of the 2010 document launching the Europe 2020 strategy did not produce any big surprises. As expected, the three pillars of the “Smart, Green and Inclusive” strategy are discussed but nevertheless the document leaves an important place to the “institutional machinery” (23 per cent), to the crisis (17 per cent) and to budgetary and

⁷A pertinence index of 84 per cent means that 84 per cent of the textual units have been classified. This should be considered as a pertinence test for the representation of themes in the text. A pertinence index over 70 per cent is generally considered as a reliable result.



Fig. 4.7 Europe 2020 strategy
 Source: Own analysis Alceste© on European Commission (2010a) 2020 final

fiscal issues (10 per cent). The document is ‘legal rational’ in its form but it could also be seen as a strategic text, with its mentioning of the context and issues and with its identification of overall goals and indicators designed to deliver a vision of smart, green and inclusive growth.

A quick glance at the main key words mobilized for the social pillar and the innovation pillar of the strategy are depicted in Fig. 4.8.⁸

On the left, three sets of arguments on the labour issue are respectively: a reference to the flagship initiatives in conjunction with labour, skills, employment and poverty, a recall of the cohesion policy associated with

⁸ See Appendix B for details on the tool.

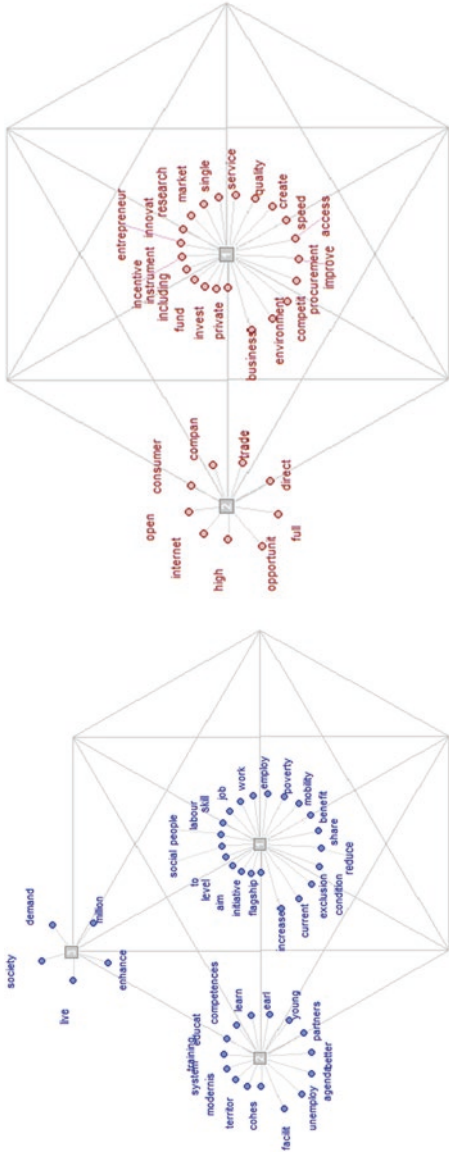


Fig. 4.8 Grouping of themes
Source: Own analysis Alceste© on European Commission (2010a) 2020 final

modernization of the training and education systems, and finally a concern for the employment/non-employment issue at the level of the whole society. The three networks illustrate the chaining of arguments and the density of argumentation around central issues (labour, education).

On the right are two sets of arguments. First, there are arguments concerning private investments and incentive mechanisms for innovation and research; and, second, there are arguments concerning new technologies, consumer and companies' perspectives, and trade.

For the green pillar, as shown in Fig. 4.9, the whole set of arguments are fully articulated with all the key words that are linked to a green strategy: renewable, efficient use, carbon low economy, climate change, and clean technologies. The network in this analysis is also illustrative of a highly structured argument.

Obviously the strategy document of 2010 was only the initial recommendation. Once adopted, it has been followed up by the production of a lot of specifications, and more specifically by the definition of the five headline targets at the European level and national levels. The targets placed in the National Reform Programmes, the Country-Specific Recommendations of the Council that are directly accessible through the website of the European Commission, that European Commission documents on Europe 2020 Strategy, and the publication by Eurostat of data against targets for the nine indicators of Europe 2020 all suggest that the strategy is seen as real. The endorsement of the worthwhileness of the strategy by the European Parliament suggests it is democratically important. The reports or notes published regularly (EESC 2011, 2014; EC 2012, 2014a, d; EPSC 2015; Eurostat 2013, 2016; EP 2010, 2014b, 2015a, b, 2016a, b, c, d, e, f) show that Europe 2020 matters. The strategy was clearly still alive after the renewal of the European Commission in 2014.

Therefore, the initial 2010 strategy document written by the European Commission and the subsequent documents constitute, clearly, a strategy in the managerial sense. Objectives, indicators and targets have been defined precisely in order to allow measurement and monitoring. Statistical data are collected and published in stable databases by Eurostat. Intermediary reports are debated with other European institutions. We find here all the ingredients of a strategy in the managerial sense.

The Juncker (2014) Ten Priorities: The Renewed Political Discourse in 2014

The ten priorities is a posterior document since it was the campaign document of the not yet designated new president of the European

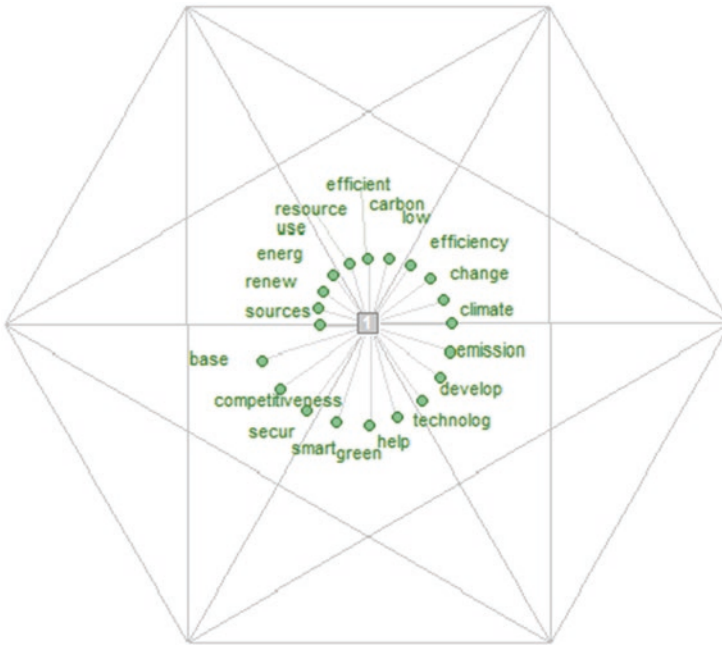


Fig. 4.9 Key themes for green pillar

Source: Own analysis Alceste© on European Commission (2010a) 2020 final

Commission. It is important to keep this in mind since it is a programmatic document with a global view of European issues. It has a scope that is not limited to the growth model contained in the Europe 2020 Strategy.

The ten priorities of the Juncker programme (2014) can be grouped into three main discourses through a factorial analysis (with a pertinence index of 87 per cent). See Fig. 4.10. The three arguments are summarized as follows:

- Class 1: the political agenda (right lower quadrant) (democratic change, political dialogue, election, new programme for growth and jobs)
- Class 2: the economic programme (upper quadrants) (digital single market, resilient energy union, internal market, monetary union)
- Class 3: Europe at international level (left lower quadrant) (asylum policy, global action, fundamentals rights, trade partnership)

The Juncker document mentions the label ‘Europe 2020’ only once. However, we can see that class 1 and class 2 arguments are clearly overlapping the priorities of Europe 2020, not always literally but at the level of broad priorities.

In Fig. 4.11, we display the hierarchical classification⁹ of (class 1) arguments around the political agenda of Juncker’s ten priorities (from top to bottom, we highlight the terms with the important Kchi2¹⁰). The class 1 is the discourse of Juncker as Presidential candidate presenting his agenda giving its arguments in the following order:

- First a set of arguments around the election and principles defended (election, political, deliver)
- Second a chain on legitimacy (partner, legitimacy, campaign, follow, citizens)
- Third on election calendar (European parliament, election)
- Fourth on the new priorities (agenda, fairness, priority, ... growth, job)
- Fifth on Juncker as a candidate (president, candidate ...)

On the basis of the words listed in class 2 we can propose that the document had his arguments for an economic package (see the hierarchical classification in Fig. 4.12):

- First, the package is aligned to the Growth and Stability Pact (Economic, stability, reform, ambitious)
- Second, investment and finance is needed for finance (invest, bank, fund, sustain)
- Third, industrial issues (industry, internal market)
- Fourth, smart and green issues (energy, innovation, digital technologies)

The items in class 2 reflect that Juncker was emphasizing continuity with the former economic policy (Growth and Stability Pact, internal market) while buttressing a new intention to sustain economic growth (investment plan (European Commission and DG Communication 2016d)) and deliver on the green and smart aspirations of Europe. It offers economic continuity but with a new concern on the necessity to intervene to fuel the growth through an investment plan.

⁹ See Appendix A for a presentation of the different graphs types.

¹⁰ A high Kchi2 means that the word is closed to the class orientation meaning that it determines the sense of the class.

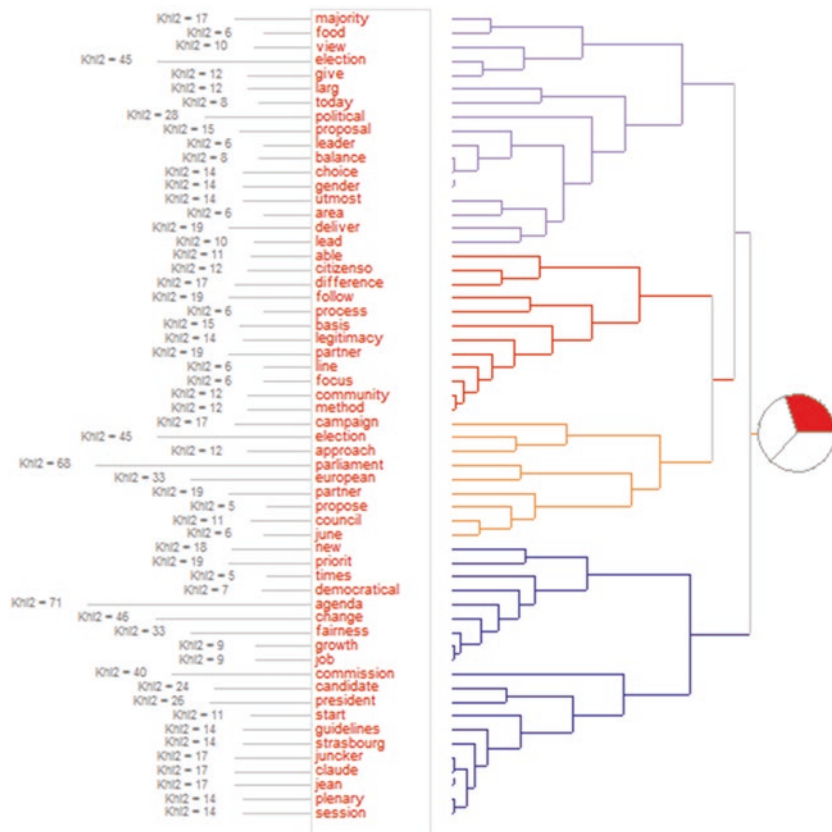


Fig. 4.11 Juncker class 1 arguments
Source: Own Alceste© analysis

Class 3 of Juncker ten priorities arguments are grouped as follow (see Fig. 4.13):

- First, international policy and challenges (migration, asylum, defence)
- Second, fundamental rights (protect, right, fundamental)
- Third, institutional role (way, role, explore, principle)
- Fourth, international negotiation (negotiation, trade, relation, transparency)

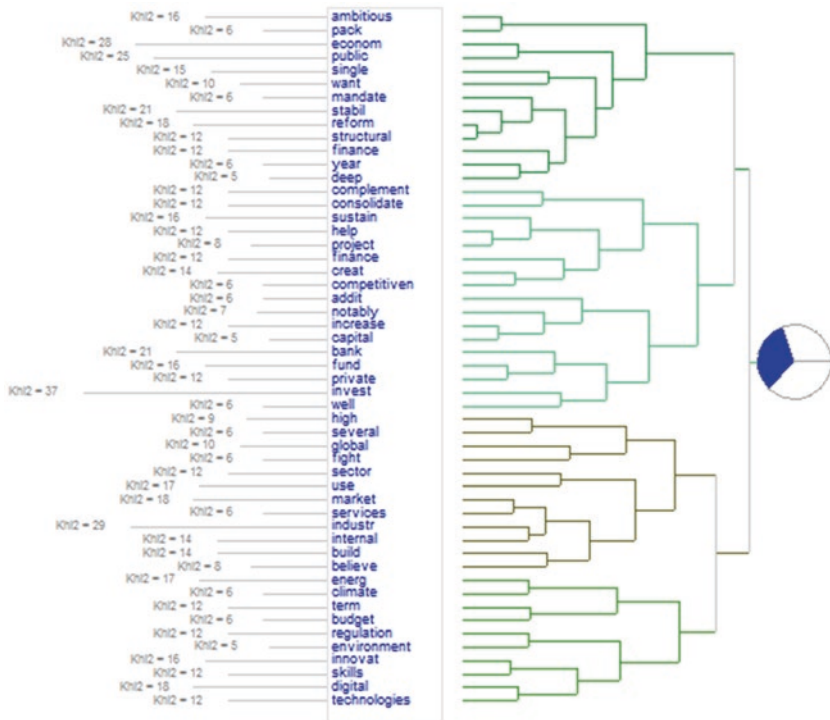


Fig. 4.12 Juncker class 2 arguments
 Source: Own Alceste© analysis

In the case of the class 3 arguments, we can read into them that Juncker is a European statesman speaking, still a candidate, but acknowledging the numerous challenges in Europe’s turbulent international environment. This theme in the Juncker document seems to us to enact a vision of a strong but fair Europe.

Obviously, Juncker’s ten priorities document is a political programme in the literal sense. First it contains a political commitment to growth and jobs, an economic programme based on continuity (monetary union and internal market) combined with an intention to launch an investment plan. Second, it endorses a Europe of the future that is smart and green. Third, and finally, it offers a revival of the international role of Europe. Obviously no metrics have been defined since this is not the purpose of a political programme. This is, however, politics the administrative level.

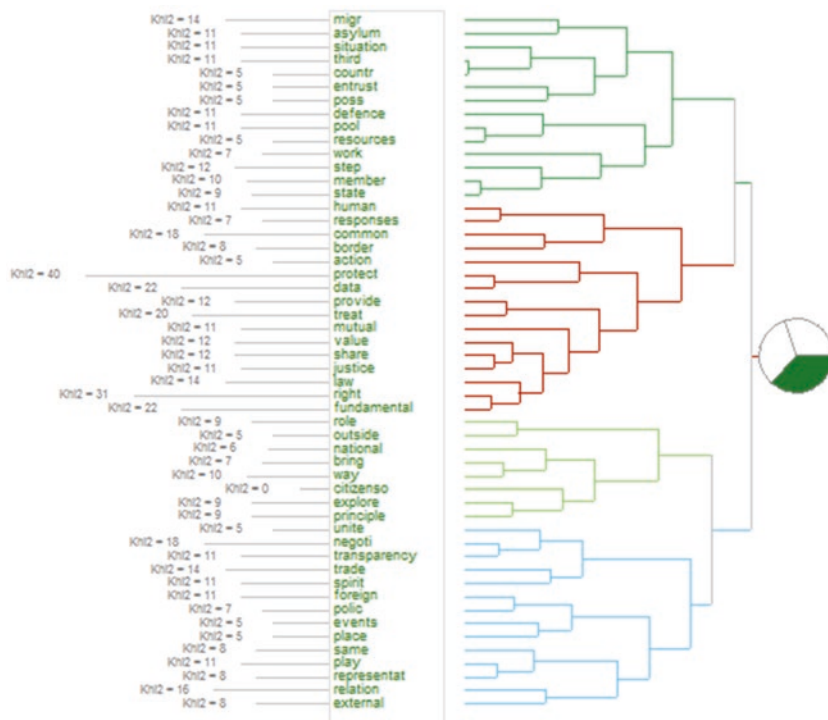


Fig. 4.13 Juncker class 3 arguments

Source: Own Alceste© analysis

Two Grand Discourses?

We use here the label ‘grand discourse’ in the sense of a narrative infrastructure of Fenton and Langley (2011, p. 1185). Narrative is a paradigm or lens for examining how strategy is practiced and produced. Narrative infrastructure is the ‘rail’ along which multi-actor and multi-level processes gain thrust and direction.

In pure political terms, it is clear that in 2010 the Commission President Barroso launched Europe 2020 as a strategy that in hindsight could be seen as a ‘technical’ document and that was developed to some extent by the technocrats of the Commission. Then, his successor, Commission President Juncker, wanted to provide a new political orientation to the work of the Commission, presumably seeing the need for political will and

determination to invigorate the delivery of the strategy. Maybe the meaning and means of strategic success became more selective with Juncker—that is, with a stronger focus on jobs creation and on the role of an investment programme. And with the economic strategy being seen as completed by an emphasis on international positioning for the European Union—after all, the European Union’s woes in economic terms could be expressed abstractly as the challenge of globalization forces, which meant a need for projecting Europe internationally as well as improving economic competitiveness.

Indeed both Barroso’s and Juncker’s texts were grand discourses but were different in nature. Crucial, here, is how we characterize the difference in nature. We might be tempted to see the 2010 document as embodying simple management rationality and the 2014 document as embodying a political rationality. There is some truth in this.

Let us look what we mean by this distinction of two rationalities with each document lodging one of the rationalities. We would say, the two documents of Barroso and Juncker rely on different and distinct rationalities, a managerial rationality on one hand and a political rationality in the other hand (Schedler and Proeller 2010) that use differently the notion of objectives and programmes and document it differently. While the Europe 2020 Strategy speaks of objectives and targets, Juncker’s document had ten priorities and, as this implies, it sets targets in terms of ‘priorities’. The semantic differentiation is clear enough. The first proceeds as a more strategical approach whose legitimacy relies on a previous decision of the European Council in 2010, and the decision of the Council to approve Barroso’s strategy document implied the willingness of Member States to deliver the Europe 2020 targets. Its form tended towards a more managerial plan. The second one belonged to a more political communication and was justified democratically by saying that President Juncker was partially preferred because of his allegiance to a major political party in terms of its number of representatives elected to the new European Parliament in 2014. This political and democratic justification for the appropriateness of Juncker’s nomination can be contrasted by public statements made by Barroso that members of the Commission were working for Europe and that his own role was to create consensus within the Commission based on the political steering of the European Council. In other words, Barroso emphasized that Commission staff were politically neutral and political direction and rationales emanate from the Council; whereas Juncker provided a democratic rationale for

himself and thereby suggested that strength of party representation in Parliament mattered in the appointment of the President of the Commission.

We would argue that this identification of Barroso's document with management rationality and Juncker's document with politics, while partially true, does not get to the heart of the dynamic relationship between the two documents. It is not fully correct to see them as distinct in this way and thus to oppose¹¹ Barroso's Europe 2020 document and Juncker's ten priorities document. Nor do we think it right to see them integrated in a hierarchy in which the Europe 2020 Strategy is at a more general level and the priorities document is at a lower hierarchical level and fits within it, indicating that delivering on the ten priorities helps to deliver the Europe 2020 Strategy. This hierarchical solution implies an entirely functional relationship between the two documents. An alternative to this hierarchical reading of the two documents is to see the ten priorities narrative as inserting more political will into an administrative agenda because the original 2010 strategy document had not adequately addressed the need for political leadership and oversight and had assumed that more public ownership and national political leadership would emerge than had materialized over the period 2010–2014. So, the simple hierarchical juxtaposition is problematic and so is the idea that Juncker's document is a political programme and the Barroso's document is just a 'managerial' strategy linked to indicators and targets.

It would be naïve to under-evaluate the effects of rhetoric tensions between a larger political discourse and a more programmatic and strategic approach. We will discuss in Chap. 7 how the departments of the Commission are proceeding with the alignment of the Commission with the strategy. It is sufficient at this point to pinpoint to complexity and a possible ambivalence regarding the 'grand discourses' on strategy.

3 WHERE DOES THE EUROPEAN UNION AS A WHOLE STAND GLOBALLY?

To answer to this question and before we conclude on the European governance system, it is worth returning to the task of reading evidence about the mid-term outcomes of the Europe 2020 strategy. At this stage, we are

¹¹ As a European official told us to explain that Europe 2020 was in a certain sense demonized, not in the mood anymore after the definition of the ten priorities of President Juncker.

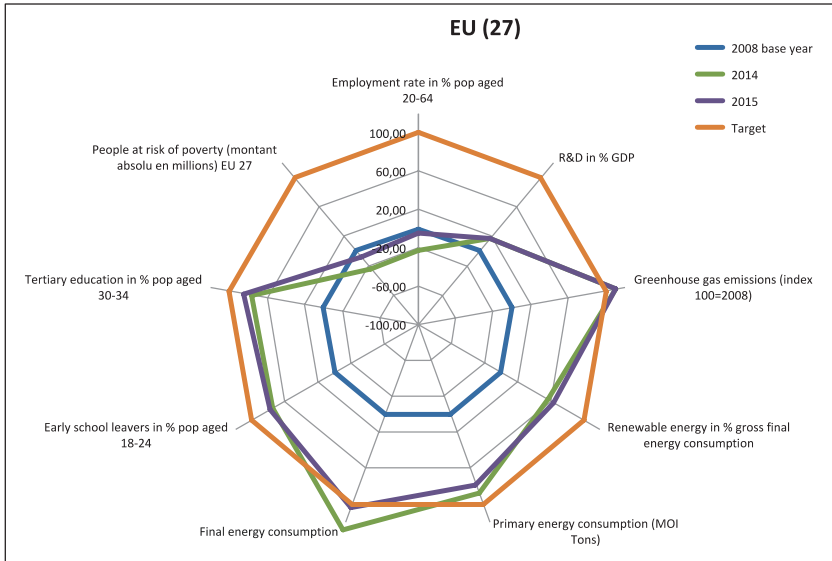


Fig. 4.14 Europe 2020 headlines targets

Source: Based on last available data (Eurostat 2013, 2016, 2017) Europe 2020 database 2015 data except for green gas emissions 2014

merely interested in a global glance. We will return to the performance of Member States in more detail in Chap. 6. Looking roughly to the performance of Europe 2020 strategy, it is clear that the strategy can hardly be delivered at least on three indicators depicted in Fig. 4.14.

Clearly, the above figure shows that in 2015 there were problems in the trends and progress in delivering the targets for the employment rate, research and development expenditures, and for poverty reduction. This is so even though comparing 2014 and 2015 suggests more of a basis for optimism in 2015. These headline targets are not of secondary importance since they concern two out of the three pillars of the sustainable model inspiring the Europe 2020 Strategy. Obviously the results are for the European Union as a whole and obscure significant variations between Member States in terms of their performance.

4 CONCLUSIONS OF THE CHAPTER

In this chapter, several elements have been identified regarding multi-level European governance using an approach focussed on implementation and ‘accessorizing’ the political science approach. Four governance mechanisms have been investigated, strategy delivery and momentum has been assessed, and ‘grand discourses’ of the strategy have been detailed.

Regarding the governance mechanisms (top-down steering, targeting of funding, voluntary alignment public and amplifying public opinion), it appears clearly that the top-down mechanism through the European semester was lacking in effectiveness. We conclude this based on evidence showing the decreasing implementation rate of Country-Specific Recommendations. The Five Presidents’ reports proposed, in 2015, a renewed version of the European Semester in order to tighten up the links with national parliaments and arguably to create better conditions to enhance the voluntary alignment that national governments might undertake.

The critical issue for the top-down governance mechanism was that ‘Member States are not taking the prescribed medicine properly’.¹² The national governments were not cooperating with the European Union level because they were not implementing the Country-Specific Recommendations. We will review this statement in Chap. 6 analysing in detail the recommendations made to some selected members.

The second governance mechanism, the targeting of funding, is more promising, as we saw. The effect of structural funds seems to have been beneficial. Positive impacts were reported above in relation to: research and development, renewable energy, exclusion performance index, and (with a lagged effect) education. There was also a possible contribution to energy targets. This might be reinforced by the partnership agreements for the programming period 2014–2020.

The voluntary alignment principle as the third governance mechanism can be partially assessed in relation to partnership agreements. It was showed above that several Member States took the opportunity in 2015 to adjust their future claim for structural funds in line with their own problems. In order to give a more definitive judgement on the extent and benefits of national self-alignment with the European Union strategy, it will be necessary to examine and assess the national reforms programmes produced by national governments (see Chap. 6).

¹²As declared by one EU official in an informal discussion.

Regarding the last governance mechanism, the amplification of public opinion, what can be said at this point is that the only diagnostic available is ‘from above’, based on surveys made in 2011 and 2015 and a Eurobarometer publication showing that Europe 2020 strategy was seen as relevant by the public. If we stress the ‘from above’ character of this amplification of public opinion, meaning that officials are in the driving set of consultation exercises, it is easy to level the claim that this has so far been a weak form of civic engagement. The European Commission in 2014 was interested in undertaking more consultation with the public in European countries—this might be seen as an implicit recognition that the 2010 strategy document produced by the Commission had called for national and sub-national government to engage citizens with preparing national reform programmes and by 2014 a lack of wider ownership was a top concern for the Commission.

After some initial promise, the implementation rate of Country-Specific Recommendations diminished. It seems, moreover, that the Europe 2020 Strategy began to lose impact after 2012. This observation is a very important piece in the jigsaw of evidence. We are concerned with the dynamic aspects of strategy momentum and credibility (see Moore 1995 on strategy credibility) over the period 2010–2014. The early waning of the strategy’s momentum (after 2012) hampered its legitimacy as a tool of public governance in Europe and this was well before the new Commission in 2014. The key point here is to understand why this loss of momentum occurred. Why did its momentum fail so quickly?

The disappointing trajectory of the strategy’s impact can lead to various hypotheses. A first one could be: the strategy was an administrative initiative framed in managerial terms and lacked democratic willpower behind it. We will see in Chap. 5 the role that has been played by the other European Institutions, the European Council, and the European Parliament to empower a political will for Europe 2020 strategy. Moreover we know from the Commission’s own interim evaluations that the public (European Commission 2010a; European Commission and DG for Regional Policy 2015) had not been engaged with the Europe 2020 Strategy. At this point, in other words, the hypothesis is that the Europe 2020 strategy was not invested with adequate political leadership. Might we see this as itself caused by a long-standing feature of European public governance—a reluctance to pool sovereignty in the European Council and/or in the European Parliament? And contrary to some suspicions around Europe, does it also reflect the fact that leading countries like

Germany have had political leaders who were reluctant personally to step into a highly visible attempt to provide a presidential style leadership?

Talking now of the ‘grand discourses’, different rhetorics and their possible effects, we can note the possibility of two logics. We have not concluded that these are necessarily or completely in opposition or in contradiction. The Europe 2020 Strategy is based on a fairly conventional analysis from a managerial perspective. The Europe 2020 strategy approach was motivated by a need for Europe to respond strategically to its environment (Ansoff 1965). This European environment was characterized in 2010 by several threats, first the threat to the European way of life and its social model by economic competition posed by new emergent global economic powers, second by a long-lasting threat because of the poor innovation capacity of European industries facing this global competition, and finally by a threat due to climate change. The convergence of these threats had, we think, inspired the reference to the sustainable growth model (Report Brundtland 1987). Then, in good managerial fashion, there was a need for a strategic plan to respond to these threats. Was it just ‘window dressing’, a nice-looking strategy document, or was it an achievable but ambitious plan for Europe to be smart, green and inclusive? We have stressed that this strategy was monitored together with the Growth and Stability Pact and that this done through the European Semester. This strategic plan identified key headline targets for the three pillars of the sustainable growth model. The strategic plan also addressed the fact that EU institutions would be at the heart of implementation of the Europe 2020 Strategy and this was conceptualized in terms of guidance and targets and in terms of the various parties that were responsible (the European Council, the Commission, the European Parliament and Member States).

The final key fact is that Juncker’s ten priorities did not attempt to displace or supplant the Europe 2020 Strategy as might have been speculated—having in mind the proposition that public reforms and programmes are routines oriented to the future, necessarily better than the previous reforms, and nurturing a culture of hope in organizations (Brunsson 1989, 2006). It was not the case. As we saw in a European Parliament document (Fig. 4.6), the Europe 2020 Strategy was seen as a higher-level document, hierarchically superior to Juncker’s ten priorities document. Indeed, the ten priorities appeared to be a political programme based on a political rationality and embracing a larger view of Europe’s future than the Europe 2020 growth model.

In 2014 there was an overtly more political definition of the concerns of the President of the European Commission, which the new President justified by suggesting that his nomination of the European Commission had been influenced by a democratic rationale for his appointment—his party had strong representation in the European Parliament. This must seem a strange ‘turn’ in the institutional understanding of the Commission when compared with the pre-2014 perspective of President Barroso, who distanced the civil servants of the Commission from party politics, and who stressed their impartiality and their loyalty to Europe as a whole. Barroso’s perspective was straight down the line of the idea that civil servants served politicians and were not themselves political. So, why did Juncker embrace a political and democratic element in his justification of his nomination? It could be argued that President Juncker has been attempting a more political rendition of his role as President of the Commission than did his predecessor. Did it indicate a problem in political leadership and oversight of European Union strategy, including the Europe 2020 Strategy?

A report published by the European Court of Auditors (2016) questions directly the practice of European Governance. We recognize that governance in Europe and elsewhere can become an issue for reasons of democracy or reasons of failures of effectiveness (Levi 2006). Concerns about effective government achieving results is taken up again in later chapters. What is for sure is that the two grand discourses of management and politics have continued to frame the strategy: the 2010 statement of the Europe 2020 Strategy was a strategy largely managerial in its perspective and Juncker’s ten priorities document of 2014 seemed to offer something very political albeit from an administrative position. At this point, it is not totally clear to what extent this dichotomy in discourses is damaging. It can be argued that the two traditions could intertwine positively. Or alternatively it could be said that the distinctness and dichotomy of the two documents overlook the dynamics of the European Union and the dynamics of the Europe 2020 Strategy. We have in mind the speculation that an important strategy in a European Union public governance context has to be backed by political leadership and oversight, and that if this is in some sense deficient, then the European Union institutions (European Council, European Parliament and European Commission) may look to leadership to attempt to evolve the institutions to create a more effective system of public governance. Perhaps this is what Juncker was doing in 2014?

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Political Leadership and the Europe 2020 Strategy

The European Union has government institutions that are very unusual, making it unlike the government structures of the Member States that compose the Union. In part these specificities reflect concerns to ensure national governments and citizens are represented in its governance system; and in part the functions and relationships of the European Commission have been moulded to help support a process of transition to political solidarity across Europe. We would also suggest that European Union governance varies from policy to policy and that the European Union is a system of differentiated integration in levels of centralization (competition versus foreign policy) and also in territorial extension (Schengen/non-Schengen, Euro/non-Euro) (Heidbreder and Brandsma 2017). The European Union is a polity in the making but European policies have developed in a piecemeal way with a varying influence over time of Member States in their formulation and this in a context of globalization reshaping the Europeanization process itself (Leontitsis and Ladi 2017). The European Union edifice is characterized by incompleteness and fluidity, which is not a new thesis at least for political control on policies (Marks and Hooghe 1996).

While in the past there was a big issue centred on whether or not the European Commission was an unelected legislator (Cini 2002), there are new emerging issues in relation to political leadership in the European Union. They concern:

- Rise of a new intergovernmentalism and role of the European Union institutions
- Influence of Member States
- Political leadership resources including comitology (i.e., use of a European Union committee procedures)
- The personalities and behaviours of European Union presidents

The intergovernmentalism issue is above all an institutional debate since the Treaty of Maastricht. Several authors (Kassim et al. 2013; Bickerton et al. 2015) interpret a “tendency towards European integration without supranationalism” as a kind of decline of the European Commission powers. Conversely Nugent and Rhinard (2016) argue that some powers and influence of the Commission have been strengthened in core functions such as agenda setter, legislative actor and executive actor.

On the role of the Commission presidency, it has been argued that the institutional framework fosters leadership capacity. Kassim (2017) suggested that Member States’ interest has been a pre-condition for radical change. The strengthening of the Commission Presidency has been debated since 2004 but this has been finally acted upon and strengthening of the Presidency has been finally implemented. With the increased visibility of the Commission Presidency, the organization now has a leadership figure with the authority to change, alter, and command the institution.

Even if the European Council is formally the strategy body of the Union, a lawmaker and a decision maker (COU and General Secretariat 2014), there is not that much literature, at least in organizational terms, on the exercise of this leadership. Institutionally the European Council functions mainly by consensus. The point is merely discussed in relation to the influence of Member States or at the level of the personal characteristics of the President. On the other hand, the Council members’ loyalty to the common interest has been questioned. Indeed, the extensive exposure of Council members to the European level does not lead necessarily to supranational role playing; on the contrary domestic factors affect the adoption of supranational role conceptions (Beyers 2005).

Regarding the European Parliament, its role has been redefined by the Lisbon treaty and also by inter-institutional agreements. It became a legislative body while being able to set the agenda for the selection of the Commission President and mastering complicated legislative process (Dinan 2014). The work in committees has modified the European Parliament’s function as a public arena of debate and conflict. This is

visible when the big party groups mainly vote like a singular bloc in the plenary because decisions have already been agreed in the committees (Kohler 2014).

Moreover, it appears that Commission demonstrates an increasing deference to the European Parliament, which was particularly noticeable in the close relationship between Juncker and former President Martin Schulz, who has been himself a candidate for Commission President in 2014 (Dinan 2016). The changing dynamics of the relationship between the European Parliament and the European Commission goes well beyond personal connections, and is rooted in the procedure by which the European Parliament forced the hand of the European Council in 2014 to nominate as Commission President the candidate whose political party won the most votes in the European Parliament elections.

The question of political leadership is also addressed in connection with the influence of Member States. Based on empirical data on the conclusions of Council meetings, Alexandrova and Timmermans (2013) suggest that the presidency does not provide a *de facto* institutional advantage for agenda setting power for any of the countries because of normative and political constraints. On the lobbying issue, Panke (2012) shows that member states use lobbying strategies whose effectiveness relies more on its accuracy than on its frequency.

Germany is widely perceived to be a powerful Member State. Germany has pursued a European vocation (Paterson 2010) avoiding a discourse of national interest and has had a preference for presenting European initiatives in tandem with France. The eurozone crisis has been a tipping point for German Europeanism, Germany becoming arguably a reluctant hegemonic force (Paterson 2011). It is worth recalling that the European semester has been adopted to ensure stricter budgetary *ex ante*. The joint work of leadership by France and Germany in the context of the eurozone crisis, and the willingness of other European Union members to subscribe to the results of such bilateral ‘pre-cooking’ of European decisions (Schild 2013), could be seen as redefining the perception that Member States will always avoid being hegemonic because of their commitment to the European cause.

The European Commission, in its role as guardian of the Treaty, can use the greater autonomy of the European Court (Schmidt 2000). When the agenda setting appears to be difficult, the Commission can still launch new policy initiatives (Cini and Šuplata 2017). Moreover time horizon could be important in the European Union multi-level system. Due to this

initiative capacity, the Commission has the possibility to ‘turn time into power’ (Hartlapp 2016) and to orientate new attempts.

Political leadership can also make use of comitology, which can be seen as a system of committees that controls the European Commission in the execution of delegated powers. In the past this received wide attention. To what extent the overall comitology supports the Commission’s preferred options rather those of the Council? The evolution of comitology has always been in discussion (Kaeding and Hardacre 2013) leading in 2006 to a reform that resulted from a constitutional struggle between the relative supervisory position of Council and European Parliament and between the legislative and the executive branches of the European Union system (Blom-Hansen 2011). The three institutions have different preferences: the Council seeks a strict comitology control while the Commission and the Parliament both seek a more permissive control leaving place to actors to anticipate strategically each other’s preferences (Blom-Hansen 2014).

Even if the Council Presidency is institutionally weak, it is possible that the individuals who occupy that role may be influential and may change how they enact their role. For example, Herman Van Rompuy, first President of the Council, initially played the role of a neutral broker but later he was seen as having acted in favour of the preferences of the powerful Member States (Tömmel 2017). Being able to make use of both formal and informal rules (Dinan 2017), he has been seen as having reinforced the intergovernmental dimension of the European Union, which is not contradictory.

Tömmel (2013) considered that President Delors, a President of the Commission, was able to act as a transforming leader, whereas Santer and Prodi mainly performed as transactional leaders. Why was this? Can it be attributed to situational context, personal qualities, etc.? When comparing President Delors and Barroso, it is their personal capacity in respect of the agenda setting activity that may be highlighted (Müller 2016, 2017).

Have the European Council, the European Commission and the European Parliament provided strong and coherent strategic leadership? We concluded the previous chapter by speculating that a strategy in a public governance context has to be backed by political leadership, whatever its source, European Commission, European Council and European Parliament. This is exactly the point in this chapter.

We are interested in political leadership since 2010 in relation to the Europe 2020 Strategy and in relation to the different EU institutions. Again, and similarly to Chap. 4, our epistemological posture is that of

scholars in management science. In order to understand how the European Commission, the European Council and the European Parliament relate to the political leadership, we will focus on their different contributions to the building and implementing of the Europe 2020 Strategy. The question here is how the European Union institutions have enforced, endorsed, and supported the Europe 2020 Strategy. We have already noticed that the strategy began to lose its impact after 2012. We hypothesize that the strategy was too much just an administrative initiative framed in managerial terms and not enough an expression of political leadership and not enough an expression of democratic will power. We wonder, what role had the European Institutions played in creating a momentum around the implementation of the strategy?

Basically to figure out who is in the ‘driving seat’ regarding the delivery of the Europe 2020 Strategy, we have to look at the interactions between European institutions in relation to:

- The European Semester, aiming at a better alignment of Member States through their own budgets towards convergence on fiscal equilibrium on one hand and on the Europe 2020 Strategy on the other hand,
- The European Union budgetary process and through the allocation of funds (flagships initiatives, cohesion policy and, especially, structural funds) to programmes helping Member States.

We focus in this part on European Institution interactions (European Commission, Council, and Parliament) leaving for Chap. 6 the analysis of national reform programmes produced by Member States. And in Chap. 7 we look at the making of documents by General Directorates (DGs) of the European Commission.

1 THE EUROPEAN INTERACTIONS AROUND THE EUROPEAN SEMESTER

To assess the credibility (and the decline of credibility) of the Europe 2020 Strategy we have analysed European Council recommendations to Member States in the period 2012–2016. These recommendations were part of the annual European Semester. We have also examined the texts, adoptions, and debates of the European Parliament.

To allow a clear-cut vision of the evolution of the recommendations, we analysed the recommendations from 2012 to 2014 (prepared and endorsed during the Barroso Commission) and present some cases studies illustrating changes occurring between 2011 and 2016 (from Barroso to Juncker Commission).

1.1 2012–2014: Analysis of Council Recommendations to Member States

The documents analysed here are the Council Recommendations to Member States and not the proposals of the Commission because the Country-Specific Recommendations are politically binding insofar they are endorsed by the European Council and formally adopted by the Council. Our focus is on the final recommendations—the content of them—without speculating on possible differences of point of view between the European Council and the Commission.

To establish an initial view of what was going on, let us have a look at the relative weight of the Europe 2020¹ arguments based on a content analysis² of the yearly Council recommendations between 2012 and 2014 (COU 2011–2016).

The keyword density associated with Europe 2020 (see Fig. 5.1) in the yearly Council reports is not rising uniformly, which would be a clear sign of a rising strategic concern about the sustainable growth model that is the subject of Europe 2020: The coverage index was rising from 0.42 per cent to 1.4 per cent while at country level the picture is quite varied. For example, it can be seen from the graph that the coverage index increases between 2012 and 2014 for Spain, Ireland, Poland, and the Czech Republic but decreases for Germany, France, the United Kingdom, Italy, and Austria.

This initial view provides an indication how much the European Council is focusing on the Europe 2020 Strategy (adopted in 2010) in its

¹Keywords for Europe 2020: “employment rate” OR “unemployment” OR “research and development” OR “R&D investments” OR “CO2 emission reduction” OR “renewable energy” OR “energy efficiency” OR “early school leaving” OR “tertiary education” OR “risk of poverty” OR “social exclusion”.

²All CEU recommendations respectively for each year 2012, 2013 and 2014 have been consolidated into a single text analysed with N’Vivo allowing the calculation of a coverage index for each of the keywords associated with Europe 2020. The coverage index has been treated using excel tables and graphs.

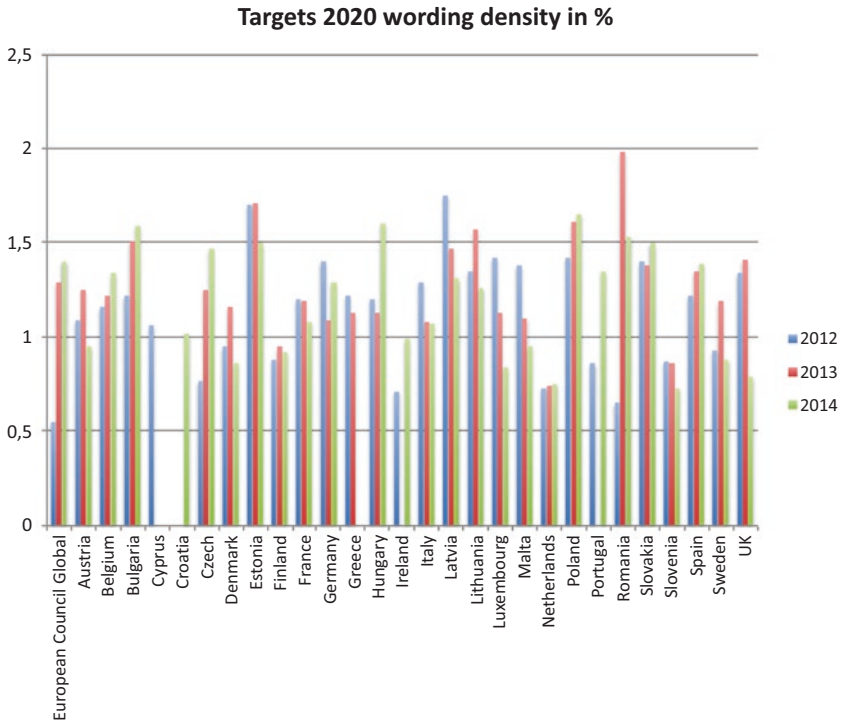


Fig. 5.1 Coverage index (per cent) of agenda 2020 associated wording in Council’s reports
 Source: based on N’Vivo coverage index calculated on COU (2011–2016)

encouragement and guidance to Member States. It is important to remember that these Council’s reports are the result of a discussion with each Member State based on initial propositions of the European Commission. The recommendations are the final inputs before the budget cycles in Members countries aiming at aligning national strategies through their budgets in the European Semester framework. At this stage, it is difficult to conclude, then, that the focus on the Europe 2020 Strategy was a dominant concern in interactions between the European Council and Member States between 2012 and 2014.

Country-Specific Recommendations have been also analysed using Alceste© software. The descending classification³ analysis of 2014 Council Recommendations to all Member States⁴ is depicted in Fig. 5.2.

The index of relevance (Khi2) was very high (95 per cent) and supports the conclusion that there were four important classes of text units:

- Class 1⁵ (28 per cent of text units) groups self-referential terms (Europe, Council, States) always present in official documents stating the legal framework on which the document is based
- Class 2 (17 per cent) was about budget deficit and the stability pact
- Class 3 (21 per cent) related to labour market, education and training
- Class 4 (34 per cent) groups arguments linked to administrative efficiency and laws for competition in various economics sectors (banking, energy, transport, etc.)

This analysis provided an indication of the focus in 2014 of the European Council's interactions with Member States. Bearing in mind that the European Semester was used to monitor the stability and growth pact and the Europe 2020 Strategy, it is interesting to note how the classes related to them. It looks as though Class 2 was aligned to the stability and growth pact and Classes 3 and 4 might be associated with the Europe 2020 Strategy. We would add the comment that Class 4 arguments are focussed more on structural reforms (competition, public utilities, tax system administration ...) than on the Europe 2020 Strategy itself or on governance issues.

We provide here in the following box (Fig. 5.3) some verbatim extracts to illustrate the four discourses.

Figure 5.4 displays a factorial analysis of the same documents. This alternative display allows us to identify the countries significantly linked to one set of arguments. If we exclude the self-referential category, it gives:

- UK and Netherlands linked to deficit
- France, Portugal, Slovenia, Croatia linked to competition laws and frames, sectoral reforms

³ See Appendix A for details on descending classification.

⁴ All 2014 COU recommendations to all Member States were consolidated into a single text unit to allow a content analysis.

⁵ The class numeration indicates the rank with which each has appeared in the descending classification.

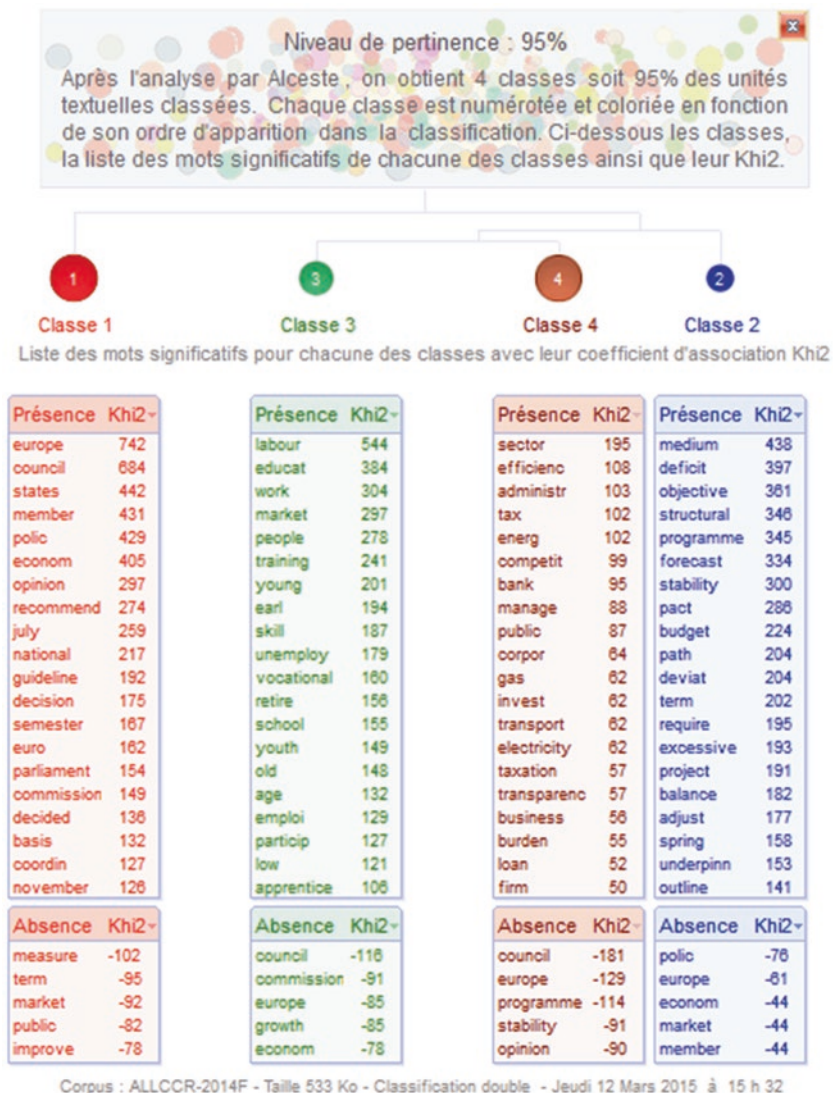


Fig. 5.2 European Council recommendations to all Member States in 2014
Source: Alceste© analysis based on COU (2011–2016)

Class 1

« **Unité n° 0100:** 6, on 20 December 2013, the European council endorsed the priorities for ensuring financial stability, fiscal consolidation and action to foster growth. It underscored the need to pursue differentiated, growth friendly fiscal consolidation, to restore normal lending conditions to the economy, to promote growth and competitiveness, to tackle unemployment and the social consequences of the crisis »,

« **Unité n° 0609:** 3, on 29 June 2012, the Member States' heads of state or government decided on a compact for growth and jobs, providing a coherent framework for action at national, EU and euro area levels using all possible levers, instruments and policies »

Class 2

« **Unité n° 0462:** overall, the budgetary strategy outlined in the convergence programme is in line with the requirements of the stability and growth pact. The debt level, at 44, 5 of GDP in 2013, is planned to temporarily increase in 2015 and to decline thereafter. The macroeconomic scenario underpinning the budgetary projections in the convergence programme is plausible. »

« **Unité n° 1865:** however, the annual improvement of the, recalculated, structural balance planned in the stability programme falls below the recommended effort as of 2014. For 2017, the plan envisages sufficient progress towards the medium. term objective, although this may not be enough to reach it in the same year as declared in the stability programme »

Class 3

« **Unité n° 0034 :** in 2014, some measures to limit access to early retirement schemes and to increase incentives for staying longer in employment have entered into force. still, the effective retirement age of 58, 4 years in 2012 is well below the EU average. it remains considerably below the statutory retirement age, by 5, 6 years for men and by 2, 6 years for women in 2012 ».

« **Unité n° 1998:** 13, the labour market situation of young people, the low skilled and people with a migrant background remains weak. Youth unemployment remains above the EU average".

Class 4

« **Unité n° 1791:** to accelerate the processing of non performing loans while maximising recovery value and preserving viable businesses. any further transfer of non performing loans to the bank asset management company needs to be carefully designed in order to facilitate swift and efficient restructuring of corporate credits, »

« **Unité n° 0790:** in particular, use the available scope for increased and more efficient public investment in infrastructure, education and research. improve the efficiency of the tax system, in particular by broadening the tax base, in particular on consumption, by reassessing the municipal real estate tax base, by improving the tax administration and by reviewing the local trade tax »

Fig. 5.3 Extracts of discourses in 2014 European Council recommendations to Member States

Source: Alceste© analysis based on COU (2011–2016)

- Austria, Bulgaria, Romania linked to labour market and education
- All other countries are not sufficiently linked to a sole Class

As the Alceste© analysis provides only an aerial view of the dominance of a discourse in a text, it does not mean, for example, that France, Spain,

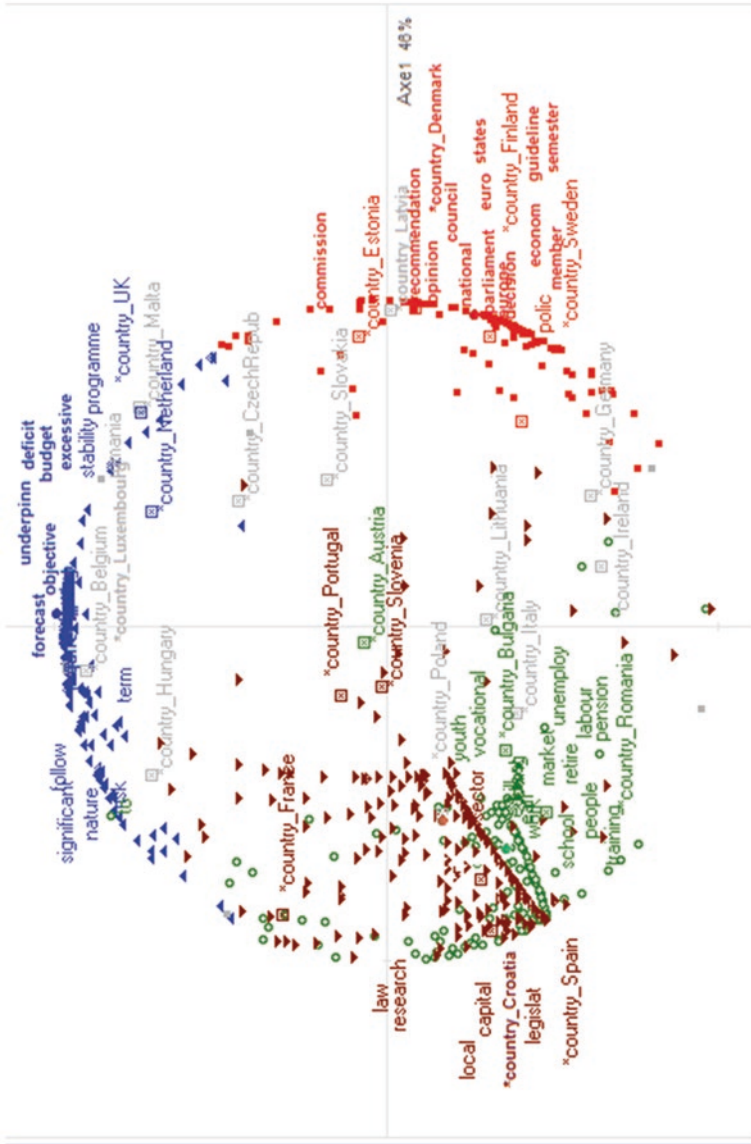


Fig. 5.4 Analysis of European Council recommendations to all Member States in 2014
Source: Alceste© analysis based on COU (2011–2016)

Portugal, and Slovenia received only recommendations on sectoral reforms. It just means that this discourse was a dominant theme in the recommendations. Likewise Austria and Bulgaria were not only linked to labour market and education and the United Kingdom and the Netherlands were not linked to deficit.

The factorial analysis requires an interpretation of two axes. Arguably in this case, the Y-axis can be seen as concerned with economic crisis (budget deficit at the top of the axis, and unemployment at the bottom) while the X-axis represents the institutional context (European and institutions on the right of the X-axis, and research and business development on the left of the axis).

At first glance, the preceding figures seem to be missing some key concerns of the Europe 2020 Strategy; both green issues and industrial policy concerns (such as investment in research and development) are absent.

The Council's recommendations would not need to address all the headline targets of the Europe 2020 Strategy all the time: we would expect the recommendations to focus on corrective action by Member States in order for them to make the required progress towards delivering the Europe 2020 strategy. As can be seen the main concerns in 2014 were still about recovery from the problems of the financial crisis and its consequences for government deficits and labour markets. Actually, this conclusion may provide a tentative answer to the question of why the Europe 2020 Strategy seemed to lose momentum after 2012. While the Europe 2020 Strategy appears to still matter after 2012, it seems as though it was becoming neglected and fading into the background.

1.2 European Council Recommendations: Some Detailed Case Studies from 2011 to 2016

The analysis produced by the use of N'Vivo and Alceste© softwares was followed by some case study analyses. Specifically, our case studies were: (1) case studies of some countries in the west and north of Europe, which were mainly old Member States (France, the United Kingdom, Germany, Finland, Sweden, and Lithuania); (2) case studies of some southern Europe countries (Italy, Spain, Portugal, and Slovenia). Arguably, this selection of Member States is useful given our findings about the spatial distribution of effective and credible governments in Europe (discussed in Chap. 2) and the spatial distribution of desirable societies to live in (discussed in Chap. 3).

In order to illustrate the diversity and the eventual evolution in the final recommendations to Member States (whether initiated by the Council alone or in accordance with Commission standpoint will be discussed later), we analyse here COU (2011–2016):

- Council recommendations to the United Kingdom and France in 2011, 2014, and 2016
- Council recommendations in 2014 and 2016 to four countries ringing the Baltic Sea
- Council recommendations to Italy, Spain, Portugal, and Slovenia in 2014 and 2016

Those cases are discussed here taking 2014 as an intermediate milestone in order to capture the routine production of European Council recommendations, which we thought was sufficiently after the launch of the Europe 2020 Strategy in 2010 to see the system of Council recommendations to Member States fully functioning.

United Kingdom and France Case Studies

These case studies are presented here together because they offered an evident contrast in terms of how the Council was expressing its recommendations to two countries that appeared to have different government feelings about the Europe 2020 Strategy. The United Kingdom was never that receptive to the Europe 2020 Strategy, as will be much clearer after Chap. 6. It was the only country to have failed to define targets for several headline targets.⁶

Based on different aggregations measuring success towards the Europe 2020 Strategy, while the United Kingdom and France are both considered high-medium performers (Çolak and Ege 2011), the United Kingdom was ranked lower, between 11th and 21st position. France was classified between 5th and 18th (Leon and Nica 2011; Brauers et al. 2012; Pasimemi 2013).

Let's just have a look at Table 5.1 that summarizes the main concerns of Council recommendations in a three-year perspective.

The European Council could have been very forthright in making recommendations and warnings to the United Kingdom—and it could have said explicitly that it should come into line with all the other Member States that had set national targets in alignment with the Europe 2020 targets.

⁶Which takes its full significance after the Brexit.

Table 5.1 Council recommendations to UK in 2011, 2014 and 2016

2011	2014	2016
1. Implement the planned fiscal consolidation	1. Reinforce the budgetary strategy to correct the excessive deficit	1. Endeavour to correct the excessive deficit
2. Develop a programme of reforms addressing the destabilizing impact of the house price cycle	2. Increase the transparency of macro-prudential regulation in respect of the housing sector	2. Address shortfalls in network infrastructure investment
3. <i>Take steps by 2012 to ensure a higher share of young people entering the labour market</i>	3. <i>Maintain commitment to the Youth Contract improving skills</i>	3. <i>Address skills mismatches and provide for skills progression, including by strengthening the quality of apprenticeships. Further improve the availability of affordable, high-quality, full-time childcare</i>
4. <i>Take measures in the current budgetary plans to reduce number of workless households</i>	4. <i>Continue efforts to reduce child poverty in low-income households</i>	
5. Improve availability of bank and non-bank financing of the private sector	5. Continue efforts to improve availability of bank and non-bank financing to SME's	
	6. Follow-up the national infrastructure plan	

Source: COU (2011–2016) (2011/C 217/04), (2014/C 247/26), (2016/C 299/03)

Note: Text in italics highlights Council recommendations appearing relevant to Europe 2020 targets

There were no Council recommendations to the United Kingdom on green issues and smart objectives that were notably not the strongest points of the country's performance (Eurostat 2016, p. 193). It did not say that the United Kingdom should set targets for reducing the number of people in the population at risk of poverty even though all Member States had been required to set national targets regarding poverty generally. It was notable that the European Council even appears to accommodate the United Kingdom approach on poverty by recommending in 2014 that there should be continued action on child poverty in low-income households. We can conclude this case by saying that the tone of Council recommendations to the United Kingdom appeared to us to be very diplomatic and the stance appeared accommodating in terms of the Europe 2020 Strategy while the same could not be said about the European Council's

Table 5.2 Council recommendations to France in 2011, 2014 and 2016

2011	2014	2016
1. Ensure fiscal effort and implement the correction of the excessive deficit	1. Reinforce the budgetary strategy, and ensure the correction of the excessive deficit	1. Ensure a durable correction of the excessive deficit
2. <i>Combat labour market segmentation</i>	2. <i>Ensure the labour cost reduction ... Take action to further lower employer social security contributions</i>	2. <i>Ensure that the labour cost reductions are sustained and that minimum wage developments are consistent with job creation and competitiveness</i>
3. <i>Encourage access to lifelong learning in order to help maintain older workers in employment and enhance measures to support return to employment</i>	3. Simplify companies' administrative, fiscal and accounting rules	3. <i>Improve the links between the education sector and the labour market</i>
4. Increase the efficiency of the tax system	4. Remove unjustified restrictions to regulated professions and promote competition in services.	4. Remove barriers to activity in the services sector
5. Take further steps to remove unjustified restrictions on regulated trades and professions	5. Reduce the tax burden on labour and increase the efficiency of the tax system	5. Take action to reduce the taxes on production and the corporate income statutory rate
	6. <i>Take further action to combat labour market rigidity</i>	
	7. <i>Pursue the modernization of vocational education and training</i>	

Source: COU (2011–2016) (2011/C 213/03), (2014/C 247/09), (2016/C 299/27)

Note: Text in italics indicates Council recommendations appearing to be relevant to Europe 2020 targets

recommendations on matters relating to fiscal equilibrium or on regulation of the housing sector. Does it mean that the Europe 2020 Strategy was considered as a too much sensitive subject for the United Kingdom (with the exception of poverty and the labour market) or was it simply that Council recommendations were made pragmatically, meaning that recommendations were only made if the Member State was likely to be receptive to them?

The France case is interesting to study after the UK because it represents the example of a 'willing' Member State with a strong tradition of

planning and therefore more willing and able to collaborate with the Europe 2020 Strategy (see Chap. 6). Table 5.2 details the recommendations made to France between 2011 and 2016.

Two or three recommendations can be related to European 2020 priorities but some coupled indirectly, for example all recommendations targeting labour market rigidities and social contributions that could be arguably considered by the French Government since 2012 as too neo-liberal compared to the national social model.

Both cases suggest that European Union institutions provided little supervision and guidance to Member States in respect of action by Member States to deliver the Europe 2020 Strategy. While the monitoring of the fiscal deficit was systematic, the supervision of action towards Europe 2020 headline targets seemed spasmodic and half-hearted. The Council's recommendations appeared to be framed by a growth-friendly approach based on structural reforms but with little intent to drive the Europe 2020 Strategy forward. There was no noticeable drive to ensure delivery of the Europe 2020 Strategy by these two Member States during the period between 2012 and 2016.

Case Studies of Nordic and Baltic Countries

We now consider a group of countries considered to be performing well on the Europe 2020 agenda. Sweden, Germany, and Finland are classified as in the best group in terms of performance on the Europe 2020 priorities (Çolak and Ege 2011; Leon and Nica 2011; Brauers et al. 2012; Pasimeni 2013) while Lithuania was classified in the high-medium performance group.

The European Council recommendations (as depicted in Table 5.3) can be seen as affirming the importance of European integration through a growth model that is not totally explicit. In 2016, the recommendations appear to be more cautious regarding the conditions of social dialogue.

We found surprising the fact that the European Council recommendations to Sweden, Finland, and Germany had not given great importance to the rise in numbers of people at risk of poverty. While it is not entirely clear what the text of the Europe 2020 Strategy document meant by the social models of Europe, it might be suggested that a rise in the numbers of people at risk of poverty would be seen as antithetical to the social models being pursued in Europe. Moreover, contrary to evidence available in

Table 5.3 European Council recommendations to Member States in 2014 and 2016

Countries	2014	2016
Sweden	<ol style="list-style-type: none"> 1. Continue to pursue a growth-friendly fiscal policy 2. Moderate household sector credit growth and private indebtedness 3. Further improve the efficiency of the housing market 4. <i>Take appropriate measures to improve basic skills and facilitate the transition from education to the labour market</i> 	<ol style="list-style-type: none"> 1. Address the rise in household debt by adjusting fiscal incentives
Germany	<ol style="list-style-type: none"> 1. Pursue growth-friendly fiscal policy and preserve a sound fiscal position 2. Improve measures that support domestic demand reducing high taxes and social security contributions especially for low wages 3. Keep the overall cost of transforming energy system 4. More ambitious measures to stimulate competition in the service sector 	<ol style="list-style-type: none"> 1. <i>Achieve a sustained upward trend in public investment, especially in infrastructure, education, research and innovation</i>, while respecting the medium-term objective 2. Reduce inefficiencies in the tax system 3. Increase incentives for later retirement and reduce disincentives to work
Finland	<ol style="list-style-type: none"> 1. Limit the emerging gap between medium-term objective and ensure the debt criterion is fulfilled 2. Ensure effective implementation of on-going administrative reforms (municipal and social services) 3. <i>Improve use of the full labour force potential including increasing effective employment rate (including young peoples)</i> 4. Continue efforts to enhance competition in product and services markets, especially in the retail sector 5. <i>Continue to boost Finland's capacity to deliver innovative products</i> 	<ol style="list-style-type: none"> 1. Achieve an annual fiscal adjustment of at least 0.5 per cent of GDP 2. <i>While respecting the role of social partners, ensure that the wage-setting system enhances local wage bargaining and removes rigidities, contributing to competitiveness</i> 3. Continue pursuing efforts to increase competition in services

(continued)

Table 5.3 (continued)

Countries	2014	2016
Lithuania	<ol style="list-style-type: none"> 1. Reinforce budgetary measures for 2014 in the light of expenditures growth 2. Adapt a comprehensive pension system with measures on employability of old workers 3. <i>Better target active labour market policy to the low-skilled and LT unemployment, improve coverage of unemployment risk</i> 4. <i>Ensure adequate coverage for those in needs, continue to strengthen the link between cash social assistance</i> 5. Complete the implementation of the reform of State owned enterprises (further professionalization of boards) 	<ol style="list-style-type: none"> 1. Ensure that the deviation from the medium-term budgetary objective is limited to the allowance linked to the systemic pension reform 2. <i>Strengthen investment in human capital and address skills shortages ... Reinforce the coverage and effectiveness of active labour market policies ... Improve the performance of the healthcare system</i> 3. <i>Take measures to strengthen productivity and improve the adoption and absorption of new technology</i>

Source: COU (2011–2016) (2014/C 247/25), (2014/C 247/05), (2014/C 247/24), (2014/C 247/13), (2016/C 299/05), (2016/C 299/24), (2016/C 299/13)

Note: Text in italics indicates Council recommendations appearing to be relevant to Europe 2020 targets

Eurostat reports (2013, 2016),⁷ recommendations to Germany and Finland did not mention the share of renewable energy. Nor did the recommendations mention research and development in the cases of Sweden and Lithuania. All in all, we were not convinced that recommendations were responding to negative trends in key results areas.

Case Studies of Southern Europe Countries

We now turn to the southern part of Europe. European Council recommendations in 2014 and 2016 have been summarized in Table 5.4. Italy, Spain, and Portugal are classified in the worst performing group or low-medium performance group (Çolak and Ege 2011; Leon and Nica 2011; Brauers et al. 2012; Pasimeni 2013) while Slovenia is not systematically referenced.

As previously noticed for other Member States, the south of Europe countries received recommendations that are predominantly focused on structural reforms. They were also focused on excessive deficits. The issue of poverty is never evoked while evidence is available in Eurostat reports (2013, 2016).⁸ There is an absence of comments on renewable energy and research and development for Italy, Spain, and Portugal. The number of European Council recommendations, whether made in 2014 or in 2016, that addressed the issue of administrative reforms to these countries struck us as presenting a pattern—which we have already mentioned in Chaps. 2 and 3 for these Member States. The north of Europe countries, which were judged to be the best performers in terms of the Europe 2020 Strategy did not get recommendations to reform or modernize their public administration.

In summary, looking at European Council recommendations to Member States between 2014 and 2016 suggests that fiscal equilibrium was the dominant concern in the work and interactions of the European Semester. In the formulation of Council recommendations to Member States, we would have expected a stronger use of evidence produced by Eurostat showing the national results being achieved in relation to the Europe 2020 Strategy. There were obvious deficiencies in the use of evidence-based assessments to inform recommendations (such as evidence on numbers of people at risk of poverty). We also infer that some of the recommendations on Europe 2020 priorities were negotiated with the

⁷ See also Chap. 5.

⁸ See also Chap. 6.

Table 5.4 Council recommendations to Italy, Spain, Portugal, and Slovenia in 2014 and in 2016

<i>Countries</i>	<i>2014</i>	<i>2016</i>
Italy	<ol style="list-style-type: none"> 1. Reinforce the budgetary measures 2. Further shift the tax burden from productive factors to consumption, property and the environment 3. Improve the efficiency of public administration, clarify competences at all levels of Government 4. Reinforce the resilience of the banking sector 5. <i>Evaluate the impact of the labour market and wage-setting reforms on job creation</i> 6. <i>Implement the National System for Evaluation of Schools</i> 7. Simplify the regulatory environment for businesses and citizens and address implementation gaps 8. Ensure swift and full operationalization of the Transport Authority 	<ol style="list-style-type: none"> 1. Limit the temporary deviation from the required 0.5 per cent of GDP 2. Implement the reform of the public administration 3. Accelerate the reduction in the stock of non-performing loans 4. <i>Implement the reform of active labour market policies, in particular by strengthening the effectiveness of employment services</i> 5. Swiftly adopt and implement the pending law on competition
Spain	<ol style="list-style-type: none"> 1. Reinforce the budgetary strategy 2. Complete the reform of the saving banks sector 3. <i>Reduce labour market segmentation to favour sustainable, quality jobs</i> 4. <i>Implement the Youth Entrepreneurship and Employment Strategy</i> 5. <i>Implement the National Action Plan on Social Inclusion</i> 6. Adopt an ambitious reform of professional service 7. Ensure the effective elimination of deficit in the electricity system 8. Implement at all government levels the recommendations of the committee for the reform of the public administration 	<ol style="list-style-type: none"> 1. Ensure a durable correction of the excessive deficit 2. <i>Take further measures to improve labour market integration, by focusing on individualized support and strengthening the effectiveness of training measures</i> 3. <i>Take further measures to improve the labour market relevance of tertiary education</i> 4. Accelerate the implementation of the law on market unity at regional level

Portugal	<ol style="list-style-type: none"> 1. Implement the necessary fiscal consolidation measures 2. <i>Maintain minimum wage developments consistent with the objectives of promoting employment and competitiveness</i> 3. <i>Present an independent evaluation of the recent reforms in the employment protection system</i> 4. <i>Improve the quality and labour market relevance of the education system</i> 5. Monitor banks' liquidity position and potential capital shortfalls 6. Implement the second and third packages of measures in the energy sector 7. Further improve the evaluation of the housing market 8. Continue modernize central, regional and local public administration and enhance the efficiency of the judicial system 	<ol style="list-style-type: none"> 1. Ensure a durable correction of the excessive deficit 2. <i>In consultation with social partners, ensure that the minimum wage is consistent with the objectives of promoting employment and competitiveness</i> 3. <i>Ensure the effective activation of the long-term unemployed and improve the coordination between employment and social services</i> 4. Take measures to facilitate the cleaning up of the balance sheets of credit institutions 5. Increase transparency and efficiency in public procurement
Slovenia	<ol style="list-style-type: none"> 1. Reinforce the budgetary strategy 2. Agree measures to ensure the sustainability of the pension system 3. <i>Develop a comprehensive Social Agreement</i> 4. Complete the privatization of NKBM and Abanka banks and implement restructuring plans of the banks 5. Continue to implement the privatization announced 6. Finalize a corporate restructuring master plan 7. Reduce obstacles to doing business 8. Take effective measures to fight corruption, enhancing transparency and accountability 	<ol style="list-style-type: none"> 1. Following the correction of the excessive deficit 2. <i>In consultation with social partners, increase the employability of low-skilled and older workers</i> 3. Improve the financing conditions for creditworthy business 4. Take measures to modernize public administration and reduce the administrative burden

Source: COU (2011–2016) (2014/C 247/11), (2014/C 247/08), (2014/C 247/20), (2014/C 247/22), (2016/C 299/01), (2016/C 299/02), (2016/C 299/26), (2016/C 299/22)

Note: Text in italics indicates Council recommendations appearing to be relevant to Europe 2020 targets

Member States (labour markets and education) or alternatively considered by the Commission as basic reforms prerequisites (environment for business an economic infrastructure, financial health). The emphasis in Council recommendations on reform and modernizing public administration in Italy, Spain, Portugal, and Slovenia seemed to us to indicate the European Council saw these countries in the south as among the Member States most challenged in terms of fiscal equilibrium and most challenged by the scale of change required by the Europe 2020 headline targets. In the cases of countries in both the north and the south of Europe, the Council's focus on, and attention to, the Europe 2020 Strategy appeared to be modest. The European Council appeared to be diffident in leading the European Union's economic strategy.

Perhaps the European Council saw its strong emphasis on structural reforms as justified by the need to regain economic stability, which might in turn be seen as essential for the survival of the European 'project'. But the price of this focus was the dismal outcome for the European Council's ability or willingness to provide the European Union with strategic steering towards social and economic success by 2020. The political centre of government in the European Union appeared to be weak in this aspect of strategic-state capabilities.

From this analysis, we infer that the Europe Union was operating a model of the governmental steering process that was weak in strategic process capabilities, and which in the end could have serious long-term problems in sustaining the social models of Europe. These problems might arise, we think, because Europe's social-market capitalism would not have been renewed through the Europe 2020 Strategy.

1.3 Are There Any Disagreements Between the Council and the Commission About the Recommendations?

The nature of political leadership in the European Union may seem fairly opaque to many of Europe's citizens. Some advance in clarifying its true nature can be secured by looking at the evidence on the working relationship between the European Council and the European Commission. Are the political leaders providing effective oversight of Commission activities? Are the officials of the Commission able and willing to deliver strategies generated genuinely by the political leaders? Do the political leaders find, as Max Weber suggested in relation to state bureaucratic administration, that there is a conflict between democracy

and bureaucracy and that too often political leaders find the asymmetry of knowledge in their relationship with bureaucrats forcing them to ‘rubber stamp’ decisions made by their officials? In terms of more contemporary debates about European government, are there differences of opinion between a European Commission that is supposed to be more ‘orthodox’ and a European Council that is supposed to be more open to bilateral dialogue with Member States?

The Europe 2020 Strategy attempted to define how government would operate in relation to the strategy. First, the elected politicians, who sat in the European Council, would ‘steer the strategy as it is the body which ensures the integration of policies and manages the interdependence between Member States and the EU’ (European Commission 2010a, p. 29). In other words, the European Council would be providing the strategic leadership of the strategy, being the body that provides ‘strategic direction’. Second, the Commission was expected to ‘monitor annually the situation on the basis of a set of indicators showing overall progress’ (European Commission 2010, p. 29). These definitions do not immediately indicate that differences might emerge between the Council and the Commission in making recommendations to Member States as part of the process of delivering the strategy. For the Council would be saying what countries should do and the Commission would be reporting on how well they were doing. Obviously, the scope for disagreement between the Council and the Commission might surface when it came to providing guidance on what national governments should do to improve delivery of the strategy.

In fact, the working relationship between Council and Commission was also potentially influenced by principles—such as the principle ‘complain or explain’ (IPOL 2016b). According to the Directorate-General for Internal Policies of European Parliament (IPOL 2015a) in 2015 this principle, in effect, tipped the balance towards the Commission: ‘The Council is expected to, as a rule, follow the recommendations and proposals of the Commission or explain its position publicly’⁹ (IPOL 2015a, p. 1).

In fact, the European Council voted generally to accept the Country-Specific Recommendations as formulated by the Commission and mostly to accept the Commission’s ranking of priority. Some minor rewording and limited additions occurred in the cases of six or seven countries in 2015 (IPOL 2015a) and in 2016 (IPOL 2016a). The Council justified some small rewording in recommendations concerning Germany (COU

⁹This obligation is stipulated in Article 2-ab (2) of EU Regulation No. 11757/2011.

2016, 9327/16). With some exceptions, mainly consisting rewording of recommendations and, more rarely, of additions, the Council made no fundamental reformulation of recommendations made by the Commission either in the content of the recommendations nor in the prioritizing. Obviously it can be argued that the principle ‘complain or explain’ introduces a duty of justification on the side of the Council and that it tips the balance between the ‘government’ (elected national politicians in the Council) and its ‘administration’ (i.e., the Commission).

It is also a fact that the Council had not, during all the years since 2010, as had the European Parliament (see further), expressed reservations and concerns about the focus of recommendations—driven as it was by the Stability and Growth Pact and neglecting the Europe 2020 Strategy. We infer, therefore, that the European Council found it difficult to be a strategic body. What was it doing? To what extent were the individual politicians in the European Council tending to operate a ‘national/country representative model’ and thus saw themselves as representing a national/country interest? This would be consistent with the minimal enforcement of the Europe 2020 Strategy by the European Council. They might then focus on the European Union budget and protecting their national interests. This implies a competitive or adversarial role with respect to the other politicians in the European Council. Under this system the typical politician in the European Council was not in position to operate as a ‘strategic director’ acting in the common interest of Europe.

How might the Commission react to such a situation? Two alternative possibilities existed. The Commission could be passive and feel frustrated that there was a lack of strategic direction/steering/will coming from the European Council but stand by helplessly. Or, it could try to be proactive and provide ‘will’ but of course there would be a legitimacy issue for a Commission trying to fill a leadership vacuum created by the failure of the European Council to direct/steer/act with will.

This would in turn indicate a possibility of the Commission becoming controversial—and there would be accusations that unelected bureaucrats were really making all the key decisions in Europe. Or, the Commission would be proactive in a traditional Weberian way by being ‘experts’ and the elected politicians would appear to be making the decisions but would actually be ‘rubber stamping’ decisions made by the Commission’s officials.

1.4 *European Parliament Interaction on European Semester and on Europe 2020 Strategy*

Last but not least, let us turn now to another institutional European actor, the European Parliament. It also had a role in the system of recommendations made to Member States. Its role was to vote on the Country-Specific Recommendations each year.

The elected politicians in the European Parliament are elected by the public(s) of Europe. Their constituents are citizens. According to the Europe 2020 Strategy document, the European Parliament ‘should play an important role in the strategy, not only in its capacity as co-legislator, but also as a driving force for mobilising citizens and their national parliaments. Parliament could, for instance, use the next meeting with national parliaments to discuss its contribution to Europe 2020’ (European Commission 2010a, p. 29). We might say the European Parliament was the body with responsibility for getting active public ‘support’ for the Europe 2020 Strategy.

We will rely in this part of our analysis on recent debates on the European Semester and on Country-Specific Recommendations.

The European Parliament resolution of 22 October 2014 on the European Semester for economic policy coordination priorities recalled the necessity to focus on the EU 2020 priorities:

“Recalls that the EU 2020 priorities and targets such as fighting poverty and social exclusion remain valid and should be implemented; ...

Underlines the need to fully take into account the Europe 2020 Strategy in the implementation of the European Semester; urges the Commission to make Single Market governance too as a key priority, since it contributes substantially to reaching the targets of the European Semester, namely sustainable economic growth and employment; ...

Underlines that fiscal sustainability is a prerequisite for a long term growth.” (EP 2014c/2059(INI), paragraphs 9, 10, 37)

In the European Parliament resolution of 25 November 2014, the European Parliament appeared to be strongly supportive of the employment and social aspects of the Europe 2020 Strategy. Parliament said it ...

“Expresses regret that current policies remain focused solely on economic growth without acknowledging the need for an inclusive, rights-based

and sustainable approach; stresses that the benefits of growth need to be spread throughout society for it to become sustainable;

Expresses regret that the Annual Growth Surveys and Country-Specific Recommendations (CSRs) adopted so far as part of the annual European Semester cycles have not been sufficiently aligned with the Europe 2020 employment, poverty reduction and education targets; regrets that the importance of social security systems as key instruments for stabilising the economy, as well as society, and reducing poverty is not taken sufficiently into account; calls for more determined efforts to guide and coordinate EU policies, so as to help strengthen the Single Market with a view to tackling obstacles to its performance and reaping its potential to boost smart, sustainable and inclusive growth and create jobs; calls on the Commission to ensure that the future CSRs make the achievement of the Europe 2020 targets a priority.” (EP 2014b/2779(RSP) paragraphs 1, 2)

Parliament’s warnings in 2014 were crystal clear. The European Parliament clearly saw that the European Semester had neglected the Europe 2020 Strategy, which we have pointed out earlier in our own analysis. The European Parliament also expressed a clear demand for a stronger focus on the Europe 2020 targets. This was in effect calling for a more determined and sustained will to put the strategy into practical action.

Again in 2015, in a resolution of 28 October 2015, the European Parliament expressed the same criticisms of the European semester and called for better monitoring. It said that the European Parliament,

“Points out that an EU economic governance framework and its implementation mechanism, the ‘European Semester’, were established in 2010 to ensure coordination of Member States’ fiscal policies, structural reforms and better alignment of national budgetary policies on growth and jobs at EU and national level, in order to support the delivery of the strategy; draws attention to the fact that further coordination and synchronisation challenges still remain to be addressed ...” (EP 2015-P8TA (2015) 0384, p. 5)

In a very recent resolution, adopted in October 2016, the European Parliament commented again on the Country-Specific recommendations. The Parliament was said to welcome the focus on certain key priorities:

“Welcomes the Commission’s focus in its 2016 country-specific recommendations (CSRs) on the three main priorities to further strengthen economic growth: supporting investment for innovation, growth and job creation, pursuing socially balanced structural reforms and encouraging responsible public

finances; stresses, however, that the Commission should do more to bolster fiscal sustainability in line with the Stability and Growth Pact, while making full use of its flexibility clauses ...

Deplores the fact that with regard to the Europe 2020 strategy, in which for the first time fighting poverty was part of an EU programme, the goal of reducing the scale of poverty in the Union will not be reached; considers that the goal of fighting poverty should be included right from the inception of EU policies; ...

Considers that the Council and the Commission should aim to achieve that the fiscal consolidation processes are accompanied by measures that help to reduce inequalities, and highlights that the European Semester process should help to provide answers to existing and emerging social challenges ...

Recognises that the European Semester now has a stronger focus on employment and social performance; while respecting the Member States' competences, calls on them to take urgent action to ensure decent work with a living wage, access to an adequate minimum income and social protection (which has already reduced the poverty rate from 26.1% to 17.2%) ...” (EP (2016/2101(INI)-P8-TA-PROV (2016b) 0416, p. 5-8-9-10))

This last point highlighted the Parliament's perceptions of poverty and social protection as of major importance. In the Parliament's eyes poverty reduction was not getting the attention that it deserved. The Parliament's protestations on these matters raises the possibility that the inclusion poverty reduction as a priority in the Europe 2020 Strategy had ended up (whatever the original intentions) by 2014 as just 'window dressing' because the Growth and Stability Pact had 'pushed aside' the long-term social and economic Europe 2020 Strategy launched in 2010.

European Parliament was calling for all the priorities (i.e., headline targets) of the Europe 2020 Strategy to be delivered in order to give effect to the idea of European social model with its social protection dimension. It also seems from wording of the resolutions that the European Parliament felt there were failures of strategy implementation and delivery (especially on poverty and employment outcomes). It is also clear that it thought the Commission could do better—hence they called on the Commission to align Country-Specific Recommendation to the Europe 2020 Strategy.

More broadly, we see it as plausible that the European Parliament had developed a whole-of-Europe perspective as directly elected representatives of citizens in constituencies right across the whole of Europe and thus responded to the lack of strategic direction by the European Council by taking up an 'advocacy' posture, which was its return to its earlier positioning before the introduction of the co-decision principle. Moreover,

the adoption of the advocacy rhetoric can be seen as a symptom of a failure by the politicians of the European Parliament to get support from the politicians who sit in the European Council for the Europe 2020 Strategy.

So, if the European Council is not providing strategic direction and the European Parliament was sinking back into an advocacy role, can we and should we conclude that it was the European Commission that was actually directing and steering the Europe 2020 Strategy? Should we assume that the European Council had tended simply to rubber stamp whatever the Commission presented to them?

1.5 Interim Conclusions on the European Semester

Interim conclusions on the European Semester are to be found in an internal Commission document, a strategic note, which carried the warning that the views expressed were those of the authors and did not necessarily correspond to those of the European Commission. Amazingly, in this strategic note “Europe 2020: from indicators and targets to Performance and delivery,” published in 2015 by the European Political Strategy Center, there is a clear judgement that the strategy had been suffering from problems of a political rather than administrative nature.

The European Political Strategy Center (EPSC) is the DG in charge of strategic matters. In a strategic note published in 2015, it judged that Europe 2020 has been overshadowed since its inception due to the financial crisis and ‘has never delivered the expected degree of political influence’ (EPSC 2015, p.1). It even mentions a letter written by 12 Prime Ministers to the European Council in March 2012, calling for “A Plan for Growth in Europe”, in which no mention was made to the Europe 2020 Strategy. In other words, the very group of people charged with the strategic direction of the Europe 2020 Strategy appeared unaware of its existence!

The EPSC’s strategic note did not recommend abandoning Europe 2020 and instead listed five tools to make it more meaningful (EPSC 2015, p. 6):

- Measuring progress and adjustment year by year and give a push to countries that are trying to improve
- Moving from static targets to dynamic indices based on composite indices capturing what is essential to achieve the smart, green and inclusive growth
- Forecasting trends and alternatives to build a powerful narrative

- Make the Europe 2020 targets more actionable and ensure that shorter-term policies contribute to long term outcomes
- Compare with the world’s best

Finally the note called for revamped governance by a better integration of the Europe 2020 Strategy into the European semester, inclusion of a chapter on the European Union’s progress in achieving the goals of the Europe 2020 strategy in the Annual Growth survey, a clear analysis of progress towards Europe 2020 objectives by a Member State in the Country-Specific Recommendations, and a systematic presentation of the Europe 2020 forecasts at the spring European Council.

After this unambiguous diagnosis by the EPSC and taking into account the remarks of the ECA (2017a), the only thing to ask is why these sensible-looking measures had not been part of the system from the start. In fact, the measures identified by the EPSC would serve to strengthen the strategic process capabilities and were essentially managerial in nature. Had the EPSC really dealt with the biggest challenge of all—the political leadership of the Europe 2020 Strategy? The strategic note had said, very eloquently, that the strategy needed to be more political, and that it had to engage national leaders and citizens about the future. As we have said, the measures the EPSC identified looked very sensible but would they shift the strategy from its current technocratic character to one with political leadership and support and democratic legitimacy?

2 THE INTERACTIONS ON THE BUDGET MECHANISM AND OTHER COORDINATION MECHANISMS

Aside from the top-down European Semester, the main coordination mechanism used by the European Union was the allocation of the European Union budget. This has been used for different programmes and in order to motivate Member States to align through an ‘incitative’ process with common objectives. Based on the subsidiarity principle, respective budgets were voted by the European Parliament for common action and by National assemblies for national programmes. In recent years, the European Parliament had voted all the budgets after debate, which was sometimes vigorous, as happened in 2014, when the European Parliament voted a budget reduction, the first time since 2002 (European Commission 2017 European Budget Dataset).

2.1 *EU Budget 2014–2017*

The European budget in 2017 will commit €157.9 billion (€154.5 billion in 2016) to implement public policies representing about 1 per cent of the European Union Gross National Income and only about 2 per cent of the European Union’s total public expenditures (European Budget Dataset 2016). This is an important fact to keep in mind when discussing the leverage effect of the European Union budget through directly funded programmes. In consequence, the main challenge in budget terms is coordinating and focusing national budgets to deliver European-wide strategies.

The allocation of this budget to different priorities tends to be rather stable over time. In 2017 the allocation was as depicted in Fig. 5.5:

- About 47.4 per cent on smart and inclusive growth (13.4 per cent for headline competitiveness for growth and jobs, almost 34 per cent for economic, social and territorial cohesion headline)
- Around 37.4 per cent for sustainable growth and natural resources

That means that 87 per cent of the European Union budget is devoted to the priorities of Europe 2020 (smart, inclusive and green). That being said, the discussion here is on the input side of the budgetary process.

Let us mention as well that in this budget the European Structural and Investment Funds (ESIF) amount to of €454 billion for 2014–2020 period, which is a very ambitious intent compared to the annual budget.

In a recommendation of 22 October 2014 the European Parliament called for investment. The Parliament said that it:

“Underlines that an ambitious initiative for triggering investment across the EU is urgently needed to relaunch and sustain economic recovery; calls on the Commission to urgently set in motion a European investment program of EUR 300 billion as proposed by Jean-Claude Juncker to contribute to the short term recovery of European growth; ...” (EP [2014c/2059\(INI\)](#), p. 6)

In addition to this major coordination tool, two types of action funded by the European Union budget should be mentioned: the flagship initiatives, the cohesion policy, and in particular the structural funds programming and the partnerships towards use of structural funds.

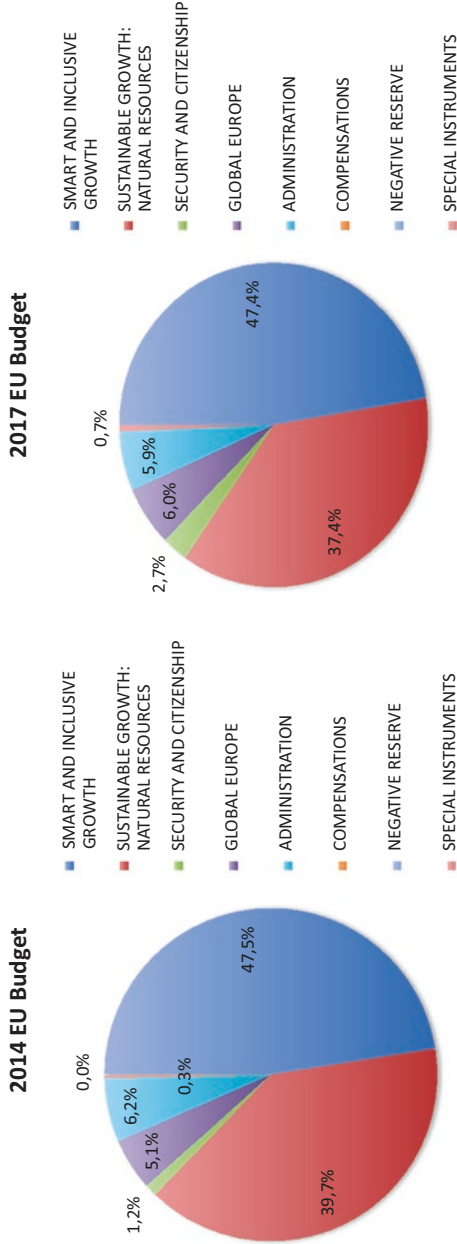


Fig. 5.5 Budget repartition
 Source: European Commission (2017), European Budget Dataset, Web archive, Brussels: European Commission Available at http://ec.europa.eu/budget/figures/interactive/index_en.cfm

2.2 *Flagship Initiatives*

Seven flagships initiatives were launched in 2010 to cover the three dimensions of the Europe 2020 strategy:

- Digital agenda, Innovation Union, and Youth on the move for smart growth
- Resource efficient Europe, Industrial policy for the globalization era for sustainable growth
- Agenda for new skills and jobs, Europe platform against poverty

The strategic intention with the flagships was to enhance coordination of efforts by the European Union and national authorities.

The European Parliament promulgated a resolution on associated policies and Europe 2020. Hence in 2015, the European Parliament resolution called for a better link between flagship initiatives and the review of the Europe 2020 strategy:

“Recalls that the Europe 2020 strategy is an overarching, long-term ‘growth and jobs’ strategy of the European Union, built around five ambitious objectives ...; notes that the objectives are accompanied by seven flagship initiatives and notes that the challenges identified in 2010 have been unevenly addressed and that progress at EU level towards achieving some of them, such as fighting unemployment, is still moderate; emphasises that the EU should concentrate on sustainable growth and development, as well as on decent jobs in order to gain long-term benefits from its investments; ...

Notes that the flagship initiatives are considered to be serving their purpose, but also highlights the fact that their visibility is considered to be rather low ...; welcomes the conclusion drawn as to the need to enhance ownership and involvement on the ground, by consolidating vertical and horizontal partnerships with a view to improving the delivery of the strategy; stresses that the strategy should encourage the shift from process and outcome orientation to an actual result orientation approach in order to ensure the highest possible efficiency and effectiveness for the EU policies linked thereto; ...

Calls therefore for the scope of the mid-term review of the Europe 2020 strategy to be smart and balanced and to be focused on better inter-linking the strategy’s five objectives and its flagship initiatives and on identifying methods as to how they could be better carried forward and evaluated without creating additional layers of complexity and excessive administrative burden; ...” (EP 2015a/2246(INI), p. 4, 6, 7)

In this resolution of 2015, a clear demand is expressed for evaluation based on output and for a result orientation and calls a shift from processes to outcomes.

As argued in a European Parliament study (IPOL 2015b) on cohesion policy, this approach was initially criticized due to the horizontal approach in the flagship initiatives covering many different sectors and many different European regions. There was a concern about linkages with operational programmes. It is clear that these latter tend to favour more ‘routine projects while flagship initiatives were supposed to launch new ideas. The report suggested that the flagship initiatives have enhanced coordination at local and regional level but it remains unclear to what extent it will last.

Since then, this dispute between a horizontal approach versus a sectoral approach has been addressed. In the last progress report (Eurostat 2016), flagship initiatives are clearly identified in front of the Europe 2020 headline targets. Nevertheless, the assessment of flagship initiatives is not clearly integrated into a common performance management framework.

2.3 *Structural Funds and Cohesion Policy*

Even if the role of structural funds in relation to Europe 2020 can be defended (European Commission 2015c), it does not mean that internally the European Commission has documented properly this possible link. Classically already existing programmes and new initiatives are juxtaposed without any ex ante attempts to consolidate them in a global strategic vision. The process of making sense happens ex post under the pressure of other actors in the European arena.

The European Parliament addressed the launch of the Europe 2020 in several resolutions respectively in March 2010, June 2010, and February 2011 (EP 2010a, b, 2011) by insisting on the reciprocal relationship between cohesion policy and Europe 2020: a stronger and well-financed cohesion policy is a pre-condition for the attainment of the goals of the strategy. In these early warnings the European Parliament highlighted that the absence of a strengthened governance structures would mean that the Europe 2020 Strategy would not be able to deliver on its objective and targets.

A later resolution of the European Parliament of 28 October 2015 evokes again the evaluation issue in relation to the cohesion policy:

“Calls on the Commission, in the context of the ex-post evaluations for the 2007–2013 programming period, to provide information on both the output

and result orientation and the concrete contribution made to the Europe 2020 objectives by cohesion policy;” (EP 2015a/2246(INI), p. 5)

This lack of information on outputs and results is nevertheless mitigated by another document that shows a positive evolution in the linkages between cohesion policy and Europe 2020. If clear reporting is still lacking, at least, new mechanisms assure the congruence. In a report prepared by the Internal Policies department (IPOL) of the European Parliament (IPOL 2015b), the linkages between both policies have been scrutinized over different periods. For the period 2010–2013, the study notes that the strategy did not trigger a change in the architecture of the cohesion policy and highlights an issue that links between both were not recognized at Member State level. Since 2014, the relationships between cohesion policy and Europe 2020, and its governance system through the European semester, have been closely aligned.

In a report prepared by the DG for Regional and Urban policies in 2015 (EC & DG for Regional and Urban Policies 2015), the architecture between programmes and strategies is formulated as shown in Fig. 5.6.



Fig. 5.6 Implementation of Europe 2020 follows the subsidiarity principle
Source: EC and DG for Regional and Urban policies (2015)

Europe 2020 appears as the top of a stacking of different actions from different levels from the European Union to local levels—including the European Structural and Investments Funds (ESIF), the National Reform Programs (NRP) and the partnership agreements regarding the allocation of structural funds. These three tools are discussed further elsewhere. We can, however, note here that the multi-layered action implies necessarily a whole set of coordination and coherence mechanisms in order to deliver the strategy.

The same report tried (EC and DG for Regional and Urban Policies 2015) to investigate multi governance processes based on eight cases studies throughout Europe regions. The cases were selected to cover:

- Energy efficiency cases (Prignitz/Germany, Vrhnika/Slovenia, Lombardy/Italy, Alsace/France)
- Social Inclusion cases (Stockholm/Sweden, Pomorskie/Poland, Timisoara/Romania, Liverpool/UK)

The main conclusions are relatively positive in terms of transfer, diffusion, convergence, translation, and institutional. The report concludes with a more general statement:

“More emphasis could be given to ‘bottom-up’ processes and to furthering the understanding that implementation of the Europe 2020 strategy requires the cooperation between public, private and civil society stakeholders at different levels of governance and from different sectors. This means raising awareness and creating opportunities to facilitate learning within existing European frameworks and policy areas.” (EC & DG for Regional and Urban Policies 2015, p. 10)

The question of buy-in by Member States and lower-level regions was clearly identified by the Commission in a strategic note published by the DG EPSC¹⁰ (EPSC 2015). There it is clearly stated that Europe 2020 is a strategy that has solicited insufficient political buy-in and was largely drowned out by short-term crisis management. In a surprising way, the tone of this report is severe. For example:

“A significant part of the failure of Europe 2020 to unleash genuine reform can be attributed to its methodology. From the beginning, Europe 2020

¹⁰DG European Political Strategy Centre (EPSC) is the European Commission’s in-house think tank.

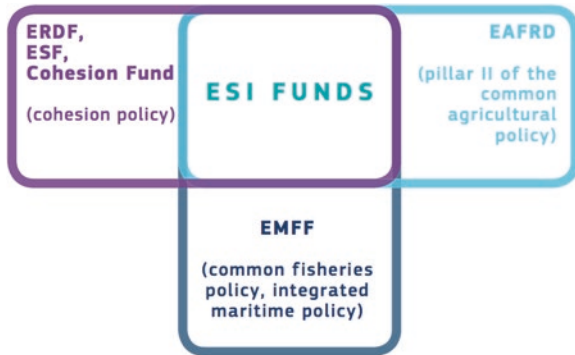


Fig. 5.7 European Structural and Investments Funds

Source: EC (2015b) European Structural and Investment Funds (ESI) 2014–2020

suffered from a top-down approach between the EU level and Member States. The European Council of June 2010 instructed Member States ‘to rapidly internalise their national targets’”. (EPSC 2015, p. 2)

Since 2015, the reform of the ESI Funds for the 2014–2020 programming period aimed at maximizing their contribution to the Europe 2020 Strategy as shown in Fig. 5.7.

Eleven thematic objectives are directly derived from the Europe 2020 objectives, thereby seeking greater coherence in the European Union. Moreover to monitor progress towards the objectives and targets set for each priority, the European Commission plans to develop a performance framework built on a set of indicators and establish clear, realistic, and measurable milestones and targets. Progress reports about movement towards key milestones are programmed for 2017 and 2019 and by the second half of 2019, the Commission plans to review the performance of these programmes. Following this review, a performance reserve (5–7 per cent of the resources allocated to the priority) will be allocated to programmes that have achieved their milestones.

The preceding comments and the decisions by the European Commission suggest that the Commission took seriously (European Commission 2016c) the challenge of a better alignment between the cohesion policy, the other ESI Funds, and the Europe 2020 strategy as noticed by the European Court of Auditors (ECA 2017b).

3 CONCLUSIONS OF THE CHAPTER

Due to the specificity of the European Union polity, we looked at evidence on the respective actions of the European Commission, the European Council and the European Parliament. We discussed the political leadership issue with respect to two coordination mechanisms: the European Semester (with its top-down approach) and all the softer means of coordination associated with the European Union budget (flagship initiatives, ESI funds, and partnerships).

The working of the top-down mechanism that was built into the European Semester demonstrated clearly that there was a lack of political leadership by the European Council, which formally speaking was supposed to steer the Europe 2020 Strategy. The Council had neglected the Europe 2020 Strategy in the Country-Specific Recommendations, but the Council might not be alone in neglecting it. Regarding the pre-cooking hypothesis (Schild 2013), it could be that the European Semester, set up with German and French support, became mainly focussed on the growth and stability pact as a result of the Euro crisis and that, after endorsement by the other Member States, that it became mainly focused on the Growth and Stability Pact.

The European Commission did the heavy work of preparing Country-Specific Recommendations, and the European Council did little modification of the proposals made by it. The result of our analysis suggests that the Commission as well as the European Council neglected the Europe 2020 Strategy. The unsatisfactory nature of the resultant recommendations was the essence of criticisms by the European Parliament and by a strategic note prepared in 2015 by the European Political strategy Centre, which labelled the Europe 2020 Strategy as overly technocratic. The European Semester, given the approach of the European Council and the Commission, did not give Europe 2020 as much attention as the Stability and Growth Pact. For the period 2012–2016 the Europe 2020 strategy remained desperately isolated and politically unsupported, and lacking democratic power behind it.

The extent to which the lack of political leadership is the result of a Weberian model of the Commission as experts providing de facto rule while the ‘inexpert’ European Council is left to rubber stamp the work of the Commission is not clear. Even so, Commission had not effectively carried out its monitoring mission. If we follow the thesis that since the Euro crisis, the Commission has ‘regained’ its de facto leadership capacities after the

preceding tendency towards intergovernmentalism involving Member States, that would mean that the relative lack of monitoring was its own choice.

In regard to the European semester, we have seen that the European Parliament was playing a role of advocate for the Europe 2020 Strategy, and especially the aspects relating to the social model of Europe and the provision of social protection. It is not clear from our evidence whether the Parliament accepted a role in mobilizing citizens through their national parliaments. If the European Parliament has failed to mobilize national parliaments and citizens this might be the result of the European Union's peculiar constitution—in particular the constitutions attempt to provide a governance system in which there are two distinct bodies of elected politicians who are quite different in their essential nature. Here we can only speculate that linking together 'representation' and 'direction' is a critical matter in any system of public governance. In the case of the European Union, and specifically in respect of the Europe 2020 Strategy, the fact is that 'direction' is at the responsibility of the European Council, and 'representation' is the responsibility of both the European Parliament (for citizens) and the European Council (for Governments). This seems to us to contain a fundamental structural dilemma that reflects a structural tension inherent in a transition process intended to create political solidarity across Europe. We suspect the tension is between the representation function within the European Council that takes the form of protection of national interests and the representation function within the European Parliament with its responsibility for the representation of the interests of the public of Europe.

As Europe wrestles with the challenges of transition it has to find ways of getting more support for Europe-wide strategy from the national parliaments. This could be attempted through redesigning the European Semester to build a stronger interaction between European level institutions and national parliaments (see the EPSC proposals of 2015 mentioned above). Another way of building stronger engagement of the Europe 2020 Strategy with political leadership could be through strengthening the link between democratic representation of the European Parliament and the Commission's leadership and then defining leadership of the Commission as more political and less technocratic. This seems to have been an improvised development by President Juncker in 2014, when he was a candidate nominated by the European Council.

Through the softer mechanisms of coordination associated with the European Union budget (flagship initiatives, ESI funds, partnerships), the paradox is that the global picture is somehow better at least in terms of

benevolence. The political will of the Commission towards a better integration of Europe 2020 with other programmes and policies is more visible since 2015. The advocacy of the European Parliament towards a better integration of flagship initiatives and structural and investments funds has been taken into account. It remains nevertheless surprising that such alignments have not been thought through and designed in from the beginning, which was quite obvious in hindsight evaluations of the 2020 Europe strategy. Why did it take five years to realize this need?

Evaluation remains a key issue and the European Parliament has been clear on the necessity to shift from process to an output and results orientation and some important propositions have been made by the EPSC (2015). The European Commission has promised that for 2017 a performance framework for ESI funds will be built on a set of indicators and clear, realistic, and measurable milestones and targets. Let us hope that this is the sign of a true evolution towards greater strategic process capabilities and a real strategic approach.

So, can we sum and generalize our findings based on analysis of both top-down mechanisms and budgetary processes? We offer the following reading of the evidence: the public governance system of the European Union in the period 2010–2016 was constrained by a weak ‘centre of government’ caused by the lack of political leadership and political will within the European Council, weakness in the monitoring processes operated by the Commission, and a failure of catalysing (mobilizing) capability on the part of the European Parliament.

In the following chapters we build on these general conclusions by analysing further how self-alignment with the Europe 2020 Strategy by Member States has functioned. This will be discussed in Chap. 6. The ‘centre of government’ issue will be documented further in Chap. 7 where we will also look at the work of Commissioners nominated by Member States but acting as ‘bureaucrat political leaders’ and European Union administrators as non-elected bureaucrats.

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The Member States' Willingness and Capabilities

In this chapter we investigate the Member States's actions in delivering the Europe 2020 Strategy. We have already analysed the governance mechanisms of Europe's multi-level governance system and the issue of political leadership in relation to the Europe 2020 strategy. Both Chaps. 4 and 5 left some matters unfinished, including the contribution of Member States to delivering the Europe 2020 Strategy. One aspect we wanted to follow up on was whether the strategy might have been delivered partially on the basis of a voluntary system of alignment of national visions, priorities, and strategic targets. In other words, Member States might have voluntarily adjusted national strategies. This would be a strategic system based on self-alignment of the constituent Member States. It would have meant, in the light of our earlier findings, that Member States would have probably provided the necessary leadership and monitoring of their delivery of the Europe 2020 Strategy on the basis of national initiative and action.

The plausibility of an explanation of a voluntary self-alignment of national strategies by Member States implies two things: first, that the national governments were willing to do this and, second, that they were able to do this. Their willingness to deliver the strategic targets of the Europe 2020 Strategy might have been influenced by a variety of factors. One factor, for example, might be whether the national governments found the strategic thinking in the Europe 2020 Strategy convincing,

both in relation to its diagnosis of the situation and its prescription for action. The willingness of national governments to align national strategies on a voluntary basis might also depend on their calculation of how much support they could expect to get for the strategy's delivery from the public, from members of political parties in the country, and from stakeholders generally. If a government thought the public would be opposed to the country trying to deliver the Europe 2020 Strategy, or if the government thought that its own power base among its supporters in the governing political party (or parties) would be undermined, then a government might have to weigh a desire to cooperate with other countries through the European Union against its domestic political situation. The ability of a country to voluntarily align its national strategy with the Europe 2020 Strategy is also, probably, quite a complex matter. Designing a national strategy aligned to the Europe 2020 Strategy and then delivering it would not have been easy in the period 2010–2017. As we saw in Chap. 2, the effectiveness and credibility of governments in pursuing a strategic approach to the future varied enormously among the Member States (OECD 2015; World Bank 2017; Hertie School of Governance 2014). Voluntary strategic alignment by Member States would have tested the quality of government leaders and especially their ability to gain the approval of their publics for their leadership of a national strategy. It would have tested the managerial capabilities of governments, including those relating to: creating clear strategic visions and priorities; achieving coordination and integration of ministries and government agencies; ensuring the coherence of budgeting and performance management with the national strategy; deploying strategic experimentation, evaluation and learning; and refining and modifying government regulations, actions, and programmes. Again, we saw some evidence for this in Chap. 2. Finally, it would have tested their ability to mobilize citizens, regional and local communities, and stakeholders inside and outside the public sector (including the private business sector), so that the effort to deliver the national strategy would have become a societal effort.

The variation in governance capacities implicitly raised in the preceding paragraph has long been recognized. Such variation also entails the possibility of critiques of governance capacities. While the European level of governance can be critiqued (Scharpf 1997), we can also critique the national level of governance in the European Union. There have been a number of relevant academic studies (Bovaird and Löffler 2003; Kaufmann et al. 2007a, b, 2011; Kurtz and Schrank 2007; Schultz et al. 2015). A recent

one, by Anagnostou et al. (2016), concluded that with some exceptions of lead countries, the northern and the western European Union Member States (Netherlands, Luxemburg, United Kingdom, Finland, and Denmark) exhibited significantly larger values on six governance indicators¹ compared to the southern and the eastern ones. This provides some corroboration of the clusters of Member States that we proposed in Chap. 2.

There are academic studies of how well Member States have performed against the Europe 2020 headline indicators (employment rate, R&D expenditures, greenhouse gas emissions, renewable energy, early leaving from education, tertiary education, people at risk of poverty). Their conclusions have tended to be similar (Brauers et al. 2012; Çolak and Ege 2011; Pasimeni 2013; Leon and Nica 2011). Broadly speaking, four categories of Member States have emerged: best performers (e.g., Sweden, Germany, Finland, and Denmark), high-medium performers (e.g., France, United Kingdom, and Lithuania), low-medium and worst performers (e.g., Italy, Spain, Portugal, and Greece). Clearly there appears to be some correspondence between these groupings based on performance evaluations using the headline indicators and our own findings in terms of government effectiveness and credibility.

Gonzalez et al.'s (2014) study of the strategic performance of Europe examines territorial units at a sub-national level (known as NUTS or nomenclature of territorial units for statistics). Using an aggregated index, their analysis shows that the Scandinavian regions including southern Germany, several French regions, and southern England hold the top positions in the achievement of the targets. Southern Europe countries and some EU 13 members' states occupy the lowest positions.

It is one thing to rate the performance of countries and territories below national level, but quite another to explain the causes of variations. Investment could be an important factor. And that it could be argued that strategic investments will be vital in future strategic success and that selectivity in investment will matter. We could, for example, use the structural funds to build social capital and effective institutions rather than airports and highways (Gros and Roth 2012). This approach is congruent with what has been said in Chap. 2 on catalysing capabilities.

It could be argued that institutions are an important factor in the variations in performance. We could certainly usefully test correlations between a Europe 2020 global performance index and economic and institutional

¹See Chap. 1.

variables. Pasimemi (2013) found significant positive correlations between a Europe 2020 global index and the Human Development index and the World Bank index of globalization. There were also weak but still positive correlations with GDP growth and finally with all dimensions of the governance indicators (but specially for government effectiveness and control of corruption). This result has been refined more recently and has confirmed that institutional variables, such as good governance and social capital,² are the most significant ones and have the strongest estimated effects on countries' performances (Pasimemi and Pasimemi 2016).

Government as an institutional structure has to be considered in relation to informal as well as formal aspects of its functioning (hence, the importance of the new institutionalism trend in studies). At the extreme, the informal system may be seen as the *de facto* system created by the clash of formal intentions and designs and the resistance of interest groups as well as the resistance to institutional reform by forces of inertia. Cabinet governments where there are ministerial silos may prove resistant to whole-of-government approaches. Attempts to change budgetary systems to allow more targeted investments and the use of methods of 'competitive government' may encounter resistance created by the tradition of incremental budgeting cultures. Attempts to give a greater role to public opinion and to engage citizens and stakeholders more directly in the development of plans and programmes may run up against a barrier of a deeply entrenched paternalistic culture found within the civil service. So, it may be expected that governments trying to make use of new governance mechanisms will at times struggle to institutionalize them because of the resistance of the existing institution. This could be part of the explanation for variations in performance against the Europe 2020 Strategy targets. So there may be an espousal of a strategic approach and open government, but the reality of the institution may that it is much less than strategic.

Another factor in the variations in national performance against the Europe 2020 Strategy targets is possibly the character of multi-level governance within individual Member States. This could be subsumed as a factor within the institutional factor. In a number of countries, there are traditions of relative autonomy for the lower tiers of government that might make it difficult to bring about multi-level strategic coordination on a voluntary basis.

² OECD defines social capital as "networks together with shared norms, values and understandings that facilitate co-operation within or among groups". For more details refer to Scrivens and Smith (2013).

Moreover, we suspect that there is a factor that is separate from, but one that interacts with, the institutional factor; this is country leadership. To reiterate a point made above, governments may take into account likely public support when trying to decide on aligning national strategy with European strategy. But public support may also depend on the quality of the country's leadership and the trust is places in the country leadership. We probably have to appreciate that some national politicians, who are country leaders, may have been concerned in the period after 2010 about the extent to which the public of their own country recognizes, or wishes to recognize, that they are citizens of a larger political entity than the national entity. This may have led some national leaders to hesitate in embracing long-term strategic priorities set for all Member States and to experience concerns about the legitimation of these priorities within the formal governance arrangements of Europe.

To investigate the willingness of Member States, we intend in this chapter to analyse the National Reforms Programmes of Member States that are part of the European semester mechanism in order to figure out to what extent they were purposefully and voluntarily delivering the Europe 2020 strategy. We are not interested in the implementation rate of Country-Specific Recommendations—that has been already commented on. As we noted earlier, the rate of implementation decreased over time between 2012 and 2015. But this is not the point here. The issue we investigate is the hypothesis that Member States were choosing to align their national planning with the Europe 2020 Strategy headline targets. This we will call the self-alignment hypothesis. In other words, we want to know if Member States had taken the Europe 2020 Strategy seriously, irrespective of the top-down pressure and support coming from the European Council and from the European Commission.

To check out the self-alignment hypothesis, national reforms programmes and also national sources will be analysed for a certain number of Member States during the period 2011–2016. Since the documentation on the National Reform Programmes is voluminous and published each year, a sample has been selected and analysed for different groups of countries. We used Alceste© analysis and the findings we produced are available in annex 4.

1 THE RESULTS TOWARDS EUROPE 2020 STRATEGY AT THE LEVEL OF MEMBER STATES

The Member States performance will be addressed first, followed by an analysis of their political intentions.

1.1 *A Differentiated Performance Among Countries and Regions*

The figures in this section illustrate at national level, or region level when available, the variations in performance among Member States in respect of Europe 2020 priorities. The two maps in Fig. 6.1 display territorial data analysing success against four headline targets (employment, R&D, tertiary education, and early school leaving). There were only four targets since energy data was not available at regional level.

Clearly at the beginning of the period in 2012, the regions in the Nordic Member States and many regions in Germany, Austria, France, Benelux, and (partly) UK scored high on the Europe 2020 index relative to the four EU targets (see Map 1 on the left), while the southern regions and the EU-13 Member States tended to score lower. The index relative to the national targets shows a much more favourable score (see Map 2 on the right) but not always since the targets of a country could be less (as example, Spain, Bulgaria) or more challenging (as example, Sweden, France). This has to be kept in mind when the success of several Member States will be discussed later. These maps illustrate the existence of important sub-national (regional variations), which may be overlooked when looking at national level results.

Figure 6.2a illustrates the diversity of results but also of targets among Member States for greenhouse gas emissions in non-Emission Trading Sectors (ETS). The variations among countries are broadly confirmed.

Figure 6.2b illustrates the trend of poverty exclusion between 2008 and 2014. The trends varied between Member States: big increases for southern European countries (like Greece, Spain, Italy) and even some of the northern European countries (Sweden, Denmark, Germany) but decreasing for eastern European countries (Poland, Bulgaria, Romania).

1.2 *A Differentiated Geographical Performance by Type*

We are now focusing on the performance of three groups of Member States in different parts of Europe (north, south, and east).

The data displayed in Fig. 6.3a–c, which is for 2015, shows the extent to which Member States realized eight headline targets. We have excluded data for poverty exclusion because that varies too much to be represented on same graphs with same metrics! North countries are relatively successful with Sweden still lagging for R&D and Finland for R&D and early

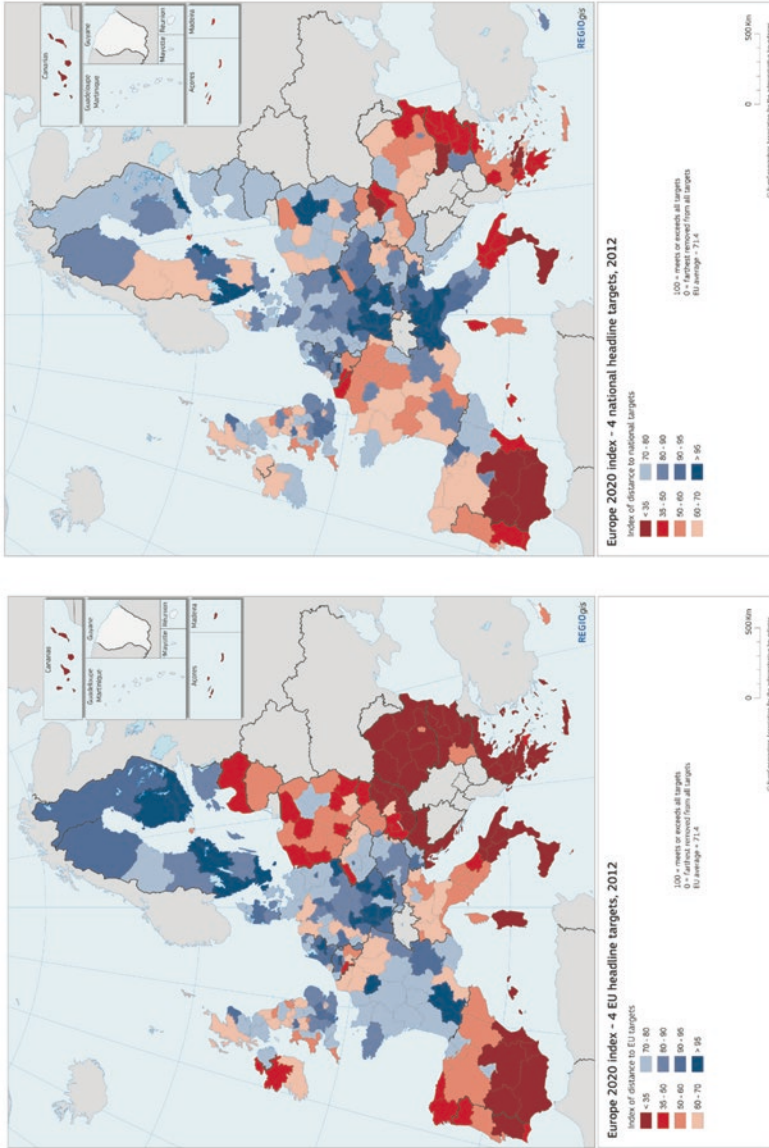


Fig. 6.1 Four headlines 2020 aggregated (Employment, early school leaving, tertiary education and R&D) under European and national targets in 2012
 Source: Dijkstra and Athanasoglou (2015)

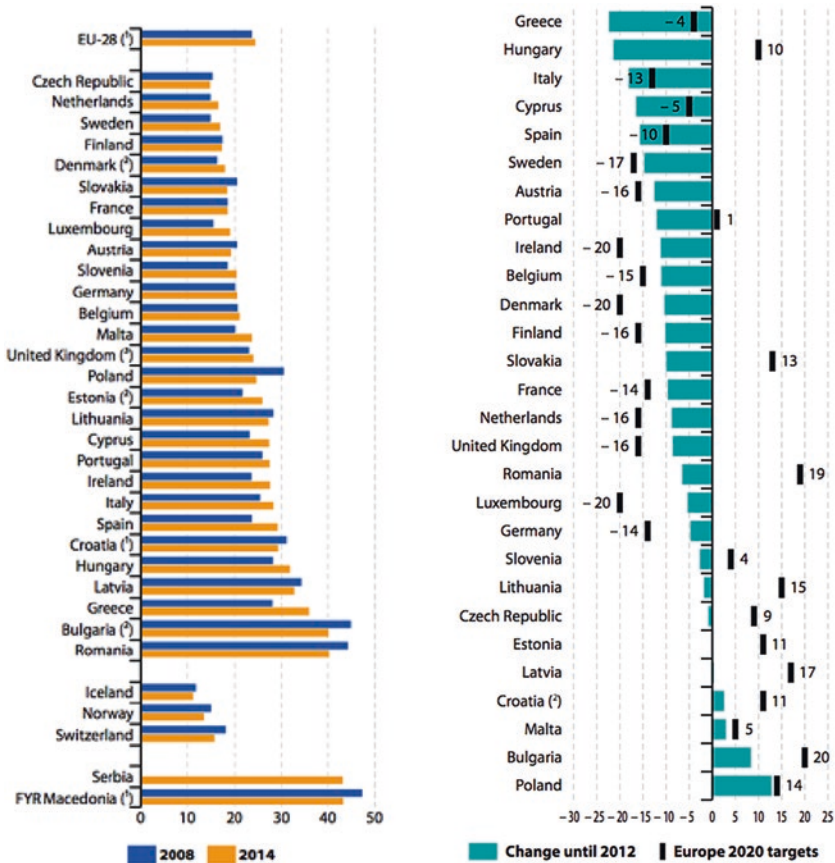


Fig. 6.2 (a, b) Greenhouse gas emissions 2012 in non-ETS sectors, (per cent changes since ESD base year) and people at risk of poverty or social exclusion, by country, 2008 and 2014 (per cent of population)
 Source: Eurostat (2016)

school leaving. South countries show differentiated results depending countries, employment and R&D being lagging systematically, Portugal below targets on 5 headlines. East countries show as well differentiated results depending countries, R&D lagging very seriously but employment only slightly, Romania below targets on three headlines

We have to recall that Member States might have set unambitious targets and therefore claimed easy successes. The only way to take account of

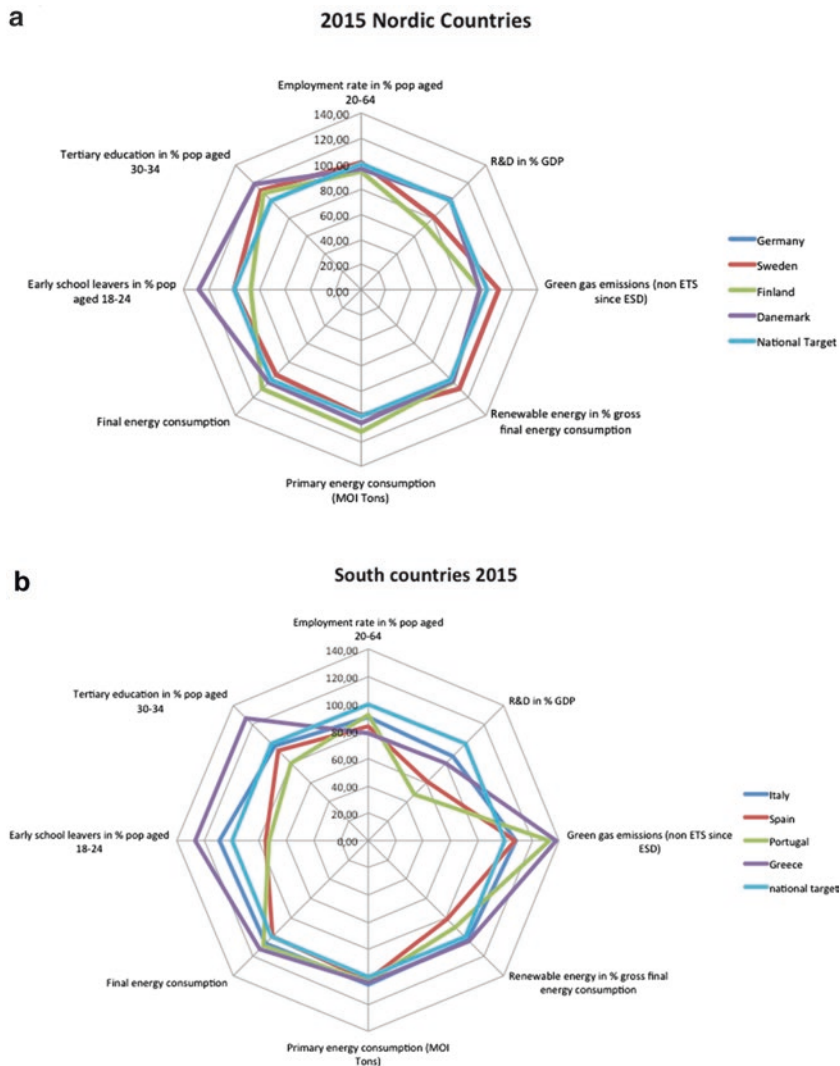


Fig. 6.3 (a–c) 2015 performance indexes towards 8 indicators (except poverty exclusion)
 Source: Eurostat (2017)

C

East countries 2015

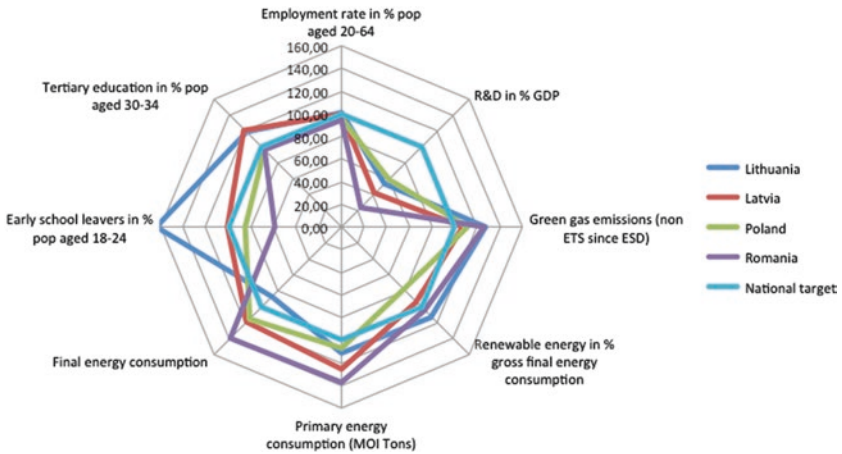


Fig. 6.3 (continued)

this is to benchmark them towards the common European Union targets as depicted in Fig. 6.1—but we note again that this figure was based on only on four headline targets in 2012. In fact, the picture remains much the same in 2015.

For poverty, there is another story. Figure 6.4 shows clearly the difference between the Member States in terms of the incidence of poverty: the numbers at risk of poverty are relatively low in some of the northern Member States (Germany, Finland, Sweden, and Denmark) compared to elsewhere in Europe. The trends vary a great deal. For example, Germany and Sweden both had higher proportions at risk of poverty in 2014 compared to 2008 but in both countries this fell in 2015. In the case of Finland, the percentage of the population at risk of poverty was slightly lower in 2014 than in 2008 and fell again in 2015. The pattern for three of the countries in the south of Europe (Italy, Spain, and Greece) were similar to each other—with fairly big increases between 2008 and 2014 and then the figures for 2015 close to what they had been in the preceding year. Latvia, Poland and Romania all displayed a drop in the percentage of the population at risk comparing 2008 and 2014 and then another drop.

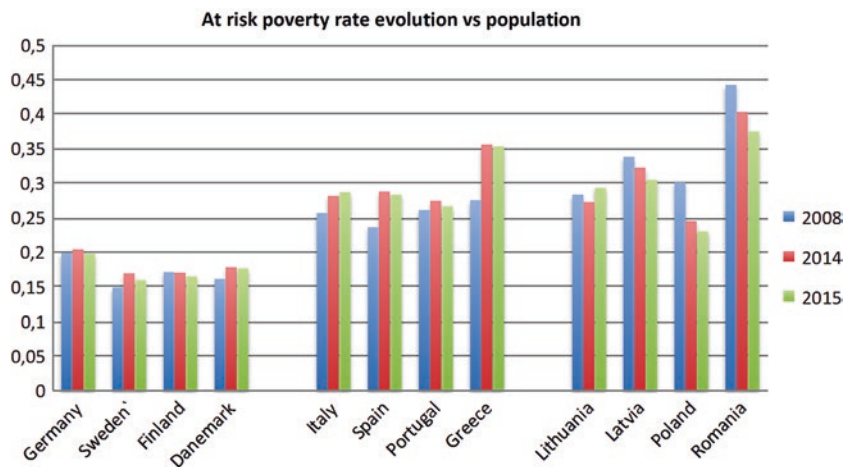


Fig. 6.4 Risk of poverty rate in per cent of population
Source: Eurostat (2017)

We stress that the patterns in the percentage of the population at risk of poverty are very varied.

The anti-poverty agenda of the European Union has been intensively debated and more specifically on whether the inclusion of the poverty target in Europe 2020 Strategy was congruent with the existing social policies. While the Europe 2002 Strategy increased the political salience of poverty, it could have led to a ‘competence clash’ between European Union and Member States (Germany, Sweden, UK) since this competence is still national (Jessoula 2015). Even the European Union target is sometimes viewed as both ungovernable and ungoverned (Copeland and Daly 2013), ungovernable because it melds together different approaches to poverty and social exclusion, amplified by some Member States. And the target is also ungoverned because of its low political priority and uncertainty around its legal status.

Moreover, the changes in the poverty rate, whether stabilized as high level or, even worse, rising (Denmark, Italy, Spain, Portugal, Greece, to a lesser extent in Sweden) which is the most sensitive at the level of individuals does not correspond to what was discussed in Chap. 3 as a desirable society. This is clear that the poverty issue has not been addressed properly by the Europe 2020 strategy.

1.3 *A Differentiated Inclusion of Local and Regional Levels in the Process*

This point of the inclusion of lower level authorities into the preparation of the national reforms programmes is interesting to comment since it relates in some way to concerns about the engagement of citizens and making sure that the voice of the public (public opinion) is being heard and listened to by government. Obviously, this is only a 'proxy' measure of what could be the amplification of public opinion since this is based on the hypothesis that the involvement of lower level authorities could give the citizens more of a say in designing and implementing reform programmes. One can consider that deeper implementation could be the sign that many more citizens have been mobilized through the local and regional authorities in the preparation of national plans and therefore in the planned actions. In other words, this could be seen, if not as a direct public opinion empowerment, at least as an institutional mechanism for the 'percolation' of public aspirations and ideas into the design of reforms under the auspices of the Europe 2020 Strategy.

Figure 6.5 illustrates perfectly the diagnostic made by the Committee of Regions in a report published in 2015. Without any surprise, the administrative tradition towards centralization and decentralization is a major explanatory factor.

We would like to have inferred something from this evidence about the nature of the response to the Europe 2020 Strategy's call for Member States to use a partnership approach and engage citizens and stakeholders through national, regional, and local parliaments. But this is not easy to do and calls for some speculation. We would have expected that had there been a strong response by Member States then we might have seen a growth of involvement in national planning by regional and local government, since they would be important interfaces with citizens and stakeholders. Consequently, we would have expected the effect to be one of moving some centralized states towards multi-level governance structures characterized by greater importance for regional and local government.

Looking at the evidence from the Committee of the Regions, however, we cannot see how there had been any appreciable change to the status quo of multi-level governance in Member States. It seems to us that local and regional involvement in National Reform Programmes reflected the usual administrative traditions of European countries. Thus, for us, there were no big surprises in the map since it seemed to reflect the reputations

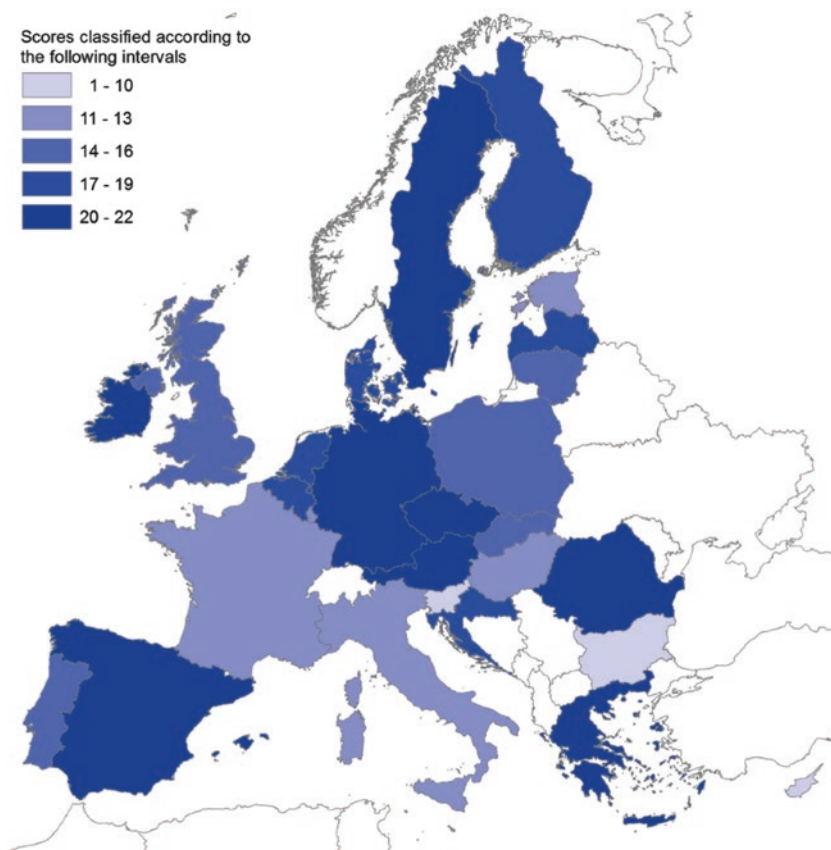


Fig. 6.5 Local and regional authorities' involvement in National Reform Programmes
Source: Pucher et al. (2015)

of different Member States in terms of their centralization and decentralization. The one exception was Italy, which is shown as having little regional and local involvement in National Reform Programmes, even though its reputation is one of strong regional government.

This means, to continue our speculation, either the call for partnership and engagement evoked a government response but only at the level already dominating in the governance system. Or that partnership and

engagement had not increased appreciably and it was only government engagement and involvement that was being picked in the Committee of the Region's ratings of involvement in the National Reform Programmes. So there is a possibility that the proposal to take a partnership approach and engage citizens was largely ignored by the Member States and that there was no drive for citizens and stakeholders to be involved. It might also be speculated that the Committee of the Region's evidence implied that institutional inertia was at work, maintaining the status quo of public governance, and blocking the emergence of a new relationship between government and the public.

2 THE MEMBER STATES' INTENTIONS THROUGH THEIR NATIONAL REFORMS PROGRAMMES AND OTHER NATIONAL DOCUMENTS

From the Council and Commission side, it is clear, whether it was advisable or not, that Europe was finding itself stuck in relation to the issues of recovery from the crisis of 2007 to 2009 and the content of Country-Specific Recommendations was often about government deficits and government debt and on structural reforms. Looking at it from the point of view of the Member States, it might be expected that the Europe 2020 Strategy would gain momentum and credibility when they were preparing their National Reform Programmes (EC 2010–2015 NRP). We hypothesized that these documents could be not only an 'on-purpose' report to feed the European Semester but could also be inspired by national policies and prepared with real strategic intent, that is, having a desire to deliver actual results against the targets of the strategy. Indeed, it was possible that at least some Member States might have approached the Europe 2020 Strategy as seriously as, or even more seriously than, the European Council and the Commission. This the third governance mechanism discussed in Chap. 4, the voluntary alignment mechanism.

To explore this issue, we selected some cases studies aiming at capturing the diversity of intentions towards Europe 2020 among Member States. The cases were purposely selected to get contrasts in order to offer the maximum of variability. We sought to assess the political will through the National Reform Programmes and also supplemented this assessment using some additional evidence based on national sources. The cases were as follows:

- Middle-range-ranked countries: United Kingdom and France—offering the contrast between a non-willing state and a willing state in terms of delivering Europe 2020 headline targets;
- High-ranked countries mostly in the North of Europe: Sweden, Finland, and Germany all performing relatively well;
- Middle-ranked: Lithuania;
- Low-ranked countries: Italy, Spain, Portugal, and Slovenia.

We also saw a comparison of some northern and some southern European countries as offering a big contrast in terms of government and results.

2.1 *Middle-Range Performing Countries*

The United Kingdom Case: A Non-Willing State

Even if nowadays the case of United Kingdom could be seen as unique among Member States because of Brexit, it is interesting nevertheless to have a look back at the political willingness of the United Kingdom government in relation to aligning national strategy with the Europe 2020 Strategy. This reveals a failure by the United Kingdom government to set national targets based on the Europe 2020 headline targets. With hindsight we can say that this failure was a symptom of the United Kingdom's alienation from the rest of Europe, and an early warning of the 'divorce process' that was to follow after the 2016 referendum on European Union membership.

A comparison of the programme for government set out by the United Kingdom coalition government elected in May 2010 (Her Majesty's Government 2010) and the Europe 2020 document (European Commission 2010a) reveals some overlap of concerns and themes. However, the coalition government's 2010 programme for government did not contain many commitments that could be easily linked to EU targets:

- This was especially true of actions in relation to smart growth. There was no explicit national level target of the percentage of the population to be employed by 2020, nor an explicit target for investment in research and development;
- There were references to green targets but they were quantified differently and arguably they were quantified less ambitiously in two of three areas;

- There were quite a high number of commitments that could be associated with inclusive growth, especially commitments in relation to social inclusion and access to healthcare—but there was no focus on poverty in general, only the commitment to alleviating child poverty.

The United Kingdom coalition government was focused on cuts in public spending to deal with the deficit and debt created by the financial crisis, alongside reforms of welfare, schooling, pensions, etc. There was not much attention that corresponded to the positive agenda proposed in the Europe 2020 Strategy for creating smart and sustainable economic growth. In contrast, the Europe 2020 Strategy, while stressing the importance of exiting the financial crisis, was actually very focused on long-term growth.

For completeness we should notice that subsequently the United Kingdom coalition government produced an industrial strategy and an infrastructure strategy, both of which might be seen as addressing obvious gaps in the initial coalition government's programme.

We now turn to an examination of the National Reform Programmes produced by the United Kingdom government for the European semester despite its failure to set the required national targets for the Europe 2020 strategy. Table 6.1 summarizes the key priorities of the 2011 and 2014 National Reform Programmes based on an Alceste© analysis (see details in Appendix A).

The United Kingdom government has priorities that match the concerns of the Country-Specific Recommendations in respect of growth and fiscal deficit. In terms of the agenda of the Europe 2020 Strategy, both National Reform Programmes focus systematically on employment and skill, on support to business including research and innovation point. Energy in 2011 and child poverty in 2014 are addressed too.

Table 6.1 National Reform Programmes of UK

<i>UK NRP 2011</i>	<i>UK NRP 2014</i>
<ul style="list-style-type: none"> • Growth and fiscal stability • People, skills, employment • Tax policy, support to business, research • Energy 	<ul style="list-style-type: none"> • Growth and fiscal deficit • Housing market • Support to business, infrastructure, research and innovation • Employment, skill • Poverty, child poverty

Source: Her Majesty's Government (2011, 2014); Alceste© analysis in Appendix A

Turning to the process by which the National Reform Programmes were produced, there was very little description of the process. But there are indications that the process was more of a reporting exercise than a planning process. The 2011 National Reform Programme was described as reporting on actions taken by the United Kingdom:

“1.14 The UK’s 2011 National Reform Programme is based on guidance issued by the Commission and draws on publicly available information, including the October 2010 Spending Review, Budget 2011 and the Plan for Growth in March 2011, and other documents and announcements. This document sets out key actions, with further detail available in the original documents.” (Her Majesty’s Government 2011, Paragraph 1.14)

The text of the 2013 and 2014 UK National Reform Programme at no point suggested that new government actions had arisen because of the Programme. So the UK National Reform Programmes appeared to be the result of just a ‘reporting process’.

There was an explicit indication that the National Reform Programme documents of 2013 and 2014 were not the subject of consultation. However, the draft of the National Reform Programme prepared in 2010 was put on the HM Treasury website so the public might make comments. The Welsh and Scottish governments did more to engage stakeholders with the preparation of the UK National Reform Programmes. The 2013 and 2014 reform programmes were supported by stakeholder events held by the Scottish government in Edinburgh in February 2013 and 2014 and by the Welsh government in Cardiff in March 2013 and 2014; representatives of the European Commission, the government, devolved administrations, and other interested stakeholders attended these events. There was no report of a stakeholder event organized by the United Kingdom government in London in 2013 or 2014.

To sum up, the translation of the European Union headline targets into national United Kingdom targets had not produced a closely integrated set of targets. The National Reform Programme documents were those reporting on government actions, and summarizing publicly available information in other documents. It was not the result of a special planning process designed for the purpose of creating a National Reform Programme. The amount of public and stakeholder involvement in the elaboration of the UK’s National Reform Programmes had been very limited. Finally, we can note that the policy recommendation system of the

European Semester did very little to actively bring the National Reform Programme of the United Kingdom into line with the growth agenda of the Europe 2020 Strategy, possibly because of the concern for issues arising from the United Kingdom's efforts to recover from a banking crisis.

The France Case: A Willing State with a Great Tradition in Planning

The preparatory documents to the Budget discussion (République Française 2010–2014a) give an insight on the François Fillon French government policy in 2010. We took this as baseline since this 2011 budgetary discussion took place mid-2010, about the same time as the adoption of the Europe 2020 Strategy by the European Council. In part I, this document enumerates the key challenges faced by French public finances in the context of the world recession and crisis of 2007–2009 and specifies the objectives to be pursued for the economic recovery, mainly set out in terms of a new governance of public finances (Camdessus report 2010). French President Sarkozy had organized a deficit conference for the middle of 2010 involving representatives of Parliament, territorial entities, and presidents of social security organisms. The second part of the budget document specified missions, programmes, targets, and indicators. Among the 96 mission objectives, some were close to the targets defined in the Europe 2020 Strategy. Table 6.2 sets out the most evident links between the initial targets of Europe 2020, the targets formulated by the French government, and the objectives in the French 2011 budget. Even if some convergence exists between objectives, it is worth noticing that the Budget Documents (part 1 and 2) (République Française 2010) do not refer explicitly to the incorporation of the Europe 2020 targets into national targets by the French government. Moreover we might say that the objectives that related to Europe were generally those where there was an obligation to transpose them to internal law or aimed at a reduction of infractions to European directives or litigations.

This loose link between the French strategic agenda based on Europe 2020 and the 2011 French budget has not been radically modified more recently if one looks into the 2015 budget (République Française 2014b) even if some evolution is noticeable. This document details the way missions and objectives are redefined to be more pertinent in the general framework of the LOLF³ with 22 per cent of changed indicators and 6 per cent of new indicators, among which is included an indicator on internal private expenses in R&D.

³LOLF Loi d'orientation de la loi de finances.

Table 6.2 Europe 2020 targets compared to French budget in 2011

<i>Europe 2020</i>	<i>Europe 2020 France targets</i>	<i>Some budget objectives in 2011 French budget</i>
Employment rate to at least 75 per cent	75 per cent	Insertion rate of unemployed (different categories including young) RSA beneficiaries per cent accessing to employment Coming back ratio to employment for assistance beneficiaries (ZUS) Effectiveness of job creation plans Insertion rates after employment agency ("Pôle emploi") intervention
R&D spend 3 per cent of GDP	3 per cent	Private expenses in R&D in proportion of fiscal encouragement ("crédit d'impôt") Impact of competitiveness poles
Greenhouse gas reduction by at least 20 per cent	-14 per cent	Cost of avoided CO ₂ cost for eligible equipment Emission rate CO ₂ by private cars
20 per cent renewable energy	23 per cent	Reference to National strategy of durable development
20 per cent increase in energy efficiency or reduction of energy consumption (368 Mtoe), that is, 1086 Mtep in final energy	131.4 Mtep in final energy	Reference to National strategy of durable development Effects of certificates in energy efficiency Efficiency of "fonds chaleur renouvelable"
Early school leavers reduced by 10 per cent	9.5 per cent	Doubling rate Truancy rate
40 per cent of population accessing tertiary education	50 per cent	per cent Age class accessing to tertiary education
25 per cent reduction of population under poverty line (or 16 per cent population)	33 per cent reduction	Monetary poverty rate Poverty intensity Poor workers per cent Insertion of vulnerable persons in relation with housing

Source: République Française (2010, 2011, 2014a)

Table 6.3 Progress towards national targets in National Reform Programmes

<i>Agenda 2020 France targets</i>	<i>NRP 2011</i>	<i>NRP 2014</i>
Employment rate 75 per cent	69.2 per cent	69.3 per cent
R&D 3 per cent GDP	2.21 per cent	2.26 per cent
Greenhouse gas reduction—14 per cent	–10 per cent	–2 per cent
Renewable energy 23 per cent	12.75 per cent	13.7 per cent
Energy efficiency: 131.4 in Mtep in final energy	163 Mtep	150.8 Mtep
Early school leaving 9.5 per cent	11.8 per cent	9.7 per cent
Tertiary education 50per cent (17–33 years old)	43.3 per cent (30–34 years old)	44 per cent (30–34 years old)
Poverty reduction 33 per cent reduction between 2007–2012 16.66 per cent reduction between 2014–2020	18 per cent reduction rate	11.2 millions taking into account a new definition of poverty (monetary—living conditions—employment intensity)

Source: French NRP (2011, 2014) in République Française (2011, 2014a)

Table 6.3 details the way the French National Reform Programmes (République Française 2011, 2012, 2013, 2014a) document the progress realized towards the objectives. This suggests that the French governments since 2011 (meaning under the presidencies of President Sarkozy and President Holland) have taken seriously not only reporting results in relation to the Europe 2020 Strategy but also its implementation.

In the case of France the translation of European Union level headline targets into national level targets may be considered as real and detailed. Each target is commented on in detail giving a rather full picture of the means and results obtained.

Turning to the process of producing the National Reform Programme, detailed information is provided in relation to the French government's policies. For sure, this is clearly a reporting document but not totally an 'on-purpose' compulsory report provided only to satisfy at minimum the European Commission. Regarding the engagement of stakeholders, the National Reform Programme for 2014 mentions that the project had been transmitted to the National Assembly and to the Senate and was also disseminated for consultation to the European Social Dialogue Comity, to local authorities' associations, to the Social, Environmental and Economic

Council, to National Council for social exclusion and poverty reduction and to labour unions (whose comments and remarks were joined).

Two conclusions may be drawn from the French case. First, even if initially in 2011 the link between Europe 2020 and the French budget was not totally direct and explicit, it is clear nevertheless that there were links, more implicit than explicit. The way the successive French governments have prepared the National Reform Programme from 2011 to 2014 suggests a common administrative planning vision with the Europe 2020 perspective. At least one can say that the successive French governments during this period 'play the game' using the same administrative vision when documenting the Europe 2020 result. It does not mean, nevertheless, that the French government carried out a true planning process. It is clear when reading the budget documents that the LOLF architecture is pre-eminent and there is no reason why it should be another way since each Member State has its own budget laws and traditions.

The second conclusion relates to stakeholder involvement. For sure, the process involved consultation through the 'traditional' stakeholders network in the French model. This does not mean that the French government generated a collective ownership of the Europe 2020 Strategy. The 2014 joined reports prepared by several stakeholders were more 'on-purpose' comments than real involvement—but this could be seen as being the result of the social dialogue culture prevailing in France. Probably the vision of ownership proposed by the Commission is too theoretical and may have cut across the different traditions in social dialogue found in different Member States.

Both the United Kingdom and France were medium performers on the Europe 2020 headline targets, with France putting in a slightly better performance. In Chap. 2, they both came out more or less the same in terms of government effectiveness (a governance indicator published by the World Bank) with the United Kingdom appearing to have a slightly better estimate of government effectiveness than France. Also in Chap. 2 the United Kingdom was considered as having a more credible government than France, with credible government being defined in terms of country leadership approval, strategic process capabilities, and catalysing capabilities. Both were similar in economic terms as shown by both having relatively high GDP per capita in 2015 and both had experienced modest increases in GDP per capita over the period 2010–2015. However, in Chap. 3 when we looked at a more balanced set of national outcomes we saw that the two countries differed in our computation of scores on national outcomes (the United Kingdom performed poorly, and France performed

better). Also, while both appeared to have dysfunctional divisions within society, which in the case of the United Kingdom eventually led to Brexit, in the case of France the division was politically resolved in 2017 (for the time being) by the election of a President standing on a political platform in favour of continued membership of the European Union. All this seems to show that delivery of European strategies and the realization of good national development outcomes depends on much more than governments having effective organizational machinery and strategic capabilities—the government's effectiveness and strategic capabilities have also to be directed. Or, to borrow and paraphrase an idea from Peter Drucker, however capable a government is of doing things right, it also needs to be doing the right things.

2.2 *High-Ranked Performing Countries and an Outsider*

Four case study countries were selected from northern Europe, all bordering the Baltic Sea. They were Sweden, Finland, Lithuania, and Germany. These countries cases have some distinctive features in terms of their recent developments or their strategic reputations. Sweden, Finland, and Germany governments were all ranked as credible and effective in Chap. 2.

Sweden's system of public governance is interesting in part because of the 1997 reforms that created a more integrated approach, a whole of government approach, in which the ministers were appointed by the prime minister and worked collaboratively, which has been described as ministerial decision making according to a collegiality norm. This implies quite a step change in strategic-state capabilities in the sense of moving away from ministerial silos. In the case of Sweden's national government, for example, there is a 'cabinet' and there is also a 'Prime Minister's Office' (PMO) and a Department of Finance. The PMO and the Department of Finance both help organize the deployment of the capacity of the administrative machine to support political decisions in Sweden—this capacity includes the ministries and depends in part on coordinating the ministries. (The civil service in Sweden's government comprise the PMO, ministries, and the Office for Administrative Affairs.)

Finland's national government has been frequently identified as taking a strategic approach to governance. The government has made reports on the future to parliament and the parliament had its Committee for the Future.

Germany is considered by some observers to have been slow to develop strategic capabilities at national level and to lack an effective centre of government that could coordinate and integrate ministries in strategic terms. The whole government system—federal and sub-federal level—is perceived to be complex and there are many veto powers in the system (Rüb et al. 2014). While strategic management may have developed significantly at municipal and state level, in overall terms the German system is judged to be lagging behind in terms of developing strategic capabilities (Plamper 2015).

Lithuania is an interesting case because of its apparently well-institutionalized system of strategic planning that was introduced in 2000. There is now a long-term Lithuania 2030 strategy. Central capacity for strategic planning is partly established through ministry units and a governmental Strategic Planning Committee dating from 2013.

A Qualitative Analysis of the National Reforms Programmes of High-Ranked Countries and One Middle Range (Northern Countries)

To some extent we can look for evidence of voluntary alignment by Member States with the Europe 2020 strategy by examining the National Reform Programmes (EC 2010–2015 NRP) presented in 2015 in the European

Table 6.4 NRP northern countries

<i>NRP SW 2015</i>	<i>NRP GER 2015</i>	<i>NRP FIN 2015</i>	<i>NRP LITH 2015</i>
<ul style="list-style-type: none"> • Strategy, research, climate, energy and innovation • Education, labour, unemployment, skills • Relations with lower level entities, transparency 	<ul style="list-style-type: none"> • Skills, training, school, labour • Investment, growth, budget equilibrium • Energy, renewable, efficiency 	<ul style="list-style-type: none"> • Ageing, employment and growth • Competition in sector, municipalities reform • Innovation 	<ul style="list-style-type: none"> • Social benefit insurance • Research and innovation • Energy, building renovation • Education, training • Tax system, electronic • Healthcare, inequalities • Poverty

Source: Based on EC 2010–2015 NRP; Alceste© analysis on NRP detailed in Appendix B

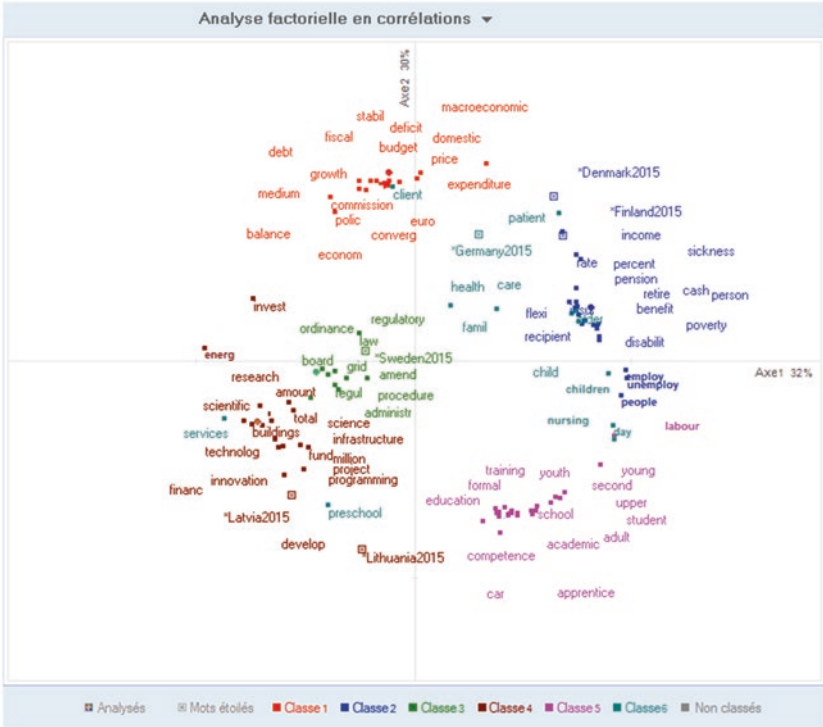


Fig. 6.6 National Reform Programme 2015 SW FIN DK GER LIT LATV
 Source: (EC 2010–2015 NRP); Alceste© analysis of National Reform Programmes

semester. Using an Alceste© analysis, the National Reform Programmes of the four northern countries (Sweden, Germany, Finland and Lithuania) were analysed. The results are summarized country by country in Appendix B. Table 6.4 synthetizes the main key concerns in 2015 for Sweden, Germany, Finland, and Lithuania. Themes are ranked in the table in concordance with category weights. Themes that are grouped in the same row of the table can be regarded as being of more or less equal concern.

Based on the comparison of main themes, it appears that Sweden, Germany, and Finland are more focused than Lithuania possibly because the latter is facing more challenges. What is also clear is that Sweden identifies main issues if we rely on the performance data showed previously in relation to Europe 2020 (i.e., R&D but also employment). Germany is cautious on employment and training. Finland does not prioritize

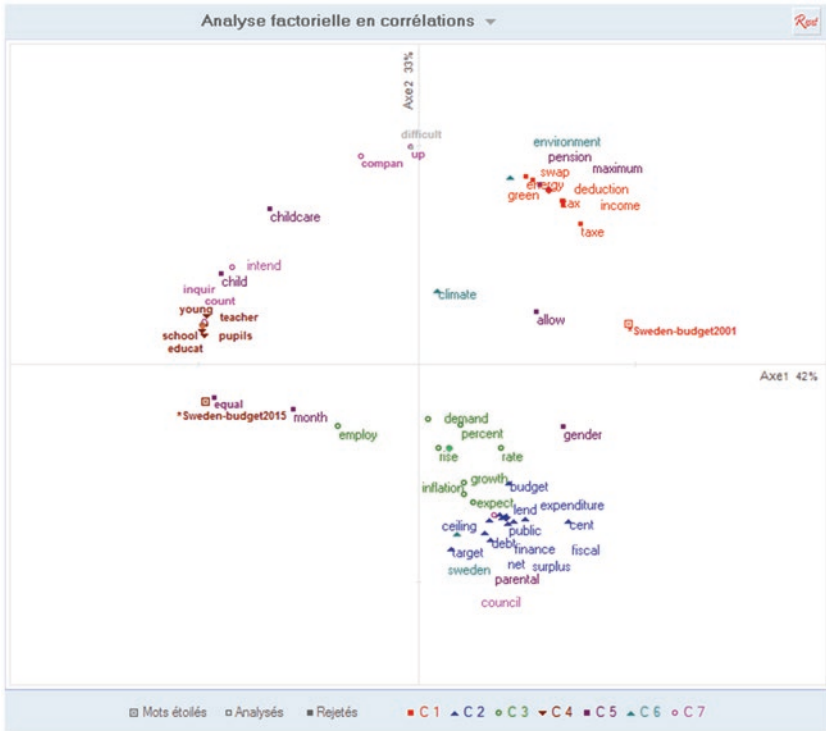


Fig. 6.7 Sweden national budgets 2001 and 2015
 Source: (EC 2010–2015 NRP); Alceste© analysis of NRP

innovation and school targets—those are targets still to be achieved. Lithuania prioritized R&D and energy among other challenges.

A complementary use of a factorial analysis⁴ enlarged the four to six countries (adding Denmark and Latvia) was used in order to highlight the major differences between those National Reform Programmes. Figure 6.6 shows not the main or dominant content of the National Reform Programmes but how they are different.

This analysis suggests that Denmark and Finland in 2015 are distinctively driven by concerns related to unemployment, poverty, retirement, and disabilities (upper right quadrant). Lithuania and Latvia appear to be specifically focused on research, technology, and innovation; Germany is

⁴Factorial analysis in correlation, see Appendix A.

Table 6.5 NRP of southern countries

<i>NRP IT 2014</i>	<i>NRP IT 2015</i>	<i>NRP SP 2013</i>
<ul style="list-style-type: none"> • Structural reforms, competitiveness and growth • Banking sector crisis, impact on employment and economy • Education, skills, care • Taxation, fiscal evasion, administrative simplification 	<ul style="list-style-type: none"> • Main macro economics imbalances • Research, training and school, digital plan • Public administration, relations with regions • Banking sector and credit • Administrative simplification, constitutional reform • Labour negotiations 	<ul style="list-style-type: none"> • Employment, training, retirement and poverty • Fiscal deficit • Local governments, institutional matters • Sectoral reforms, professional licenses, access and barriers

Source: (EC 2010–2015 NRP); based on Alceste© analysis of NRP of Italy and Spain detailed in Appendix B

focused on the healthcare system; and Sweden is focused on regulatory reforms.

It is tempting to conclude that these northern countries were delivering the Europe 2020 strategic agenda and were doing so because they chose to align their national strategy with the Europe 2020 Strategy. Obviously this comment has to be immediately qualified by saying that these findings were not a result of strategic alignment but reflected a pre-existing national choice of priorities. For example, Fig. 6.7 displays a factorial analysis⁵ of the Swedish national budgets in 2001 and 2015. It appears that there was a focus in 2001 (!) on green and energy (upper right quadrant) and in 2015 on school, education, and learning (left quadrants), obviously along with other concerns.

These case studies on Sweden, Germany, Finland, Lithuania, and other Northern countries indicate clear signs of self-alignment by Member States, not only formally with the Europe 2020 Strategy but taking into consideration their performance on the headlines.

⁵ See Appendix A for difference between a factorial analysis in correspondence and a factorial analysis in correlation.

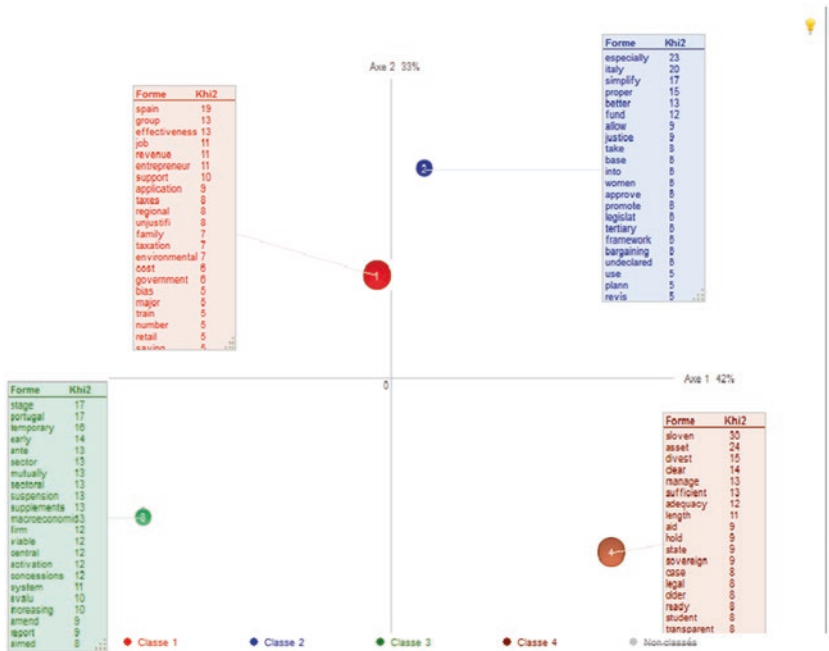


Fig. 6.8 National Reform Programmes of southern countries (Italy, Spain, Portugal, and Slovenia)
 Source: (EC 2010–2015 NRP); Alceste© analysis of National Reforms Programmes

These countries typically belong in the category of effective and credible governments as analysed in Chap. 2, with Lithuania being medium in terms of general government effectiveness. Finland and Lithuania are nevertheless ranked as low in terms of national outcomes (see Chap. 3).

2.3 Low-Ranked Countries

An Alceste© analysis was carried out of individual National Reform Programmes; detailed results are to be found in Appendix B. Table 6.5 details the main results for Italy in 2014 and 2015 and for Spain in 2013. Themes are ranked in the table in concordance with category weights.

Themes grouped in the same line of the table can be regarded as of more or less equal concern.

Talking only about Europe 2020 headline targets and in reference to data presented previously on performance against national targets, it appears that Spain is clearly focused on some key issues such as employment, poverty, and schooling, but not on R&D and green targets. Italy focused on R&D and training and also to a certain extent on employment through competitiveness concerns. Both Italy and Spain also pay attention to sectoral reforms and administrative reforms. The green agenda appears to be neglected in the cases of both Italy and Spain.

Besides the main priorities, the differences between Italy, Spain, Portugal, and Slovenia in their National Reforms Programmes in 2015 are depicted in a cross sort⁶ in Fig. 6.8.

What do we find? In the left upper quadrant, Spain is addressing jobs and support to entrepreneurs with attention to sectoral concerns; Italy (right upper quadrant) is focused on administrative simplification, justice reform, parity, and social bargaining. Slovenia appears to have been focused on imbalances and sovereign crisis.

South of Europe countries were evidently struggling with imbalances and the challenges of sectoral and administrative reforms. The Europe 2020 Strategy appears to be less present in their National Reforms Programmes. Slovenia is the only southern European country to have been considered in Chap. 3 as having a credible government and to be medium ranked in terms of national outcomes. All other south of Europe countries have governments classified as being low credibility and the national performance was judged to be poor (i.e., low national development outcomes).

2.4 A Final Comparison of National Reforms Countries Between Some North and South Countries

A factorial analysis was carried out for the National Reform Programmes of four countries, Denmark, Netherlands, France, and Italy, in 2016. A number of important differences were found as shown in Fig. 6.9.

In 2016, Denmark and Netherlands had National Reform Programmes that were characterized as more concerned by convergence and fiscal deficit and with concerns regarding Europe 2020 (left, upper, and lower quad-

⁶See Appendix A for cross sort description.

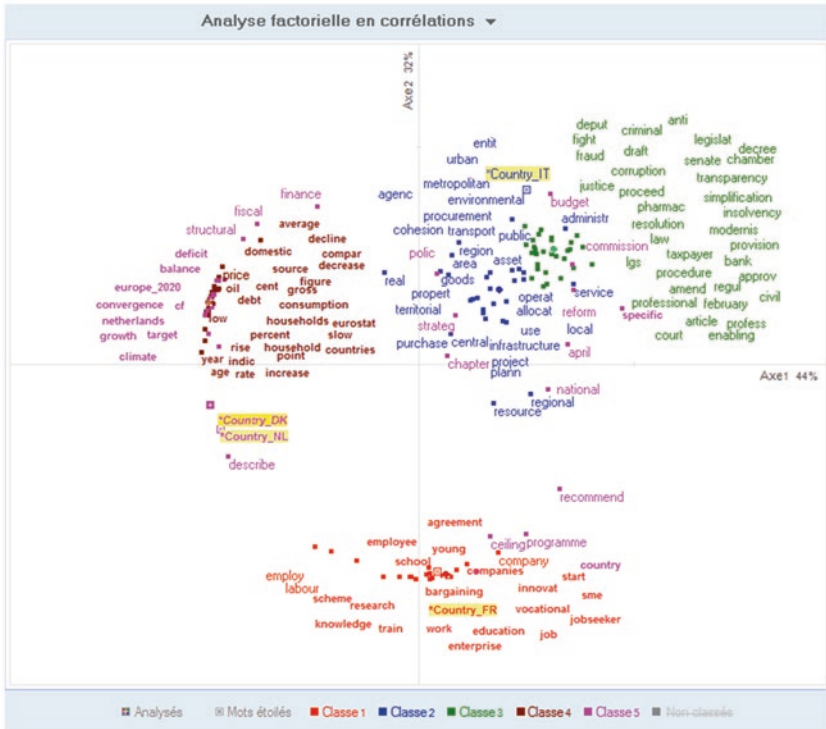


Fig. 6.9 National Reforms Programmes 2016 France, Italy, Denmark and Netherlands.
 Source: (EC 2010–2015 NRP); Alceste© analysis

rants). France had a National Reform Programme that seemed focused on employment and labour, schools and training, research (at the bottom of the graph). Italy (upper right quadrant) is focused on metropolitan, regional, territorial cohesion concerns. What does this suggest? We emphasize the finding that that northern European countries (Denmark and the Netherlands) appear more closely associated with the Europe 2020 Strategy headline targets⁷ than southern European countries. Perhaps it is because the countries of northern Europe are much more strategically optimistic? This optimism might have its basis in the experience of these countries:

⁷Since the Europe 2020 tag appears in the same category.

they are already enjoying the fruits of what we defined as a desirable society and are reproducing, expanding and extending this desirability through incremental gains won in part by governments that are relatively strong in terms of effectiveness and credibility. Maybe the countries in the south of Europe cannot develop strategic optimism while they are attempting to turnaround national prospects and shore up societal cohesiveness; without as effective and credible governments they struggle to break into a virtuous public governance circle needed to bring about sustainable benefits as a result of good governance.

3 CONCLUSIONS OF THE CHAPTER

We conclude with some remarks on the political willingness and capabilities of governments at the Member States level. Political willingness to support the Europe 2020 Strategy was investigated by analysing the National Reforms Programmes of Member States. It seems that it was mostly northern European countries that were focused on the Europe 2020 Strategy. They are also rated as more successful in delivering the Europe 2020 headline targets. This sounds plausible. Countries are more likely to succeed at something if they focus on it and develop a strategic intent with respect to it.

We saw a pattern in the evidence for the northern European countries. This was evidence on performance, key priorities in National Reform Programmes and even partnerships agreements. This pattern of evidence was consistent with a strategic approach to public governance. But such consistency does not just happen. It occurs because of political will. It is, we think, political will that appears to be the creator of energy and focus for strategic governments. We think that this is suggested by the comparison between the United Kingdom and France in this chapter. Both were performing in the middle range of the European countries but with France performing slightly better. The United Kingdom, however, appeared superior to France in both government effectiveness and government credibility. Hence, the effectiveness and capability of a government cannot be the only important factors in performance. In fact, as we argued in the chapter, doing the right things matters. And doing the right things is about selecting priorities and about persistence in the implementation of those priorities—both of which are surely determined by political will.

If a government's leaders had a political willingness to deliver the Europe 2020 Strategy we think this meant that they developed the politi-

cal will to choose strategic priorities aligned to the strategy and the political will to ensure the government stuck at the work of delivery. But, in European conditions, political willingness is not like the will of a single isolated person. Political willingness is the creation of will by the government with the support of society. We presume that political will requires the creation of approval for the leadership provided by government leaders, which is closely bound up with trust in government. As soon as we raise the concept of ‘trust’ it is a short logical step to the concepts of ‘social solidarity’ and ‘social capital’. If we define ‘social capital’ as the capacity of a country to federate energies towards a common goal (such as a sustainable and socially inclusive growth model) then we can link this to the idea we investigated in Chap. 2—the idea of the credibility of governments as one approach to government effectiveness. As will be recalled, credible governments not only have competent management systems but also leaders who are approved and capabilities in mobilizing stakeholders inside and outside the public sector.

There is a complication about understanding political will in these matters—as shown in the case of Sweden. At least for green issues and social inclusion, the political willingness to pursue them as strategic priorities has existed a long time, well before the launching of the Europe 2020 Strategy. This is suggested by a consideration of Sweden’s national budgets. And it is not only Sweden where we have to consider the possibility that the national commitment to a strategic priority contained in the Europe 2020 document may have pre-dated the European Council decision of 2010. Indeed, if the European Council has been working in a collegiate way for some time and its membership comprises heads of state and prime ministers then it is quite possible that the priorities of the Europe 2020 Strategy were acceptable because there was already a national commitment to them among a number of Member States. We can suppose that the European Union is a complex system of public governance and this is partly so because priorities emerge interactively from various national interests.

One implication of this is that not all countries were likely to be equally ready to deliver all the priorities of the Europe 2020 Strategy. It would vary according the national priorities already established in each Member State. The European cohesion policy should over time help to reduce the variations in national aspirations and priorities. Aligning the structural funds to the Europe 2020 headline targets will help too. But, as we saw in the chapter, there was great variation in the percentages of the population at risk of poverty and a commitment to developing a European strategy priority on poverty

appears to be relatively new, so maybe a lack of political will on poverty was one which was evident across the European Union as a whole.

Perhaps there is another issue apart from political will and governance effectiveness and credibility. Perhaps some Member States did not align their national strategies and budgets to the Europe 2020 Strategy because the strategic thinking that had produced it did not convince them. If we look at the content of the Europe 2020 Strategy it is clear that there was an aspiration to anticipate the future and to set clear priorities for action to bring about a better future for Europe. But it could be argued (EPSC 2015) that the analysis of the situation of Europe was superficial, and that the analysis of the resources available to the European Union and their deployment needed more work by the Commission. Most critically, perhaps, did the text of the strategy document produced in 2010 really provide an evaluation of alternative courses of action that might have brought about smart, sustainable, and inclusive growth? While there were suggestions in the text of different trajectories for Europe, these were more justifications for having any strategy. There is little evidence that at least two or three different strategies were considered, that their feasibility was evaluated, and that the Commission then promoted the best option.

To some extent, of course, the strategic thinking was devolved to Member States, which were expected to formulate annual National Reform Programmes to deliver the Europe 2020 targets. Perhaps further evidence of a superficial approach, or political realism, was the decision that the headline performance indicators were to be adjusted in recognition of the variations (e.g., in circumstances) between Member States, meaning that the analysis of the variations between Member States could be deferred until the targets were being cascaded to Member States.

Another challenge to the adequacy of the design of the strategy might be framed as doubts about the extent to which the Europe 2020 Strategy document was itself based on a rigorous appraisal of the resources and capabilities of the Member States, and a rigorous appraisal of the different opportunities facing individual Member States? Were these things assessed before deciding on the strategy? Obviously, some questions posed here bring home the complexity of developing a strategic analysis relating to Europe's economic, environmental, and social performance when there was in fact a very diverse set of Member States. So, there is no doubting the challenges facing the European Commission and the European Council in formulating and then delivering a 10-year strategy for Europe. It was a mammoth intellectual and political challenge.

In summary, despite the poor results of top-down mechanisms documented previously, this chapter suggests there is some evidence of the Europe 2020 Strategy making progress because of a voluntary alignment of national strategies with it. We have also argued that voluntary alignment by Member States is likely to work better, as shown by the comparisons of the United Kingdom and France, where there is political willingness as well as the governance capacities that support government credibility. We have also warned about the issue of the credibility of the strategic thinking contained in a strategy document produced at the European level for Member States—if Member States were not convinced this might have prevented the development of the political willingness to throw the authority and resources of national government behind it.

These overall conclusions for the chapter may be challenged from a quite different perspective, which is the suitability of the strategic management system selected by the European Commission and authorized by the European Council. In essence, voluntary self-alignment was partly conditioned by the decision that the Europe 2020 Strategy largely treated member states as separate strategic entities. The idea of taking the headline target indicators of the 2010 document and cascading them to the national level may be seen here as suggesting that this was a bold attempt at long-term strategy development by the European Union. On the other hand perhaps this cascading approach was a realistic appraisal reflecting the current stage of development of the European Union. This cascading approach could be contrasted with the logic implicit in industrial strategy adopted by countries such as the Netherlands; this type of industrial strategy involves an assessment of the competitive environment of various industries and sectors and a decision to invest in selected industrial sectors where a competitive advantage might be achieved. Such industrial strategies do not treat all sectors of an economy as equivalent. Such industrial strategies imply selectivity and focus. Perhaps selectivity and focus was needed for Europe 2020 rather than a standard set of headline targets that were to be cascaded down to individual Member States for the formulation of national targets.

It might be said that there was some selectivity and focus in the Europe 2020 Strategy because of the flagship initiatives. And there were partnership agreements as well with each Member State. But arguably the cascading process was more potentially significant because national strategies and national budgets could be many times greater in their impact than the flagship initiatives and the European Union budget.

So, in the end we suggest that the European Council and Commission had a long way to go to create a whole-of-Europe approach, meaning a more integrated and coordinated approach. But maybe this is for the future? Over the next 5–10 years the European Council and the European Commission could work on building more steering capacity and more capacity for delivering the strategic leadership and coherence that is needed to make European-wide strategy more suitable for the economic governance of the European Union. It may be that the European Union will need the equivalent of the 1997 reforms carried out in Sweden, which produced a whole-of-government approach at the national level. These reforms may require changes to European institutions and thus changes to treaties.

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The Commission as Part of the ‘Centre of Government’ for the Europe 2020 Strategy

If there is an effective ‘centre of government’ at the European Union level, we expect it might be located partially in the European Commission. The nature of the Commission’s contribution to a centre of government function might go beyond its obvious roles in initiating and formulating legislative proposals and its work of monitoring and guiding Member States with respect to the Europe 2020 Strategy. We have noticed that the Commission, starting in 2014, may have been taking on a more overtly political involvement in the work of leadership of the European Union. It looks as though this might have happened to compensate for the way in which the European Council has discharged its political leadership role towards the Europe 2020 Strategy and other collective endeavours. From a neo-Weberian perspective, the change could be seen as politically sensitive since bureaucrats and politicians are meant to occupy different formal positions within a mass democracy system. From an early 1990s governance perspective this change in the Commission may seem unsurprising—assuming that the move to a more overtly political orientation in the leadership of the Commission was a part of a trend to ‘de-differentiation’ of the roles of bureaucrats and politicians within a system moving towards a greater capacity for partnership in problem solving and a move away from hierarchical coordination in society. These preceding comments suggest a need for some theoretical open-mindedness when approaching the empirical data presented in this chapter on the leadership and monitoring activities of the European Commission.

The European Commission has been extensively studied from different theoretical perspectives and its activities have generated many debates and much controversy among scholars from different disciplines. There are several key points from the scholarly debates that are parallel to our own concerns as management science scholars focussed on action theory in organizations and institutions. In this book we are interested in investigating the extent to which the Commission monitored the Europe 2020 Strategy and helped to foster the strategic alignment of Member States. In this chapter we are interested in better understanding action driven competences rather than governance mechanisms and political leadership from an institutional point of view (that have already been discussed in Chaps. 4 and 5, respectively). Hence the primary themes of this chapter will concern actor's roles, managerial reform, and managerial capacity.

Formally speaking the European Commission has been described as a politically independent institution that functions in the interests of the European Union as a whole. But it could be seen as an institution that contains some degree of functional ambiguity. At first glance we might think of it as simply a version of a classic national civil service but operating at the European level and working under the direction of the European Council (itself a sort of political cabinet). Some of the Commission's activities seem appropriate to a centre of government body: it has responsibilities for the management of EU policies and budget and for monitoring the implementation of policies. It has also been involved in representing the Community externally. One surprising function has been its role in policy making and the associated work of initiating legislative proposals. While civil servants elsewhere may be working in a *de facto* way as policy makers, in the case of the Commission it goes beyond a *de facto* status. According to the Treaty of Lisbon the legislative acts of the European Union require a Commission proposal. So, the Commission has been responsible for drawing up legislative proposals for presentation to the European Parliament and European Council. Under the Treaty this is termed the 'right of initiative'. This might be enough to define the European Commission as also an executive body, which is one good reason why we might see it as functionally ambiguous.

The President of the Commission and Commissioners (the Members of the Commission), who formally lead the Commission's work, are also arguably the centre of some ambiguity. The usual background of Commissioners and the process for appointing the President of the Commission looks to us likely to create a degree of structural ambiguity

around their role. The Commission is meant to be politically independent and the individuals who are appointed as Commissioners should be competent, independent, and committed to Europe. But the individuals who become Commissioners have often previously been government ministers in their own countries and all have held political positions. When there is a new President of the Commission, the President in discussion, with the Member State governments, selects the Members of the Commission. The Commissioners are appointed to 'Commission Directorate Generales' (DG). In recent times there were 30 Commissioners, and they met frequently in a session referred to as the 'college' (Kassim 2017).

The Treaty of Lisbon defined an appointment process for the President of the Commission that seemed designed to meet a concern for balancing the influence of national interests and accountability to the citizens of Europe. The European Council (comprising Heads of State or Government of the Member States) was to propose a candidate for President of the Commission that would take into account the elections to the Parliament (Treaty of Lisbon, Article 9D). The European Parliament was then to vote on electing the European Council's candidate for the President of the Commission. If Parliament voted to not accept the candidate nominated by the Council, the Council would then propose a new candidate to be elected by Parliament. This process was therefore designed to have an input from the Council (representing governments) and from Parliament (representing citizens) and presumably any President of the Commission appointed in such a way would feel that both European governments and European citizens mattered.

So, we can see some paradoxical conditions at work. On the one hand, the President of the Commission was to be nominated taking account of election results (party political results); on the other hand the Commission should be politically independent. The constitutional change of the Treaty of Lisbon is meant to confer greater political legitimacy on the office of the President of the Commission; but the independence of the institution continues to be important. On one hand, the Commission has the 'right of initiative', but on the other hand the Commission is bound by the decisions of the Council and the European Parliament since the three institutions function on a co-decision principle (as required by the ordinary legislative procedure since the Lisbon Treaty).

The literature review on the Commission can be summarized as concerned with the following topics:

- The role of Commissioners that are nominated by Member States
- The role of senior officers and their influence as non-elected actors
- Reforms that modify the respective role of these actors
- Managerial capacities

The appointment of Commissioners is sometimes presented as a strategic game between the European Parliament and the Council (Napel and Widgrén 2008). This means in effect both institutions seeking to get in place Commissioners likely to be supportive of their thinking and policy agenda. Over time it seems that Commissioners have tended to side more and more with Parliament rather than the Council. This appears to be a process of gradual institutional change. It appears as well that the attitudes and ethics of Commissioners have changed (Cini 2014) as a result of the Commission's changing position within the European Union system (political context), its changing control over the reform process (institutional characteristics) and a result of external change agents (the European Parliament and NGOs).

The influence of civil servants and non-elected bureaucrats on the development of European Union institutions has been also investigated—and especially the extent of a pro-integration bias in their influence. Indeed, a very common view expressed in the United Kingdom during the referendum on Brexit was that unelected bureaucrats were in charge of the European Union and working towards a European super-state. Similar ideas were also expressed in France during the presidential elections that resulted in Emmanuel Macron being elected as President of France in May 2017. This does not seem to tally with research findings. First of all, it overlooks the plurality of views within the Commission's officials. Based on a large survey among appointed Commission officials ($N = 1901$), the conclusion was drawn that on jurisdictional options and role conceptions, there were a plurality of views and national background shapes views more than professional background (Hooghe 2012). An earlier study (Hooghe 1999) produced findings that challenge the view of the Commission as a unitary actor with a pro-integration agenda. Regarding seconded national civil servants hired on short-term contracts, any long-lasting effect of socialization within the European Union's executive machinery of government is largely absent (Trondal et al. 2008).

Interestingly, Bauer and Ege (2012) showed that Commission bureaucrats, although highly sensitive to the political side of their job, were less politicized after the Kinnock reforms of 2000 and that the College of the

Commission seems to have become more politically responsive to its supra-national peers and national governments. Therefore, the Commission's bureaucracy can be characterized as weakly politicized.

Other research (Balint et al. 2008) suggested that that Commission was in transition: it had started from a position close to the Continental model of public administration and over time had partially moved towards the Anglo-Saxon and Scandinavian models. The Commission has been evolving from a 'technocratic' authority administering regulatory policies aimed at the building up of the internal market into a neo-Weberian bureaucracy with a process of managerialization and the introduction of a 'Management by Objectives' logic into the functioning of the administrative machinery (Ongaro 2012).

This evolution has created a long-lasting debate. Metcalfé (1996) has argued for example that the EU had a management deficit at least as important as its democratic deficit, and the latter was the main debate before the adoption of the co-decision principle. More recently, (Bach and Ruffing 2017) considered that a lack of administrative capacities and of implementation competences on the Commission's side are one of the factors, besides the Member States' interests that foster the development of tight administrative networks leading to stronger role of national administrations.

It would be strange if the European Commission had not changed in various ways over the last 20 years. Some of the changes might be unplanned but some should have been the result of reforms. For Ban (2013), this is not no clear if the relative political position of the Commission was harmed by either Kinnock reform or enlargement. One study suggested that management reforms instigated by President Kinnock in 2000 had reduced resources for policy work within units of the Commission (Bauer 2009). Presumably this might have impacted on the quality of policy making by the Commission. Another study suggested that the Kinnock managerial reforms had only modest impacts in terms of the behavioural logics of Commission officials and that the bureaucratic architecture of the Commission was left unreconstructed (Jarle Trondal 2012). Another study suggested that changes in European politics were making a difference in terms of the European Union Commissioners who were now professional politicians (Anchrit Wille 2012).

There have also been noticeable changes in the Commission's managerial arrangements. Intra-Commission decision-making has changed horizontally and vertically: structures for internal coordination have been developed to keep decision-making manageable and to increase policy cohesiveness and centralization through a strengthened Secretariat-General

(Kassim et al. 2013; Ban 2013). In contradiction to this ideal vision of the Commission, it can be argued that the lead department and the Secretariat-General may be dominant and this creates biases to policy making and the European Union's legislative agenda (Hartlapp et al. 2013). It can also be stressed that there is a plurality of behavioural styles within the Commission. For example, proposals may be developed in one of three ways: technocratic problem solving, which is trying to keep a balance between stakeholders' interests; competence seeking, which is focused on working competently to please external stakeholders; and, finally, policy-seeking, which is about choice of policy orientation (Hartlapp et al. 2014).¹

One can use the literature to draw a picture of more political leadership by Commissioners and a loosening of the control of direction by the European. The rebalancing of the division of labour (political versus managerial roles), whether produced by the Kinnock reform or not, has led to more professional politicians in the leadership of the Commission. Finally the internal processes inside the DGs under the supervision of the Secretariat-General exhibit a certain amount of diversity. Whether this last point reflects a bureaucratic culture or is a reflection of strategic interactions between bureaucracy officials and executives is not clear. We know that the Wilsonian division of tasks is nowadays blurred and this implies interactions between political intention and managerial implementation (Schedler and Proeller 2010).

As analysed in Chap. 6, the variations in Country-Specific Recommendations no doubt reflects variations in the objective situation and performance of Member States but it might reveal as well the results of interactions and complexity of processes inside the European Commission. In fact, a single department does not prepare the recommendations; the different Directors-General (DG) of the European Commission contribute to recommendations.

In the next part of the chapter, the functioning of the Commission in terms of political leadership, already evoked in preceding paragraphs, is considered in order to elucidate the recommendations made by the Commission. In the second part of the chapter we will focus on the performance tools used by the Commission and the DGs. We aim to document the contribution of managerial tools to policy implementation, which is a normal concern for management scholars.

¹The authors use the term of ideological preferences that we are keen to relabel because this terminology induces a negative sense.

1 THE CENTRE OF GOVERNMENT

The Commission is clearly distinguishing between its own political responsibility and the responsibility of its directors-general for management. We find back here what has been highlighted in the literature previously: political and managerial responsibilities are much more separated nowadays than in the past. Commissioners have assigned responsibilities for specific policies; they also have a leadership (political) in relation to one or more DGs, headed by directors-general (ECA 2016). The role of the Council towards the Europe 2020 Strategy has been examined in Chap. 4; it was found that the European Council largely refrained from changing the Country-Specific Recommendations prepared by the Commission. To dig a little bit further, let us have a look to the internal machinery in more detail.

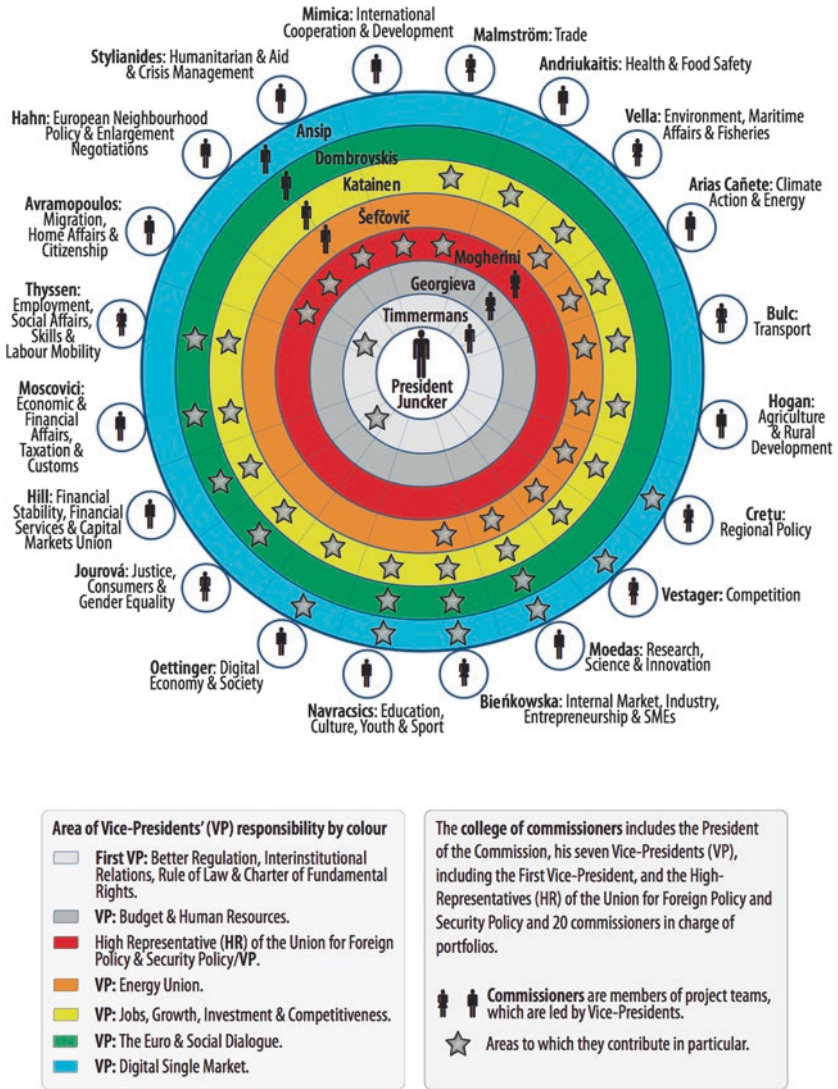
1.1 *The College of Commissioners*

Since the new Presidency in 2014, the College has been changed in order to help Commissioners work together better as a team, cooperating on different portfolios to overcome the silo mentality often found in government departments (President and DG SG 2014).

Figure 7.1 depicts the organization of the College (President, seven Vice-Presidents, 20 Commissioners in charge of portfolios) and the links between Vice-Presidents and associated Commissioners.

Moreover, since this reform, some management groups have been set up to assist the Commission in improving integration, coordination, and resource management; these include an activity-based costing steering group focussed on links between strategic planning and programming and shared by the Secretary-Generals, a Directors-General group overseeing the coordination of policy implementation on horizontal issues, and a resource Directors Group as a consultative body for optimal management (ECA 2016).

The European Court of Auditors still found, in 2016, scope for improvements in the functioning of the European Commission, notably in respect of the politics and management interface within the Commission and the development of a management focus on long-term strategy. This implied a failure by the Commission to effectively subsume the Juncker Report into the framework of the Europe 2020 Strategy. The European Court of Auditors said:



1 Commissioner Hill resigned on 15 July 2016 and his portfolio was taken over by Vice-President Dombrovskis and Commissioner Moscovici.

Fig. 7.1 The College of Commissioners 2014–2016
 Source: ECA (2014, Annex 3), European Commission 2014c

“The distinction made between the ‘political responsibility of commissioners’ and the operational responsibility of directors-general means that it has not always been made clear whether ‘political responsibility’ encompasses responsibility for the directorates-general, or is distinct from it.” (ECA 2016, p. 20)

“The EU provided no accompanying management analysis or narrative until 2014 when it voluntarily accompanied the consolidated annual accounts for 2014 with a Financial Statement Discussion and Analysis (FSD&A). This provided some background and analytical material for users. However the discussion of EU objectives focused on those announced for the Commission by its President, rather than agreed EU 2020 strategy. The only discussion of governance issues in the FSD&A was a brief (and Commission centered) listing of the roles.” (ECA 2016, p. 36)

1.2 *The Secretariat-General*

The Secretariat-General is the administrative counterpart of the College of Commissioners and of the Commission’s Presidency. It is responsible for steering and coordinating the work of the entire Commission, managing the Commission’s decision-making process, acting as an interface between the Commission and other institutions, ensuring the performance of the administration, and leading policy development on certain cross-cutting policy matters such as the European Semester.

The Secretariat-General is partially represented here at Fig. 7.2. (The detailed chart is presented in Appendix C. Here we only highlight policy-coordination (Directorate D and E) and the relations with other Institutions, European Council, Parliament, etc (Directorate F).

“Directorate-Generals (DGs) of the Commission are regulatory bodies (see Appendix D for the list of DGs involved in the process of Europe 2020 Strategy and Country-Specific Recommendations).” They do not provide any service (except for some that provide services to other DGs) and are not in contact with citizens. Their staff work on a daily basis as policy experts, producing reports to support proposals and assessments by the Commission in response to former decisions, and in conformance with rules. The organizational structure is generally (with some exceptions) a matrix with a focus on country and theme, which facilitates the coordination of Commission work for the European Semester and preparing recommendations to Member States.

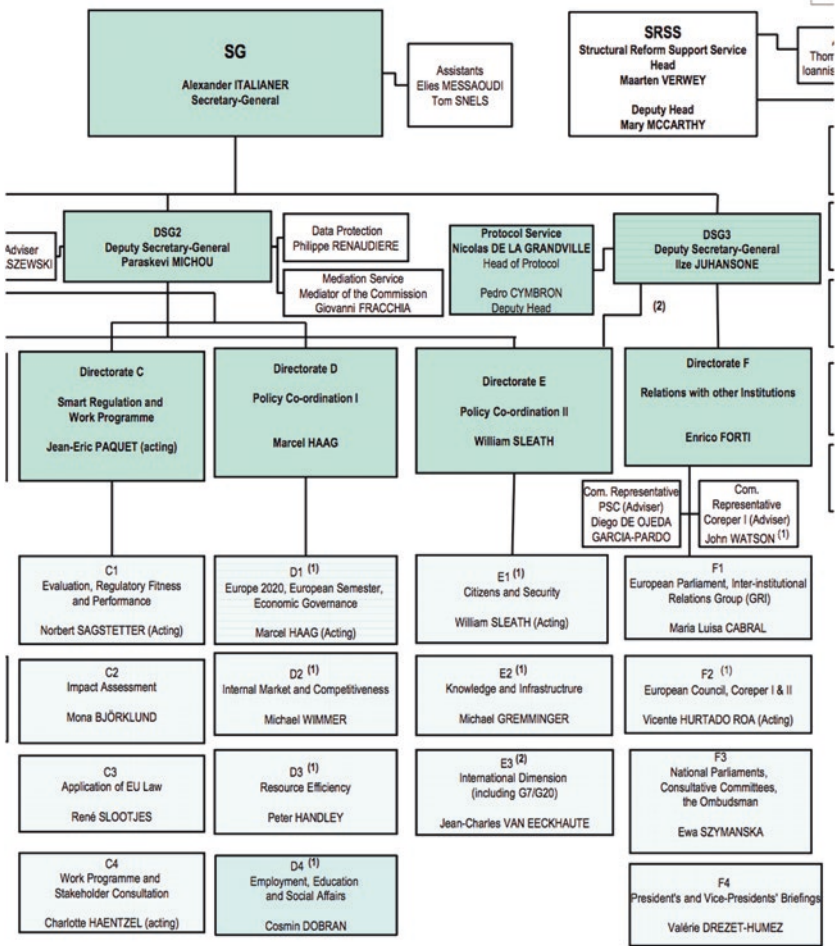


Fig. 7.2 An extract of Secretariat-general chart
Source: Website of European Commission 2014b

The Secretariat-General (SG) coordinates and prepares the political direction of the recommendations that will, in the end, be adopted by the Commission and transmitted to the Council for decision. Inside the Secretariat-General (SG), the ‘Directorate Policy Coordination’ coordinates the process between different DGs in relation to Europe 2020, the

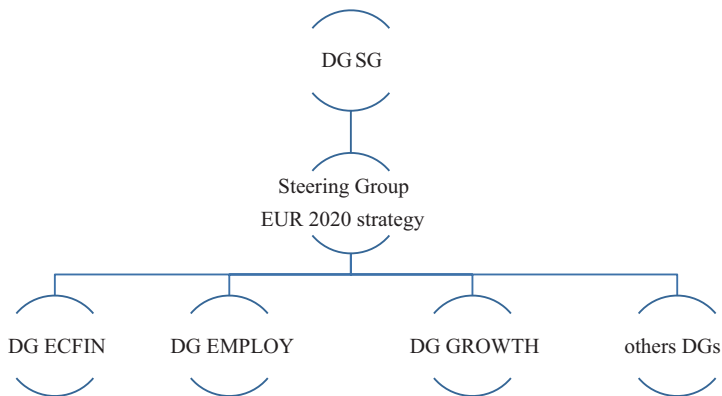


Fig. 7.3 The main actors of the Commission in the European Semester
Source: Interviews

European Semester and Economic Governance. It has to codify the procedures for consultation between services. Main actors in this process are DG ECFIN, DG EMPLOY and DG GROWTH. Previously, DG ECFIN was alone in carrying out a coordinator role. This evolution in coordination is a clear sign that the Juncker Commission has tried to rebalance its activities to better deliver the European Semester (Fig. 7.3).

As we saw in the Chap. 4, the Juncker Commission changed its approach to the provision of recommendations towards the Europe 2020 Strategy. It has been suggested to us by a key informant that the Juncker Commission had been trying to reduce the dispersion of recommendations, and therefore trying to increase the focus of steering efforts, and thereby becoming arguably more strategic than its predecessor, the Barroso Commission.

The General Secretariat provides administrative assistance to the European Council, to both the President of the Council and the members of the Council. The internal procedures (COU 2016) are described in legal terms. It is important to notice that the Europe 2020 Strategy themes cut across the responsibilities of at least four configurations of the European Council (competitiveness, education/youth/culture and sport, employment/social policy, environment). This suggests that the European Council operates as a silo organization rather than as a strategic body.

We should also mention Coreper groups that are composed of the Permanent Representatives of the Governments of the Member States to the European Union. Their role is to prepare the work of Council

configurations and ‘to attempt, at its level, an agreement which will subsequently be submitted for adoption by the Council’ (COU 2016, p. 13). The Coreper role is central to the functioning of the Council but obviously the Council has the final word.

Different committees have been set up by treaties or by the Council: Economic and Financial Committee, Economic Policy Committee, Employment Committee, Committee on Social protection etc ... For some of them the Commission’s staff acts as Secretary but must coordinate with the General Secretariat of the Council for the holding of meetings. So, dialogue and the coordination between the Commission and Council can occur through the Coreper groups (I and II) and these different Committees.

1.3 The Interaction Between Political Willingness and the Managerial/Administrative Capacities Towards Europe 2020 Strategy

The principle of collective decision of Commissioners indicates that the role of the Presidency is central. Indeed, the Presidency of the Commission has been reinforced after Member States become aware of weaknesses in the Commission. So at this point, we can only conclude that ‘strategic leadership’ is generally lodged in the Commission. The question of whether strategic leadership by the Commission has been fully engaged in delivering the Europe 2020 Strategy is another question.

It is clear that the Commission, through the Secretariat-General, has a critical role in monitoring the Europe 2020 Strategy, in coordinating the action of DGs, and working through Coreper groups and committees to prepare the ground for the Council decision-making. It is time now to analyse the managerial capacities of the Commission. We look for the existence of these managerial capacities in activities of performance assessment, performance management and strategic plans.

2 PERFORMANCE ASSESSMENT AT THE LEVEL OF THE COMMISSION

We begin with an appreciation of what is called the internal performance pyramid and how the performance documents rely on ‘grand narratives’ such as the Europe 2020 Strategy (European Commission 2010a) and the statement of the Juncker 10 Priorities, which we discussed previously in Chap. 4.

2.1 *The Internal Performance Pyramid*

Figure 7.4 outlines the relationship between two important documents, and this was as it was presented in the European Parliament (EP Control Committee 2016). According to this outline, the Europe 2020 Strategy appears as the overall framework and the Juncker Commission's 10 priorities are more specifically associated with strategic and management plans of the DGs. The representation in Fig. 7.4 is consistent with the legal and political context of the European Union depicted in Chap. 4. It shows a hierarchy, which if real and not just 'window dressing', assigns to Juncker's 10 political priorities the guiding of strategic and management plans while the multi-annual Financial Framework 2014–2020 (European Commission and DG Budget 2014) frames the delivering of the European Union budget. It also shows the Europe 2020 Strategy as an overarching strategy document. This could be considered as quite a surprising formal statement of the situation in the sense that this is by no means obvious from reading the Commission's policy recommendations to Member States.

As already noticed in Chap. 4, this representation of the hierarchy between the Europe 2020 Strategy and the Juncker priorities is inconsistent with the wide-ranging political discourses of the Juncker priorities, which seem to envisage three agendas:

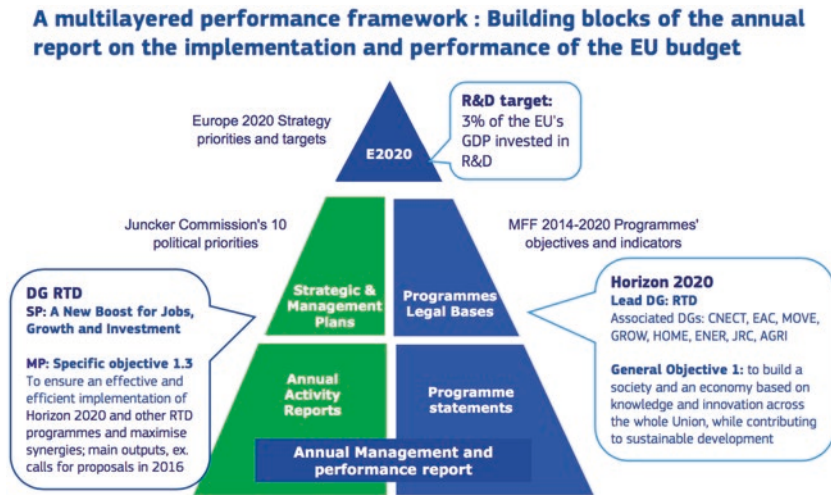


Fig. 7.4 The internal performance framework
Source: Calvino and European Commission 2016

- A political agenda (democratic change, political dialogue, election, new programme for growth and jobs)
- An economic programme (digital single market, resilient energy union, internal market, monetary union)
- Europe at international level (asylum policy, global action, fundamental rights, trade partnership)

The existence of these as two 'grand narratives' has been discussed previously. Indeed, we do think that the statement of Juncker's 10 Priorities is a wider agenda than the Europe 2020 Strategy; the 10 Priorities statement has a scope that extends beyond the scope of a strategy for smart, green, and inclusive growth. We would have thought that the Juncker Priorities could have been seen as a political umbrella and that the Europe 2020 Strategy might be considered as coming under it.

So, does Juncker's 10 Priorities statement serve the Europe 2020 Strategy or does the Europe 2020 Strategy serve the Juncker's 10 Priorities statement? Perhaps we can say pragmatically that it does not matter in practice if they can be delivered in a way that is mutually supportive? A problem might arise from the point of view of legitimacy. A strategy for Europe needs democratic legitimacy. A statement of priorities needs democratic legitimacy. Can the Commission's President claim democratic legitimacy for a set of 10 priorities that appeared to be defining political direction and defining a vision of what Europe should be? And on a managerial point, to what extent is it possible to deploy public governance behind the priorities in terms of monitoring and evaluation mechanisms and steering mechanisms? For example, how will the positioning of Europe at an international level be monitored and evaluated? This is not the point for a political intent such as Juncker's 10 priorities since a political programme is previously monitored from the input side and not on results, the budget and dedicated actions aiming at pursuing the vision. Even if these two traditions evolve separately, they should not be incompatible.

In fact, it is possible to identify two ways in which the process of the European Semester is bifurcated: first, between the issues of the growth and stability pact on one hand and the issues of the Europe 2020 Strategy on the other, and, secondly, the bifurcation within the growth and stability pact created by the Eurozone. Politically the bifurcation between Member States in the handling of deficit and debt problems (i.e., the bifurcation within the Growth and Stability Pact) merely echoes the differential relationship of Member States to political solidarity of the European Union. The bifurcation of process accommodates this political integration problem but this may just amount to an agreement to differ for the time being while a

progressive fragmentation takes place culminating in separation. The bifurcation between the Growth and Stability Pact and the Europe 2020 Strategy may look as though it is not really a bifurcation of managerial planning and monitoring since they are both lodged within the European Semester, creating an impression of a unified process. But it could be argued that this glosses over the bifurcation, which is revealed by the neglect of the Europe 2020 Strategy when it came to policy recommendations made at the European Semester. In fact, the neglect by the Council and by the Commission can be matched on the part of some Member States by a lack of real strategic intent to align national strategies and budgets with the Europe 2020 Strategy (shown in an extreme way by the United Kingdom). The causes of this lack of strategic alignment at the national level certainly permits national interests to be pursued without regard for others in Europe—even if it is concluded that reform of managerial capabilities and public administration capacity are the answer.

What would happen if the Growth and Stability Pact and the Europe 2020 Strategy were not just left to co-exist within the European Semester but were brought together in a single integrated strategy? This would involve elucidating further and deeper how they were meant to work and whether they could be reconciled. These issues have never been clarified because they have been left to sit side by side as though together they added up to something complete. Back to the two narratives, where the same seems to be the case; the two narratives sit side by side, or one on top of the other in formal models, and it can be argued that between them is either a fuzzy articulation or no articulation at all.

How had the Commission addressed or adapted to these bifurcations? How had its performance analysis, management plans and strategic plans been dealing with the existent strategic and political challenges? Did it get caught up in one or more double binds² or did it find itself in a no problem situation?

The double allegiance (to the statement of Juncker's 10 priorities and to the Europe 2020 Strategy) is clearly set out in the introduction of the definition of the priorities by the Commission in its first annual management performance report published in 2015:

²The double bind, initially used in psychology, has been diffused in organizational sciences by several authors (Morin 1976; Barel 1979; Cameron and Quin 1988; Koenig 1996). It refers to an impossible solution facing two contradictory injunctions.

“The programmes under this budget heading contribute mainly to the Juncker Commission priorities of ‘Jobs, Growth and Investment’, ‘Digital Single Market’, ‘Energy Union and Climate’, and ‘Deeper and Fairer Economic and Monetary Union.’ They contribute to the Europe 2020 priorities of ‘smart and sustainable growth’ and to ‘inclusive growth’ mainly through the job creation and employability effects of Horizon 2020 (successor of the Seventh Research Framework Programme (FP7)) and Erasmus+.” European Commission (2016d, p. 10)

Figure 7.5 shows the findings of a factorial analysis ⁽³⁾ performed with the Alceste© programme. The data was provided by the Annual Management Performance Report (2015) European Commission 2016d. The main discourses are:

- Class 1 in lower right quadrant: dominant issues (jobs, market, support funds, growth, crisis, refugee, education, competitiveness ...)
- Class 2 in upper right and left quadrant: around performance (including Europe 2020⁴)
- Class 3 mainly in upper right quadrant: around evaluation as dominant key word but more oriented towards green issues
- Class 4 in lower left quadrant: around correct (expenditure, risk ...)
- Class 5 in upper left quadrant: around control (audit, fraud ...)

Juncker’s 10 priorities do not appear totally but its main arguments are grouped in class 1 and class 3 (in the lower right quadrant) around market, jobs, growth with a mention of the refugee crisis and green issues. Europe 2020 as a whole is associated with the performance issue in class 2 (in the upper right quadrant) in terms of priority while green issues (more in the centre) are referred separately in connection with evaluation. On the left side, we find concerns dedicated to compliance or risks to be avoided in class 4 (lower left quadrant) and to control, efficiency and audit in class 5 (in upper left quadrant).

This first Annual Management Report evaluation is clearly an attempt to answer some of the criticisms of the European Court of Auditors that we mentioned previously. Both grand narratives are mentioned. No hierarchical link between them appears; they appear separately, on one side the

³ Refer to Appendix A to find details on each graphs and synthesis provided by Alceste© software.

⁴ We tagged ‘Europe_2020’ to make it appear separately from ‘Europe’ or ‘European’.

2.2 *DGs Management Plans 2015*

This part of the chapter aims at investigating the extent to which General Directorates in the European Commission formulated their management plans in connection with the macro strategy of Europe 2020. More generally, the problematic discussed here can be defined as the interplay between public policy and administrative action. Basically this analysis involves digging into the black box and figuring out what is going on at the core of strategy formulation and coordination.

And, more specifically, in the framework of Europe 2020 strategy, how can we link the policy level of this smart, green, and inclusive strategy with the strategizing inside the Commission at the level of general Directorates? Are the actions and results of the bureaucracy aligned to the Europe 2020 strategy? Is the bureaucracy capable of delivering the Europe 2020 strategy? Had the bureaucracy actually been delivering the Europe 2020 strategy?

DG’s Management Plans for 2015 (European Commission 2015d) have been analysed (using Alceste© software, pertinence index 72 per cent⁵) to clarify what were the key concerns at the level of the individual DGs. In order to assess the position of Europe 2020 in priorities, the words ‘Europe_2020’ and ‘targets-2020’ have been tagged in the corpus.

The factorial analysis provided in Fig. 7.6 illustrates the priorities orientation of each DGs management plans. Four groups of variables appear:

- In left upper quadrant: results, milestones ... including ‘targets_2020’, regrouping all data and accountability concerns
- In right upper quadrant: social, employment, education, young, innovation referring to inclusive and smart targets
- In left lower quadrant: preparation, control, document ... all around reporting processes
- In right lower quadrant: energy, environment, climate ... all related to green targets but also to larger climate change concerns. The dominant narrative is around growth with a strong accent on environment

Indeed the factorial analysis provides two axes that can easily be interpreted:

⁵17 DGS have been analysed, those concerned by the recommendations making off. The list is available at Appendix D.

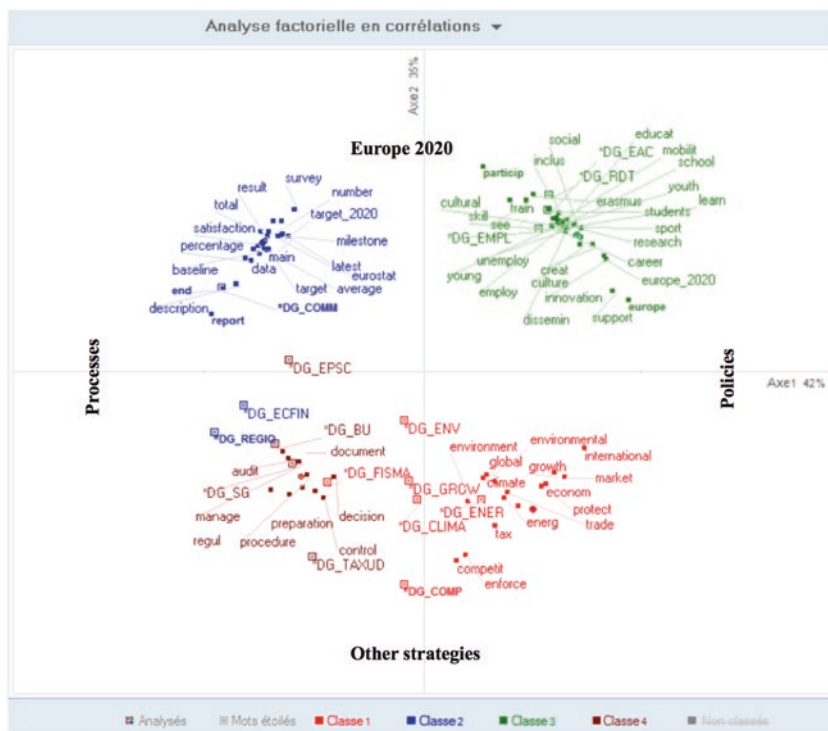


Fig. 7.6 2015 management plans of 17 DGs.

Source: European Commission (2015d), Own analysis Alceste©

- Axis X featuring the contrast between processes (left) and policies (right)
- And axis Y with Europe 2020 at one end (upper) and wider strategy at the other (down).

Compared to the Annual Performance Management report previously analysed, we find a clear distinction between policies (on the right) and processes (on the left) while Juncker Priorities did not appear as such. We analysed only the DGs concerned with the European semester and not all could be linked with the political agenda and the international positioning of Europe, as in the statement of Juncker's 10 priorities.

The DGs in the left lower quadrant included DGs BUDGET, TAXUD, FISMA, EPSC and SG. These might be seen as engaging in discourses that would be most meaningful to departments with 'centre of government' functions but from the 'machinery side'. They were concerned in their discourses with procedures and regulations, with decisions and control, with auditing and documenting. We can note that DG SG in charge of the preparation of Commission decisions is central while DG EPSC formally focused on political strategy is peripheral.

The DGs GROWTH, ENER, CLIMA, ENV, and COMP are positioned on or close to the axis with the label 'other strategies'. This positioning in the graph might be seen as showing that these DGs have been involved in developing strategies to improve the European economies and their competitiveness in international and global markets and energy and environmental matters (including climate). While they appeared not to mention Europe 2020, the discourse in the management plans did suggest policy concerns close to the Europe 2020 policy agenda.

In the upper left quadrant, target_2020 is associated with DG COMM (in blue). In the upper right quadrant, we find discourses replete with references to unemployment, research, innovation and education, which is also associated with Europe_2020, and they clearly identified with DGs EMPL, RDT, and EAC. It appears that these DGs give the highest referencing to the Europe 2020 strategy.

The Europe 2020 Strategy was summarized as a strategy seeking economic growth that was smart, inclusive, and green. The analysis of the management plans suggested that the DGs tackling green issues were more attentive to global green strategies and probably more advanced. It is possible that green issues had to be justified as feasible in terms of competition and market forces; then again the green agenda may be seen as potentially interesting in an economic strategy (Horizon 2020) because the green agenda may suggest future market opportunities in international and global markets—green issues in this case are not a constraint but an opportunity for a growth and competition policy. It is also possible that the DGs whose planning documents were paying attention to research, employment and education were DGs more explicitly framing what they were doing in terms of the Europe 2020 Strategy.

We have already suggested the possibility that some DGs had planning documents in which the language was redolent of a centre of government role, very focused, in other words, on decisions and control, on regulation, on procedures, on preparation (of policies), on audit, and so on.

These included DGs FISMA, BUD, TAXUD, EPSC and SG. We note the following statement of the European Court of Auditors, which seems to support this interpretation of some DGs having a centre of government discourse.

“The Secretariat-General (SG) has responsibility for a number of corporate processes, including decision-making, document management, business continuity arrangements, and strategic planning and programming. It manages the collegial decision-making process and provides support to the President and the Vice-President. It coordinates activities across policy areas and Commission departments and acts as the Commission’s interface and manages relations with the other European institutions, national parliaments and non-governmental organisations and entities.” (ECA 2016, p. 20)

However, why was this lower left quadrant discourse that we might associate with centre of government departments not also featuring the *Europe_2020* tag, which was in the upper right quadrant? Does it suggest, and we know we are being very speculative in raising this point, that the Europe 2020 Strategy was seen as being more of a statement of European Union strategic priorities and wishes than as a commitment to a new system of economic governance based on monitoring and policy recommendations? This makes some sense of the proximity of the ‘*Europe_2020*’ tag to the ‘policies’ end of the horizontal axis, whereas DG EPSC (in particular) was near to the process end of the horizontal axis. So, in the case of the DGs in 2015, the influence of the Europe 2020 Strategy might have been mainly one of indicating policy priorities. It would seem on this basis that the Europe 2020 Strategy was not understood by the DGs as important as an arena for a new economic governance process. All of this, admittedly speculative, would fit with the earlier findings we presented concerning the neglect of the Europe 2020 Strategy by the system of policy recommendations in the European Semester. In consequence, we should not be surprised that DG SG and DG EPSC were not paying much attention in these management plans to a central coordination role in support of the delivery of the Europe 2020 Strategy.

2.3 2016–2020 DGs Strategic Plans

The strategic plans of DG’s (European Commission 2016c) were supposed to focus on the detailed medium-term strategic priorities of European Commission, whereas the management plans were plans for

annual delivery. These were analysed for the period 2016–2020. Based on a descending classification,⁶ emerging discourses are depicted in Fig. 7.7 (pertinence index of 87 per cent). The position of each DG regarding those discourses are presented in Fig. 7.8.

In Fig. 7.7, the four classes of discourse overlap the big picture of the smart, green, and inclusive strategy: (classified by importance)

- Class 1: the references to baselines, targets (including targets 2020), milestones, data, etc., that are part of the performance management and monitoring language found in more completed and comprehensive strategic plans
- Class 2: the theme of education, skill, youth, inclusion (also referring to the Commission President's priorities)
- Class 3: the theme of energy, innovation, climate, and research
- Class 4: the theme of competition, markets, aids, trade, but also food security

Figure 7.8 gives some insights into the thinking of individual DGs. These findings were generated using a factorial analysis. At first glance, the DGs define their strategy in line with their identity but also for some of them with priorities such as employment and social issues:

- DGs ECFIN, FISMA, BUDGET, IAS appear in class 1 (right quadrants) meaning that their main concerns are on the data and evaluation side of strategic management. DGs BUDGET, IAS and EPSC belong to the same class but nevertheless they are spatially close to education and employment concerns found in class 2 (lower quadrants).
- DGs EMPLOY, COMM and SG are in class 2 (lower quadrants), which we think means that the Commission wanted to emphasize work, education, skills, training and so (all connected to employment) was an important priority area that needed to be publicized. The close spatial proximity of DG SG to these employment and education related themes may suggest that the DG SG was putting its weight in strategic terms behind this key results area for the European Commission.
- DGs ENV, GROWTH, CLIMA, ENER, MOVE, RDT, REGIO, CNECT are in class 3 (more or less right quadrant) which spatially

⁶See details on descending classification in Appendix A.

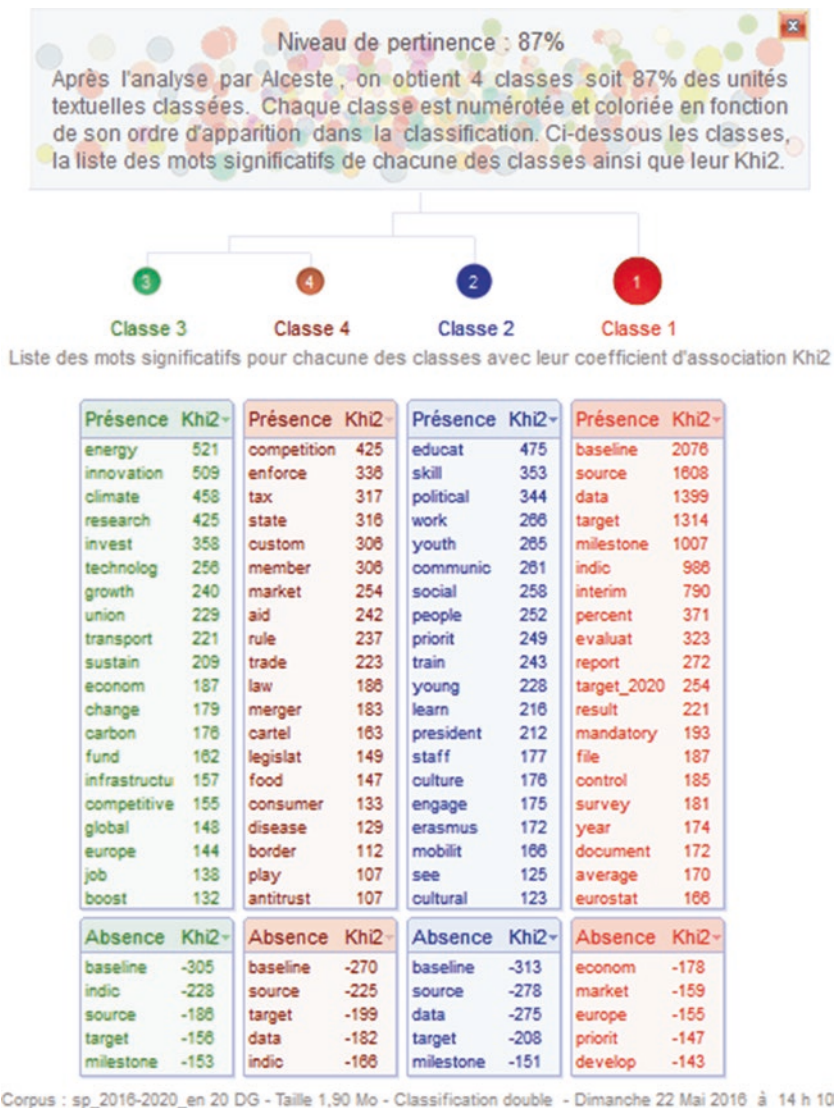


Fig. 7.7 Discourses in 2016–2020 DGs strategic plans (20 DGs)
 Source: European Commission (2016c) Own analysis Alceste©

competition, smart and green issues, and employment/education, the latter two connecting explicitly with the targets of the Europe 2020 Strategy. The performance target and Europe 2020 targets appear on the right side of the chart of the factorial analysis. This seems pretty positive in terms of the DGs strategic intent for the years 2016–2020. If this works, Europe’s strategic action will take the Union towards a better economic and environmental future. The salience of economic and environmental affairs in these DG strategic plans seems pretty clear.

But based on the past resolutions of the European Parliament we can expect at least one of the three major institutions to be disappointed with this strategic intent. The social dimension appears to be very low key in these strategic planning documents. Where is social inclusion in all this? Where is risk of poverty in all this? What in other words is happening to the social models of Europe? Where is the social democratic emphasis on social protection?

Comparisons with the findings regarding the management plans suggest the strategic plans are more policy driven. It looks as though the importance of the Europe 2020 Strategy in defining these strategic plans, apart from the policy agenda in the plans being consistent with smart and green growth, is the provision of a system of targets (the Europe 2020 targets). However, while all the headline indicators of the Europe 2020 Strategy were to be found referenced in the strategic plans of the relevant DGs (i.e. Secretariat-General, DG Employment, Social Affairs and Inclusion, DG Energy and DG Climate Action), none were key performance indicators for these DGs. That is, if we assume the intended focus of the DGs was suggested by key performance indicators, then none of these DGs was focused strongly on the Europe 2020 Strategy.

The Europe 2020 Strategy could be said to have more effect on what the Commission is trying to do (policy areas, targets) than how it works. The Europe 2020 Strategy appears not have provided a blue print for a new system of economic governance, even though there is a European Semester and the Commission carries out monitoring and does provide policy recommendations. But as earlier chapters suggested, the European Semester and the policy recommendations provided weak effects in terms of top-down economic governance. We think that this can be just about read into the factorial analysis of the strategic plans of the DGs for the period 2016–2020.

Why have policy areas and targets been taken up in the strategic plans, while economic governance of the Europe 2020 Strategy seems to be largely absent from the factorial analysis, especially when we scrutinize the tags for DG SG and DG EPSC? Perhaps Bauer and Ege (2012) are correct that Commission bureaucrats are highly sensitive to the political side of

their job. The politicians can easily see if their policy themes are being addressed and if the Europe 2020 targets are being used. Less observable and less accountable may be ways of working and perhaps the new economic governance proposed in the strategic document of 2010 would have threatened too much disruption of existing ways of working. In other words, the new ways of working required by a strategic approach may have encountered resistance from the established operational routines and cultures of the Commission. At least one study, mentioned early in this chapter, fits this view. The study by Jarle and Trondal (2012) suggested that managerial reforms brought in by Commissioner Kinnock had only a small effect on the officials' behavioural logics and that the bureaucratic character of the Commission was left intact.

3 CONCLUSIONS OF THE CHAPTER

There seems to have been a general view that the Commission became more political in nature after the Europe 2020 Strategy was launched. It is also been assumed that the interface between politics and administration is located between Commissioners and officials. Consequently, political will is most probably lodged in the person of the President, in individual Commissioners and in the College of Commissioners organization. The principle of collective decision indicates that the role of the Presidency is central and that this political supervision is strongly back up by the Secretariat-General, which appears as the bridging organization between DGs that carry out monitoring and the College and Presidency, which provides political supervision.

One hypothesis explaining the limited success of the Europe 2020 Strategy might be the lack of strategic management capabilities within the Commission that resulted in poor monitoring and poor steering by policy recommendations. Another is that the bureaucratic architecture of the Commission has not changed enough to enable a strategic approach to Commission work. As a result it may still be accurate to say that decision-making remains very rule-based, rather than means-end based.

If there are strong forces of inertia inside the Commission, as there are in any institution that deserves the name 'institution', then the effect of this inertia might be quite uneven. Some changes are more disruptive than others. Some changes can more easily be accommodated. If we take policy making as a key process in a government system, attempts to modernize it may make more headway with respect to a foresight approach to policy

making rather than attempts to create more genuine evaluation of policy or attempts to break down departmental or ministerial silos. More resistance to change can be expected where there is more to be lost.

So bearing in mind the *realpolitik* of the public administration world, we can offer some conclusions about planning in the Commission. We guess that the annual management performance plan is ‘closer’ to the political eye and shows the two sides of the performance approach: a policy evaluation with separate references to both narratives and a more traditional and administrative evaluation base on compliance and control. DGs remain policy driven with some differences that are linked to their core-activities. The centrality of Europe 2020 is not evident in the strategic plans of DGs, but the policy agenda of the strategy is very present in the strategic plans for the period 2016–2020. The strategic plans referred to the Juncker priorities at the level of the policy; they also mentioned Europe 2020 targets—but relevant DGs did not make them key performance indicators for purposes of plan monitoring and evaluation. This suggests that the DGs in practice tend to bridge the two narratives of Juncker’s statement of 10 priorities and the Europe 2020 Strategy. A pessimistic assessment might suggest there is a risk that the relevant DGs may meet their key performance indicators but that the linkage to the Europe 2020 targets proves too tenuous or flimsy.

The biggest absence in the planning of DGs is the policy areas in the Europe 2020 Strategy that relate to social inclusion and risk of poverty. This is, of course, one of the areas that had appeared to be a problem in the Commission interim review of 2014. So, whereas the economic and environmental agendas are present in the strategic intentions and within the strategic focus of the DGs for the period 2016–2020, the social dimension of the strategy has not been given much attention (as shown by the factorial analysis we carried out on the strategic plans of the DGs). This may show that the challenge of combining economic growth and the social models of Europe is proving too challenging in the conditions prevailing in recent years.

At the end of this chapter, we cannot exclude the possibility that significant barriers have stood in the path of the Commission developing the capabilities needed to deliver the strategy. We would mention, as examples here, the bifurcation of strategies implied by the co-existence of the Growth and Stability Pact and the Europe 2020 Strategy, the constraints created by issues of political will and the European Council, and the potential paralysis created by the duality of big narratives that might be seen to constitute a state of strategic incoherence. In our analysis we also

saw evidence consistent with the Commission being receptive to the economic and environmental policy priorities of the Europe 2020 Strategy, but not necessarily having embraced its social and poverty priorities or having made the headline targets of the Europe 2020 strategy a central focus of relevant DGs’ efforts. Perhaps, as some researchers suggested, the Commission had not been much affected by earlier management reforms and had retained a bureaucratic architecture. And perhaps, the same could be said about strategic management reforms needed for the new economic governance arrangements—that there had been minimal changes in how the Commission’s officials actually worked.

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Summarizing and Generalizing

By the start of the twenty-first century, much official thinking on good public governance contained both a rejection of neo-liberal political ideas generally and the laissez-faire state specifically. Thinking at this time also came around to the idea that leadership—as well as good management—were essential ingredients of an effective government.

I SUMMARY

The advocacy of better management in government did not exclusively mean a narrow-minded focus on top-down efficiency drives and streamlining, because there was also a concern for government agility and flexibility to cope with globalization pressures and an espousal of more responsiveness and greater listening in order to serve the public better (World Bank 1997). This phase of management reform also meant a tendency to define the state as needing to be intelligent and strategic in order to be constructively active in relation to the economy and society (United Nations 2001). Whereas 1980s reforms of the public sector such as competitive tendering, privatization, and creating agencies to reduce the size of central government departments all had the effect of creating competition and fragmentation, the new thinking on public governance embraced the virtues of partnership and integration. As a result a new agenda for reforms gradually took shape around ideas such as the need for: a highly capable centre of government,

multi-level governance, partnerships between public and private sector organizations, and engaging citizens. This agenda entailed a renewal of the relationship between government and citizens, and rethinking the respective roles of politicians and government officials. Competency frameworks for civil servants after the start of the new century began to spread and these emphasized the importance of the senior civil service being involved in strategic leadership and, less obviously, these frameworks began to endorse whole-of-government approaches by civil servants when making decisions. The challenges of reforms to make the civil services work better included the drive to end ‘silo working’ (or ‘stovepipes’) and replace this by more joined-up working and by cross-ministry cooperation.

For the European Union, as for elsewhere in the world, the new thinking required adaptation and culture change. The commencement of the European Union’s Lisbon Strategy coincided with the start of the twenty-first century. Its priorities and goals were clearly those of adjusting to new global economic pressures, including investment in research and development and investment in people, but within five years of its launch, the need to support strategic management of the European Union’s future by improving its governance structure had been accepted. In 2010, although somewhat battered by the international crisis of 2007–2009, the European Union launched a new ten-year strategy, known as the Europe 2020 Strategy. Much of its focus and its priorities were clearly a continuation of those established by the Lisbon Strategy. Remarkably, after five years of implementation of the strategy, even though further changes in the design of governance had been made as part of the 2010 strategy, the President of the European Commission was registering his deep concern about the governance of the European Union (Juncker 2016). In a speech to the European Parliament he described the Union as in the grip of an existential crisis, by which he meant that there was a failure to develop an integrated or whole-of-government approach across the European Union. He bemoaned the lack of ‘common ground’ and cooperation between the countries of the European Union. He complained about the lack of alignment between the European Union and the governments of the countries in the Union. And he described the weakening of governments by populism, which was creating a degree of paralysis in the governments. His remarks suggested a state that was as far from integration as might be imagined. His remarks suggested that unity behind a strategic purpose was mainly absent. He was, in fact, underlining a state of fragmentation and loss of focus that is the antithesis of properly strategic states.

Compared to government at national level within Europe, the government institutions at the European Union level were found (in Chap. 1) to have some novel features. One that stands out is the two channels of representation by elected officials, one through the European Council and one through the European Parliament. Both are democratic but the emphasis in the European Council is bound to reflect governmental interests more than its co-legislator, the European Parliament, which may have been more sensitive to citizens' interests since it comprises representatives elected by citizens. It seems likely that the more the European Council members defined themselves as champions of their country's national interests, the more difficult would it have been for the Council to act as strategic leaders either in relation to the Lisbon Strategy or the Europe 2020 Strategy. In a connected point, we would also suggest that in the context of the European Union it has probably been important that the European Commission has at times explicitly espoused a whole-of-Europe perspective when doing its work. It thereby might represent a balancing perspective when conflicting needs and priorities might have at times linked to country interests. On the other hand, compared to parliamentary democracies at national level, the European Parliament may be seen as lacking power in the instigation of legislation, and this would be based on quite a lot of that power being with the Commission.

The number and diversity of countries in the European Union may be seen as an important contextual factor in the development of the effectiveness and credibility of the Union. The diversity found within Europe, including its diversity of national cultures, can be seen as a virtue and as an asset (Schulz 2012): "After all, our national diversity and our specific experiences are what constitute Europe's wealth." But diversity that becomes the basis of each country within the European Union having its own agenda and priorities is likely to make the possibility of a strategy for the whole of the European Union unworkable. This unworkability amounts to strategic fragmentation. On top of this diversity, it was clear from the findings of Chap. 2 that government effectiveness, government credibility, and the strategic capabilities of governments also varied enormously within the European Union. Variations in these governance variables reflected, or were reflected in, great variations in public opinion and national development performance.

The paragraphs above delineate the context for our detailed qualitative study of governance in relation to the Europe 2020 strategy. We set out to use qualitative analysis to explore how the European Union was working when it was engaged in producing national reform programmes, making

country-specific policy recommendations and policy warnings, and so on. Our key findings from this qualitative analysis are summarized next.

2 THE ESSENCE OF THE EUROPE 2020 STRATEGY

We used an Alceste analysis to clarify the dominant themes of the Europe 2020 Strategy document written by the European Commission in 2010 and then authorized in the same year by Europe's top political leaders in the European Council. We identified six themes.

The first theme concerned the context for the strategy. This was clearly defined as a lack of competitiveness in relation to emerging rivals in the global economy. At the same time there were the problems and ill effects of the financial and banking crisis (beginning in late 2007) that had hit Europe so badly. (In fact, even by 2014, the attempts by some European countries, such as Finland, to extricate themselves from the grip of economic problems were still making little impact.)

The strategy document placed a lot of emphasis on the theme of human resource development. Anyone reading the document could infer that the economic success of Europe in the future required educated, trained, and skilled populations. Naturally this emphasis was, in part, seen as an issue of focusing on young people and investing in them, which made a lot of sense since they would be the at the heart of the European workforce of the future.

The strategy identified the development of European business as critical for the future well-being of the European Union. This was seen in terms of the need for innovation and entrepreneurship in the private business sector.

The 2010 strategy document emphasized one other substantive theme—which we will refer to as the green agenda. This theme contained references to energy efficiency and expressed concern about carbon emissions and climate change.

The final two themes addressed questions of how this strategy would be managed and the implementation of the strategy. The management of the strategy was to be organized via projects, financing, and national action as framed by the Europe 2020 strategy. The document, finally, laid a great deal of emphasis on the implementation roles of key institutions (the European Council, the European Parliament, the European Commission, national governments, and regional and local governments) and on the processes to steer implementation (targets, country-specific recommendations, etc.)

There was much more besides in the strategy document prepared by the European Commission in 2010, but these six themes seemed to us to be given a lot of prominence by the text of the document.

3 INTERIM RESULTS

The Europe 2020 Strategy looked far from an unequivocal success by the time the European Commission reported its evaluation for an interim review of progress in 2014. As we noted in an earlier chapter, the Commission's formal evaluation in 2014 identified some areas of progress against the headline targets of the Europe 2020 Strategy but it was very clear in identifying dissatisfaction with the wider ownership of the strategy and the slow progress in some vital results areas (namely, employment rate, investment in research and development, and risk of poverty). It seemed possible and plausible that the Commission's decision to consult the publics of Europe on the strategy (announced in the evaluation document) might have stemmed from its concern about a lack of wider engagement and ownership of the strategy.

There was some published research evidence to suggest the existence of spatial variations within Europe in meeting the strategy's targets. Better performing regions included some in Scandinavia, Germany, Austria, France, Benelux, and the United Kingdom. This spatial variation may have partially reflected national differences in the effectiveness and credibility of governments across Europe, since it will be noticed that countries such as Greece, Italy, and Portugal are not listed.

Further support for the idea that the strategy was failing in process terms came a year after the 2014 evaluation by the European Commission. We referred earlier in the book to the European Political Strategy Centre (EPSC), which supplied strategic analysis, advice and support to the President and the Commission and was described as the European Commission's in-house think tank. In particular we mentioned strategic notes it published in September 2015. The notes implied the Europe 2020 Strategy had failed to engage the political leaders of the European Council when it was stated that 12 Prime Ministers had written to the Council two years after it had authorized the Europe 2020 Strategy calling for a growth plan but with no mention of the 2010 strategy—presumably indicating they had forgotten that the strategy existed or that its intent was to foster economic growth. The European Commission's in-house think was pretty clear that there was a lack of buy-in to the strategy agreed in 2010 (European Political Strategy Centre 2015, p. 1):

“Europe 2020 needs to become less technocratic and more political, engaging national leaders and citizens in a constructive exchange about the future. It needs to build up a powerful narrative, warning of the consequences of inaction and inertia.”

It would seem that successful long-term strategy in the European Union needs to be both sound managerially and politically—otherwise it falls into the category of a form of technocratic strategic planning.

4 PROCESSES

The preparation by the European Commission of country-specific recommendations and their authorization as part of the European Semester was a key aspect of the governance mechanisms put in place for the effective implementation of the Europe 2020 Strategy. The recommendations tended to concentrate on the financial stability of member states rather than the Europe 2020 Strategy. We pick out three key findings with respect to the country-specific recommendations that did relate to the strategy.

First, it seemed as though the European Commission made an increasing use of the country-specific recommendations to steer the national strategic thinking of some of the smaller member states (Spain, Ireland, Poland, and the Czech Republic) as compared to the big member states (Germany, France, the United Kingdom, Italy, and Austria), which received a decreasing number of country-specific recommendations arguably with a commendable intention to be more focussed. However, this was so even though an examination of national reform programmes suggested some obvious issues that might feature in recommendations for the big member states. There were negative trends in relation to Europe 2020 targets for individual countries and we would have expected these to be emphasized in country-specific recommendations but this was not the case. For example, the 2014 country-specific recommendations from the European Union to the French government largely ignored or neglected the Europe 2020 headline targets. The European Union did not take the opportunity to engage with the French government in 2014 and thereby to steer the French government in the direction of more effective implementation of the Europe 2020 Strategy. Germany had a negative trend in terms of the risk of poverty target (2010–2013), which was partly caused by growing numbers of working poor. But the risk of poverty target was not one of the themes emphasized in the European Union recommendations to

Germany. Likewise in the case of Sweden's negative trend for the risk of poverty target (2010–2013), this was again not emphasized as a theme in the country-specific recommendations. Lithuania had a negative trend on greenhouse gas emissions and Finland had a negative trend on research and development investment—and these too were not emphasized in country-specific recommendations. So, the European Council was not using the country-specific recommendations to ensure that the Europe 2020 Strategy was being monitored and national governments guided to take corrective.

Our analysis of country-specific recommendations confirm a lack in the functioning of the top-down steering mechanism. This is also confirmed by the criticisms made by the European Parliament and even by a strategic note prepared in 2015 by the European Political Strategy Centre.

We turn now to the national reform programmes, which were a critical part of the governance system for the Europe 2020 Strategy, and which were key tools to be used by national governments. These were meant to be plans for reforms to deliver the Europe 2020 Strategy. We looked in detail at national reform programmes for France and the United Kingdom, these being two member states that might be regarded as 'big hitters' within the total constellation of member states. Neither country was using the national reform programme system as a planning system. In the French case, the national budget was linked to the LOLF reforms that were an attempt to streamline the French public sector using mission statements—in fact, it was a version of performance budgeting. We concluded that the French budget was addressing first a national agenda and was only loosely linked to the Europe 2020 Strategy. On this basis, the national reform programme was a reporting document and not a planning document even if France has a long-lasting tradition in planning. We further suggested that as a reporting document it took the Europe 2020 Strategy targets seriously—but no matter how scrupulously the reporting was done, it still was not a planning document.

Our examination of the United Kingdom national reform programmes suggested the documents were not even seriously reporting on the Europe 2020 Strategy targets. For the most part the United Kingdom failed to set national development targets on the basis of the Europe 2020 Strategy targets and so the national reform programmes documents were merely describing existing policy and policy developments. It was not possible to read them and conclude how well the United Kingdom was progressing towards a set of targets derived from the Europe 2020 Strategy targets. The documents, therefore, were neither a planning document nor a

reporting document. In fact, it is puzzling that the manifestly unsatisfactory nature of the United Kingdom's national reform programmes was not highlighted and rectified as part of the European Semester process. It is difficult not to conclude that the European Commission and the European Council both accommodated the failure of the United Kingdom to provide proper national reform programmes because they either did not really care about the Europe 2020 Strategy or because it would have been too destabilizing or embarrassing to confront this problem.

For northern countries, we see at least evidence of an alignment in terms of performance data, key priorities in national reform programmes and even partnerships agreements. Northern countries (Sweden, Finland, Germany, Denmark) had better integrated the Europe 2020 strategy into their national reforms programmes and adjusted them in relation with their actual results (with some exceptions as already noticed on the poverty issue). Obviously there were a number of issues still requiring their governments' attention, but we conclude that the northern countries were to a significant degree aligned towards the Europe 2020 strategy. Our interpretation of the data is that top-down steering through the European semester was probably not the governance mechanism that produced this alignment. This means that the top steering through the European semester is probably not the governance mechanism that has produced this remarkable result. The long-lasting choice made by several of those countries to turn to a sustainable growth model is also an explanatory factor for this success. The southern countries (Italy, Spain, Portugal) were clearly struggling with fiscal deficit issues and institutional and sectoral reforms that arguably conditioned their capacity to turn to a smart, green and inclusive model of growth. Therefore, we think that the Europe 2020 strategy appeared less dominant in their national reforms programmes.

We suspect that the self-alignment mechanism by Member States is strongly influenced by political willingness and governance capabilities. Through the softer mechanisms of coordination associated with the EU budget (flagships, ESI funds, partnerships), the paradox is that the global picture is somehow better.

We also looked at incitative mechanisms such as the partnership agreements targeting the use of funding from the European Structural and Investment Funds for the period 2014–2020. It is evident that some countries (Germany, Sweden) have a clear focus in their future use of structural funds and we can regret that this alignment policy between structural funds and Europe 2020 strategy took place only from 2014. We found nevertheless that European Union partnership agreements

signed in 2014 with Germany and Sweden did not target totally the real performance concerns in relation to Europe 2020 Strategy targets. In the case of Germany, the partnership agreement emphasized labour markets and education; in the case of Sweden the themes were conservation and biodiversity, all being not their greatest weaknesses.

It appears that the processes for targeting funds proved partially effective in the period 2007–2014, and even in the period 2000–2006: positive correlations were found between use of selected structural funds and success in respect of R&D, inclusion, and renewable energy; there was also success in terms of education, although with a time lag effect. Moreover, the diffusion rate of structural funds appeared to be correlated with a renewable energy performance index. These results indicated the possible contribution of structural funds to explanations of success with regards to R&D, renewable energy, and exclusion performance and also success (with a lagged effect) with respect to education. These four headline target indicators were linked to the three pillars of the sustainable growth model of the Europe 2020 Strategy. It might be concluded that some Members States were able to align allocation of EU structural funds and strategy.

In this book we have identified the amplification of public opinion as a distinct public governance mechanism, one which we see as occurring when government attempts to give greater importance to the voice of the public by consulting and listening to citizens and service users and offering them participation channels. As we have already noted, in 2014 the Commission assessed the wider ownership of the Europe 2020 Strategy and decided there was a problem; facing up to this disappointing finding, the Commission then undertook to conduct public consultation itself rather than rely entirely on national and sub-national means of engaging the public. The implication of the Commission's 2014 assessment is that Europe's ambitions for a new style public governance was seriously crippled in terms of processes for, firstly, generating a closer relationship with the public and, secondly, creating a new and higher degree of public involvement with Europe's reform agenda. In the absence of this public involvement, Europe was inevitably left with a model of public governance reliant on formal systems of representation through the national parliaments of Europe. The evidence suggests that Europe's formal governance mechanisms had so far failed to find effective channels and ways for building public ownership of strategy via national and sub-national parliaments; meaningful interaction between European level government and the publics of Europe via national and local government had not been delivered. Public opinion had not been amplified.

5 THE MAIN ACTORS

The European Council appears to have endorsed all the recommendations to Member States prepared by the European Commission—although, as we noted above, the recommendations were not primarily concerned with the Europe 2020 Strategy. It is also clear that the recommendations that were related in some way to the strategy were not very well focused on making sure national governments were delivering the strategy.

It is clear from our analysis that there had been a lack of political leadership from the European Council. It was supposed to direct the Europe 2020 Strategy but it seems to have been a ‘rubber stamp’ for the work of the European Commission. The Council did not confront even the most blatant example of disregard for the Europe 2020 Strategy by the United Kingdom. Nor did it ensure that negative trends relating to targets were picked up and recommendations made emphasizing corrective action. In the absence of strong direction by the European Council, strategic management appeared to be technocratic in nature, as suggested by the strategic notes prepared in late 2015 by the European Political Strategy Centre.

Since it was the European Commission that prepared the country-specific recommendations it was also implicated in the failure to coordinate and steer the implementation by Member States. This failure was also implicit in the criticisms made by the European Parliament, which clearly wanted a more determined approach to the implementation of the strategy by the Commission. The political will of the European Commission appeared to grow stronger from 2014 onwards, but it appeared not to have a strong strategic focus on the delivery of the Europe 2020 Strategy after 2014, and especially not in terms of the main strategic focus of relevant DGs as shown by their strategic plans for 2016–2020. So, the European Commission failed to provide coordination and integration—in other words, there was a weak ‘centre of government’; but we doubt there could be a strong centre of government when there was a lack of political leadership by the European Council.

The European Parliament emerged from our analysis as a ‘watchdog’, mainly taking on the mantle of advocate for the Europe 2020 Strategy and its socially progressive priorities. It had been assigned the role of mobilizing citizens through their national parliaments more as a formal injunction than a real driving force. With the reform of the European semester, links have been reinforced between European Parliament and national parliaments.

At Member States level, political willingness and very varied governance capabilities were major factors in the uneven patterns of effective

implementation of the Europe 2020 Strategy. Some countries (especially in southern Europe) were clearly struggling with economic problems and government finances and as a result we can doubt that they were able to be receptive to calls for strategic action in line with the Europe 2020 Strategy. Until they could turnaround their economic and government problems how could they become partners with the rest of Europe on delivering a strategy for a smart, green, and inclusive model of growth? There were perceptions of under-delivery of the strategy by member states at the European level and as we have noted there were policy recommendations to a number of countries to reform and modernize their public administration, which might be seen as implying governance weakness that were limiting their delivery of the strategy.

At the level of management in the European Commission, it is quite likely that the lack of cohesive and focused political will and direction within the European Council meant that they settled for incremental change rather than the bold step-changes that Europe's global challenges called for. The design of the monitoring through Secretariat General and DGs specialization appears apparently strong. This is demonstrated at the level of strategic plans but moreover in the general assessment of the performance. The Commission appeared caught between two narratives (Europe 2020 and Juncker's 10 priorities), implying a dilemma for the Commission in respect of the basis of its legitimation, and while it seemed to be acknowledging the importance of both in its planning, the DGs were not really giving the Europe 2020 Strategy a core position in their strategic focus. No disconnect has to be mentioned regarding the link between managerial tools and policies. Managerial tools are used by the Commission to sustain policies and not as reified documents. We can conclude that there is no ceremonial strategic management aiming at promoting the organization.

The public, who, we have claimed at the outset of this book are one party to the most important relationship in public governance, the relationship between the public and government, were largely uninvolved and ignorant of the existence of the Europe 2020 Strategy. Our case studies of the national reform programmes of the United Kingdom and France showed on one hand practically no attempt to engage the public with the creation of a national reform programme and on the other, while the French Government did consult stakeholders, little sign that the public felt like partners in the national reform programme, which, in the end, was a reporting document and not a planning document.

6 NOT YET A STRATEGIC STATE

Our analysis of the European Semester revealed that the Europe 2020 strategy was receiving less strategic attention than the Growth and Stability Pact. As we already argued, the coherence or even the explicit link between the growth-friendly model based on the Growth and Stability Pact and the sustainable growth model based on three pillars (smart, green, inclusive) have not been really analysed. The proposal to monitor and drive both the Growth and Stability pact and the Europe 2020 Strategy through the European Semester might have seemed completely reasonable to all concerned back in 2010. But how were these two instruments of European Union development meant to interrelate? In practice, the European Semester was operated in such a way that the Growth and Stability pact was given most attention and the Europe 2020 Strategy was not—as testified by the criticisms made by the European Parliament. This has not been said as such but is noticeable through the orientations of recommendations. It is true that the Commission under Jean-Claude Juncker, from 2014 onwards, highlighted strongly the importance of economic growth and employment; at the same time it did not promote all the priorities of the Europe 2020 Strategy and nor did it make the Strategy important as a strategic focus of Commission activities generally. It was a kind of re-balancing of the whole Europe 2020 Strategy while avoiding putting it at the centre of the Commission's own endeavours. So far the separation of the two EU agendas—the Growth and Stability pact and the Europe 2020 Strategy—has not been resolved or even partially integrated through any new narrative.

In two important ways, the European Union's attempt to establish a strategic state approach to its 2010 strategy, which was intended to boost economic growth while sustaining Europe's social model, had partially failed by 2014. The European Council, comprising national political leaders, and the publics of Europe were not adequately committed to and engaged with the Europe 2020 Strategy. As we have noted above, the European Political Strategy Centre (2015) put it plainly: the Europe 2020 Strategy had not engaged national political leaders and citizens of Member States. The European Commission (2014a, d) had already identified as a concern the awareness and ownership by all actors (governments, parliaments, local authorities, social partners, and stakeholders). Consistent with an implication that the public had not been engaged with the strategy's formulation and implementation, the Commission decided it needed “to launch an EU-wide consultation of all stakeholders on the lessons to be learned and on the main factors that should shape the next stages of the EU's post-crisis growth strategy” (European Commission 2014a, p. 21). In a strategic state, the

political leaders create a long-term vision and priorities for national development and provide the political will for the implementation of strategies that are delivered by the civil service, and the public are engaged with it and effectively consulted and possibly participate in government decision making. The evidence was that the political leaders and the public were not integrated in the strategic processes of the public governance of the strategy. And, so, in these respects, the effort had fallen short of the fully developed strategic state.

Also, as diagnosed by the European Political Strategy Centre, in the event of a peripheral involvement of national political leaders and the publics of Europe, one was left with a technocratic model of public governance and strategic planning. However, unlike James Burnham's arguments about the managerialist society, in which managers are a class that powerfully rule society, the Europe 2020 Strategy was floundering in key results areas, including ones that were probably closest to the continued viability of the European social model (problematic employment rate among young people and rising numbers of people at risk of poverty in countries such as Germany and Sweden). As we noted in an earlier chapter, in 2016 European Commission President Juncker saw the whole situation as characterized by fragmentation and Europe in an existential crisis. Member states, he felt, were focused on domestic problems. He characterised the situation as one of no consistency in priorities, no coordination of national governments with the European Union, and national governments in a state of paralysis and weakness caused by populism. So, the idea of powerful rule by bureaucratic managers of the European Commission managing everything as they wished does not match the reality of a faltering performance in key areas of the strategy and the Commission looking on helplessly.

The renewal of the Europe 2020 Strategy therefore did not need more management as much as it needed more democracy and more politics. This conclusion could have been the basis for arguing a need for constitutional change to enable the European Union to become more strategic. Some of the options for constitutional change might have included ones that would make the European Parliament more powerful. One option might have been Martin Schulz's idea from 2012 of beefing up the European Parliament's role by enlarging its remit for instigating legislation. Another step might have been to move the role of Commissioners further towards a more orthodox role of government ministers with the members of government being appointed from the ranks of elected representatives within the European Parliament. These constitutional changes might have increased the status and visibility of the European Parliament, moved its representatives away from acting as watchdogs and advocates,

and might have led to more public engagement with the European Union via the European Parliament. Alternatively, perhaps constitutional changes could have been made to change the way in which the European Council worked so that heads of state and prime ministers were tipped more towards an executive role through the Council and less of a role as a representative of national interests.

In fact, the development of a stronger political will appeared to emerge in the European Commission rather than in the European Parliament or the European Council. In the summer of 2014 the European Council proposed Jean-Claude Juncker as the next President of the European Commission. He himself thought that this was significant because his party won the largest number of seats in the elections to the European Parliament. In a speech to the European Parliament he suggested that this would mean that his appointment as President would produce additional democratic legitimacy (Juncker 2014):

“For the first time, a direct link has thereby been established between the outcome of the European Parliament elections and the proposal of the President of the European Commission. [...] It has the potential to insert a very necessary additional dose of democratic legitimacy into the European decision-making process, in line with the rules and practices of parliamentary democracy. It also is a unique opportunity for a fresh start.”

He proposed ten policy areas for the European Union and said he intended to present a package, as Commission President, to strengthen Europe’s competitiveness and stimulate investment for job creation—and to do this in the context of the Europe 2020 review.

The European Political Strategy Centre (2015), just over a year later, suggested that the Europe 2020 Strategy needed updating and positioning within the evolving European Union economic governance structures, and needed to be aligned itself to the Political Guidelines of the Juncker Commission. In other words, this was tacitly accepting that the European Commission’s President was providing the political framework for the Europe 2020 Strategy as well European Commission (2016a).

6.1 *Credibility Based on Strategic Management*

What do we learn from the experiences of the European Union over the years from 2010 when the Europe 2020 Strategy was launched? On a positive note we find some evidence that the effectiveness of national

governments can be understood in terms of credibility. Our notion of government credibility was prompted by the idea of strategic leadership as based on credibility. We start with the idea that strategic management capabilities in government are important because they are the basis of government competence. But, in addition, government competence needs to be flanked by trustworthy leaders who would find it easier to get the approval of the public. It also needs to be flanked by government capabilities in mobilizing stakeholders in the public and private sectors; and it is difficult to imagine governments inspiring support by stakeholders when the government itself lacks the competence and effectiveness that strategic management confers.

We have found evidence in the case of Europe that a desirable society may be defined in terms of public attitudes and a democratic culture and that this both supports and is nourished by effective and credible government that successfully produces balanced national development.

There are also negative lessons emerging from this European experience that may in their own way underline the essence of the strategic state. First, the strategic state appears to require effective political leadership. By this we mean that there is a need for politicians who can set long-term visions and priorities for national development and can then direct government accordingly. Second, the public needs to be aware and engaged with long-term visions and strategy. In the absence of effective political and public engagement the result of long-term strategy may be a technocratic approach that ends in muddle, confusion and fragmentation. We would argue that in the European context, under contemporary conditions, political and public engagement are needed to produce democratic direction and legitimacy. This may not be a universal requirement for the strategic state, but it does seem a European one at the present time and under present conditions.

6.2 From Populism to Popular Government: The Populist Public in Public Governance

Having mentioned democracy so much, we want to finish briefly with a few remarks on what we think leaders of the European Union see as a major contemporary issue. That issue is populism and its particular manifestation as a force fragmenting Europe, fuelled by nationalism and racism. Currently, how this issue will turn out seems far from clear and how long it will remain a top issue is uncertain.

It may be little consolation in Europe as a whole that societies in Europe that are most vulnerable to populism are those with governments that appear to be less effective and less credible. We do not yet have a magic wand that makes government reform and modernization certain to produce credible governments and nor is reform a quick and easy thing to do.

Elitist views of the causes of the problem of populism may rest on the idea that the public is ignorant and cannot be trusted to see through irresponsible politicians' blandishments. The public are perceived as incapable of seeing through deceitful and reckless promises by such politicians to introduce government programmes to make things better than the incumbent governments are managing and to address their grievances.

Without adopting an elitist perspective on populism that sees the problem exclusively in the coming together of ignorant voters and irresponsible politicians, what can a government do to respond to the rise of populism? We can find the starting point for thinking about this by reflecting on the idea that democratic governments thrive when they are trusted by the public—indeed, trust is to democratic public governance what credit is to business. Next we hypothesize that if the public is misplacing its trust and turning to populist parties, then the problem is that its concerns and grievances have been ignored for too long.

The answer may be for government to seek to create a virtuous cycle of effective and credible government and an increasingly desirable society (in which to live). This means confronting the decline of public trust in governments and parliaments. Governments may need to think about their reputations for commitment to their strategies and policies and about the use of what the World Bank (1997) referred to as 'lock-in mechanisms'. The World Bank (1997, p. 50) suggested that government success "may depend on designing and implementing policies in ways that credibly signal that the government will not renege on its promises". The implication in this may be that effective government is a combination of government capability plus credible commitment to strategies and policies. It goes without saying that government will have to find strategies and policies that take public concerns seriously while combining the concerns with democratic values and Europe's social model.

The Europe 2020 Strategy experience from 2010 to 2014 looks now like a missed opportunity to build more credible government. This may suggest that lock-in mechanisms were deficient or non-existent with the result that it proved relatively easy for the European Council and the heads of state and the prime ministers not to deliver the strategy. This next remark

is entirely speculative: maybe the lock-in mechanism could have been the Member States legislating on the national targets set up to correspond to the headline targets in the Europe 2020 Strategy and legislating on how the public would be kept informed about national progress towards the targets and how the public would be engaged in designing genuine national reform programmes. This of course would have required an inflexible approach but it might have established a more visible national commitment to the strategy. If it had been done, or if some other and maybe better lock-in mechanisms had been used, perhaps the high unemployment and stagnation of living standards and investment would not have persisted for so long and populism would have found less fertile conditions in Europe.

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