The political economy of the social dimension of economic and monetary union
Louvaris Fasois, C.

Citation for published version (APA):
Louvaris Fasois, C. (2018). The political economy of the social dimension of economic and monetary union: The effects of the European Semester on social and employment policies in Belgium

General rights
It is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), other than for strictly personal, individual use, unless the work is under an open content license (like Creative Commons).

Disclaimer/Complaints regulations
If you believe that digital publication of certain material infringes any of your rights or (privacy) interests, please let the Library know, stating your reasons. In case of a legitimate complaint, the Library will make the material inaccessible and/or remove it from the website. Please Ask the Library: http://uba.uva.nl/en/contact, or a letter to: Library of the University of Amsterdam, Secretariat, Singel 425, 1012 WP Amsterdam, The Netherlands. You will be contacted as soon as possible.
Chapter 3. Research design: questions, case selection and methodology

3.1 Research questions

This thesis aims to elucidate the effects of the European Semester on national policies as well as the specific mechanisms through which these occurred during the period 2011-2017. The research contributes to the fields of Europeanisation, welfare state and employment reforms as well as EMU governance. Towards this end, it adopts a causal analytical approach, which refers to the exploratory analysis of the phenomena under scrutiny, their specific form and evolution, on the basis of empirical evidence derived from a wide range of sources. However, as Gates (2008: 27) underlines: “Theory offers the perspective through which we can interpret empirical observation... The interpretation of events in a process-tracing case study is shaped by theory”. For that reason, before moving on to the in-depth analysis of the three case studies, I present my theoretical framework as an analytical path for identifying the Semester’s effects and mechanisms of change. The combination of these two approaches operationalises my research questions from a theoretical perspective while at the same time contextualises them in the Belgian social and employment policies. The result is an integrated perspective, where interpretative evidence cannot be separated from the analytical categorisation of the Semester’s influence.

My overarching research question is formulated as follows:

- How does the European Semester influence domestic policies and policy-making?

In order to answer this, the question must be broken down further into sub-questions. In that case, it appears to be not one but four research questions:

RQ1: What are the effects of the European Semester on the three policy areas of study (pension reform, tax-shift away from labour, integration of migrants in the labour market)?
- What are the Semester’s substantive (e.g. programmatic shifts, ideational shifts) as well as procedural effects (e.g. reinforced vertical and horizontal coordination) at the national level?
- How did these play out over time and in which particular sequence?

RQ2: Through which causal mechanisms of change did the Semester influence domestic actors and Belgium’s political economy?
- Did the mechanisms of change exert external pressure or did they influence national actors in other ways (e.g. socialisation, creative appropriation, learning)?

RQ3: Which mediating factors are present in each case, and what role did they play in shaping the Semester’s effects and causal mechanisms?
- Which intervening factors ‘filtered’ the influence of the Semester on national policies and does their presence fit in the researched policy fields?

RQ4: To what extent did the European Semester exert a differing influence on the three policy fields of research, in what form and why?
- What conclusions can we draw when comparing the three case studies with regard to the different
effects, mechanisms and mediating factors?
- How did the actors and institutions act at both the EU and the national level and how this cross-case variation can be explained?

The importance of my research question lies in the fact that the impact of the new socio-economic coordination architecture on national policies has been surprisingly little studied. Various authors have pointed to the specific empirical deficit, adding that further studies are necessary to cast light on the mechanisms of change and the political economy of the European Semester. Thus, only a very small part of the existing literature has adopted an in-depth approach, while the majority of academics and policy-makers have given a rather surface, quantitative account of the Semester’s supposed effects. Congruence of the CSRs with national reforms does not imply causality, which is why my thesis aims address the explanatory dimension. As Windwehr (2017: 1305) correctly argues on this: “Obviously, the mere fact that European recommendations and national policy documents correspond in terms of content and/or wording is not sufficient to indicate a causal relationship”. The chosen theoretical framework as well as the research methodology are two crucial aspects for answering my research questions. As I have already mentioned in the previous chapter, these have been chosen for reasons of analytical clarity and appropriateness relating to the difficulty of translating the research questions into dependent and independent variables. Like the OMC, the causal mechanisms of the European Semester refer to a reflexive two-way process, which cannot be restricted only at the national level.

My ultimate goal is to provide a contextualised overview of how the Semester unfolded in the social and employment policy fields which also happened to touch upon fiscal and macroeconomic matters. Due to the idiosyncratic character of the subject and the lack of information, my hypothesis should be seen rather as broad expectations. Prima facie, I agree with the premise put forward by several authors that the legal basis influences to a great degree the implementation of the CSRs. As seen in the literature review, among several other authors, de la Porte and Heinz (2014) argue that after 2011 the rules for the implementation of the SGP and the newly introduced MIP were 'sharpened' by increasing de jure surveillance as well as coercion. Hence, the implementation capacities of the fiscal and macroeconomic goals were strengthened, in contrast to the Europe 2020 goals referring to employment and social inclusion, which, according to the authors, remained "at the very end of the list". Similarly, Copeland (2015) contends that the European Semester enhanced the long-existing hierarchical model which prioritises budgetary discipline and macroeconomic reforms over employment and social goals. Although I am aware of this upgraded framework and its legal repercussions, I expect that the link of a CSR with the SGP or with the MIP may not always lead to its implementation (and certainly not automatically), since this can be based simultaneously on multiple instruments of the Semester but also since the mediating factors which help the CSR’s implementation are not constantly present. Most importantly, I argue that causal mechanisms other than those exerting external pressure, such as creative appropriation and learning, play an equally prominent role during the process. All in all, based on these three expectations (differentiated effectiveness for a CSR linked to the SGP with another linked to the MIP, non-automaticity of sanctions, and plethora in the Semester’s mechanisms of change) my thesis aims to take a step further, by researching exactly how the Semester’s mechanisms unfold.
3.2 Case selection

According to Gerring’s definition (2009: 1138) my research has elements of both a case study and a cross-case study, in the sense that it focuses on few cases and their intensive study while at the same time it involves a sample of cases and analyses their variation. The decision to focus on Belgium was motivated by the plethora of policy developments in combination with the interchangeable presence of intermediate factors, both structural and agent-centred. During the period of 2011-2017 Belgium experienced several waves of significant policy reforms, which in their vast majority referred to the fields of employment and social policies: pensions, healthcare, active labour market policies, unemployment benefits, training and education, labour taxation, wage indexation. In addition, the particular circumstances that Belgium experienced, not only at the beginning of the European Semester but also as its consecutive cycles unfolded, makes its selection as a case study even more interesting. The various reforms over the years have been unfolded within a multi-layered context, involving factors at the national, the European as well as the global level. In regard to the European Semester specifically, many of these factors favour the existence of Europeanisation effects. The dire economic circumstances due to the financial and sovereign debt crisis, an ever-growing centrifugal Federalism since the 1970s, stable support for the EU construct as well as the recent rise to power of an outspoken reformist government count among the most important factors which could influence the final outcome. Their elaborate intertwining and subtle interchange is a most useful aspect in my search to understand the role of such preconditions on the Semester’s mechanisms. Finally, the accessibility of available data (Blatter and Haverland, 2012: 102) and the abundance of actors willing to openly discuss about the Semester’s impact was an additional advantage for the quality of my research.

Despite all the positive aspects of choosing Belgium as a case study, it is also important to mention the potential criticisms of such a decision. Since the country is traditionally one of the most staunch supporters of the European project, overall it holds a good record of implementation as regards the EU rules and recommendations. Hence, one can argue that the choice of Belgium is biased in the sense that we expect an exceptionally good record of CSR implementation. Besides, as Vanhercke correctly notices (2016: 7), Belgium “is a most likely case” for Europeanisation processes. Although this might be true when compared to other MS, this thesis aims to push things in the opposite direction: to debunk, among others, the notion that Belgium is the ‘best pupil in the class’ at all times and under any circumstances, and to show that Europhilia is balanced by the presence of other mediating factors. In addition, it is important to understand the internal motivations of the Belgian actors, which lead them to traditionally abide by the Commission’s recommendations. Due to the crystallised image of this country that is maintained by a big part of academia, the task of explaining the mechanisms of Europeanisation in the European Semester is even more urgent.

The three specific sub-cases - namely the pensions reform, the tax-shift away from labour and the inclusion of migrants in the labour market - have been chosen for cross-case study due to their relevance to my research objectives. Firstly, the different legal basis – broadly speaking - of the CSRs in each of the three fields creates expectations of the existence of specific causal mechanisms. Since pensions are more connected to the Semester’s fiscal rules, one would expect mechanisms of external pressure to be present. The same could be valid for the tax-shift away from labour, due to its relevance for the MIP. Finally, the mechanisms of learning or socialisation are more likely to be
present in the field of labour market integration of migrants, since the field is related to social inclusion goals and ‘softer’ coordination mechanisms. However, as mentioned earlier, this is not a strict categorisation since the specific CSRs have changed their legal bases over time.

Secondly, the CSRs referring to these three policy fields are among the most salient in political terms and have been recurring since the very beginning of the Semester. From that perspective, they represent a reasonable diversity for testing the heuristic value of my theoretical framework while they epitomise a significant part of broader policy areas. All in all, together with the variability criterion, my case selection aims at drawing a good balance between comparability and representativeness. As regards the former, the fact that all three cases belong to the same national context with a significant number of similar characteristics ensures a good basis of comparison. The traps related to the representativeness of the cases in explaining the effects and influence mechanisms of the European Semester can be avoided by having in mind the idiosyncratic characteristics of Belgium and by attributing their right dimension and role on the final outcome. This presupposes a deep empirically-driven understanding of the circumstances, ways and reasons due to which the Semester evolved in the particular national context.

3.3 Methodological approach: Process-tracing and comparative analysis

In my research design I combine the use of process-tracing and cross-case comparison, in order to enhance and complement the methodological advantages of each approach. I follow process-tracing as a most suitable methodological approach to deal with the challenges of causal inferences. According to the definition given by Bennett and Checkel (2014) process-tracing is: “The analysis of evidence on processes, sequences, and conjunctures of events within a case for the purposes of either developing or testing hypotheses about causal mechanisms that might causally explain the case”. This methodology has been used in a wide range of fields and their sub-fields, including Europeanisation and European integration (Schmidt, 2009; Moravcsik, 1998; Pierson, 1994; Parsons, 2003, Schimmelfennig, 2003), EU socioeconomic governance (Barcevicius et al., 2014; Zeitlin and Vanhercke, 2014; Heidenreich and Zeitlin, 2009) international relations and international political economy (Checkel, 2005) as well as welfare state reform studies (Esping-Andersen, 1990; Ferrera, 2005; Hemerijck, 2013). An analysis of a large N-sample showing the correlation between the independent and dependent variables grants confidence to the researcher, however it is not sufficient to track and describe the causal relationships in place (Schimmelfennig, 2014: 101). Specifically, Schimmelfennig stresses that this approach towards theory-testing is not appropriate for a number of good reasons: since there is no significant covariation between either the independent or dependent variables, from a methodological point of view the causal inferences are hard to observe, while from a theoretical point of view, the analysis faces problems of equifinality or over-determination. Especially in the field of EU socio-economic coordination, where there is a constant interplay between the national and the EU level, with no clear separation between the dependent and the independent variables, process-tracing is the only method capable of grasping the causal mechanisms. Finally, this approach takes into consideration the temporal sequencing of the particular causal links and the fact that a later stage depends on the existence of an earlier one.

My research design is aligned with the dynamic approach of Bachelard (‘applied rationalism’) and Vennesson (2008), according to which case studies must be understood as contributing at the same
time to different epistemological acts: the conceptualisation of the scope of the case (‘casing’),
time-building or theory-refining as well as to the inductive in-depth empirical research. As a result,
my research cases serve a plethora of goals simultaneously, none of which are mutually exclusive
(Lijphart, 1971). This is reflected and operationalised in the different variances of process-tracing
which I use.

In particular, I adopt a joint positivist and interpretivist approach towards process-tracing, which
addresses both the causal ‘what’ and the causal ‘how’ (Vennesson, 2008: 232). In this way I verify
not only the existence of specific mechanisms which led to particular effects, but also I examine the
‘sufficiency’ of the causal explanation (Beach and Pedersen, 2013: 14) through the perceptions,
motives and behaviour of the actors involved as well as the surrounding institutions. From that
perspective, it is similar to the method of Richard Miller (1988) – as analysed in an article of Eric
Jones (2015) - which is used to disentangle competing causal explanations in cases of over-
determination. According to this method, to understand which correlation has the most important
‘causal significance’, we must first investigate whether this is necessary, sufficient and occurred prior
to the others. My research method combines all three variants of process tracing, theory-centric as
well as case-centric, as these have been presented by Beach and Pedersen (2013).

Jacobs (2014:41) underlines the usefulness of process-tracing in cases where the causal mechanisms
have been designated ex-ante in a structured and analytical manner. In my case, the theoretical
framework analysing the European Semester has been substantially drawn from that of Barcevicius,
Weishaupt and Zeitlin (2014) referring to the Open Method of Coordination (OMC). With the use of
theory-testing process-tracing, I deduce whether my empirical findings fit the generalisable typology
of the Semester’s effects and causal mechanisms, thus following a sequence of theory before fact
(Beach and Pedersen, 2013:16). On an initial level, my ‘ambition is not to prove that a theory is
correct but instead to prove that it has utility in providing the best possible explanation’, as Beach
and Pedersen (2013) have indicated. At the final stage, I refine specific parts of the existing theory,
engaging ‘quasi-systematically’ in theory building (Vennesson, 2008). All in all, as Schimmelfennig
(2014: 101) stresses, an “efficient” process-tracing must avoid, among others, the total lack of
generalisability, which is why my research will contribute several theoretical findings. Given the
small sample of cases and the specific factors which are present in the Belgian context, I am careful
about the external validity of my findings, thus concluding with “contingent generalisations” (Collier
and Mahoney, 1996).

But at the same time, I use outcome-explaining process-tracing by drawing evidence from my
empirical analysis. At a base level, this empirical analysis plays a descriptive role, in order to track
“little-studied” outcomes, in the way that a historian or an anthropologist would do (Roberts, 1996).
As Della Porta (2008) explains, case-oriented research “aims at rich descriptions of a few instances of
a certain phenomenon”. But contrary to a pure historical approach, these descriptions can be
converted to an abstract analytical categorisation, transmittable to other cases as well. Once the
case is explained to a satisfactory degree, the empirical data is used in a bottom-up approach to
reveal the theoretical causal mechanisms which are in place. Ragain (2000: 31-32) underlines the
iterative dynamics of such a bottom-up approach, by stressing the constant revision of the
theoretical framework as a result of fresh empirical findings.
My analysis is based on a broad range of sources: official policy documents, existing literature coming from academic and policy-making circles, semi-structured interviews and press accounts. For the purposes of this research, many documents directly related to the European Semester have been carefully reviewed and incorporated in the thesis: the CSRs, the NRPs, the Staff Working Documents and the Annual Growth Surveys (AGS), reports from the EPC, EMCO and the SPC, Multilateral Surveys and Mutual Learning Programmes as well as decisions of the European Council and the Commission pertaining to the EDP and EIP procedures. I have also used documents which are less visibly linked with the European Semester but nevertheless remain relevant: national legislation, government declarations, opinions of domestic institutions and of civil society organisations, trade union publications and, lastly, publications of international organisations and of expert networks. Through the careful triangulation of all the available data and by cross-checking between the documents and my interviews to counterbalance any biases, I identify the debates, arguments and policy developments in all three case studies.

Finally, my process-tracing methodology is complemented by a ‘structured and focused comparison’ (George and Bennet, 2005: 70), with the aim to answer the fourth and final research question. Such a comparison is closer to a ‘macro-causal analysis’, one of the variants elaborated by Skocpol and Somers (1980): “a kind of multivariate analysis to which scholars turn in order to validate causal statements about macro-phenomena for which, inherently, there are too many variables and not enough cases” (Skocpol and Somers, 1980: 182). Since my research is focused on the in-depth analysis of the Semester’s procedures, my comparative approach adopts Mill’s methods of agreement and difference. According to the former method, phenomena with common outcomes are expected to also have hypothesised causal factors in common. On the contrary, according to the method of difference, “instances in which [a] phenomenon does occur” (positive case) are compared “with instances in which it does not” (negative case) however, this can be “in other respects similar “ (Lijphart, 1971: 687). According to Della Porta (2008: 204) who refers to the research of Mahoney and Goertz (2006), the aim of this type of historical comparison is to grasp not only the ‘effects-of-causes’ but also the ‘causes-of-effects’, meaning the specific context and variables which influence the dependent variable. Furthermore, as Moore (1966) explains, such a comparison tries to define which configurations are “favourable” and which “unfavourable” in relation to specific outcomes that the case focuses on. Hence, the ‘dense narrative’ of my cases provides an overview of the variation between the multiple factors of influence.