Policy windows, ambiguity and Commission entrepreneurship: explaining the re-launch of the European Union's economic reform agenda

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ABSTRACT   This paper explains the re-launch of the European Union's (EU) economic reform agenda in 2010. After repeated delays during 2009 the European Commission scaled back its initial plan for a revived social dimension and instead proposed a strengthened governance architecture of economic surveillance. Using the Multiple Streams Framework we argue that the new Europe 2020 strategy which emerged is a product of two overlapping policy windows which opened suddenly in the problem stream (the Greek sovereign debt crisis) and politics stream (shifting institutional dynamics). This created a window of opportunity for skilful policy entrepreneurs to 'couple' the three streams by re-framing the existing Lisbon Strategy as the EU's exit strategy from the crisis. The article contributes to understanding policy change under conditions of ambiguity by demonstrating the causal significance of key temporal and ideational dynamics: the timing of policy windows, access to information signals, and the role of policy entrepreneurs.
KEY WORDS Europe 2020, European Commission, Lisbon Strategy, policy entrepreneurship, windows of opportunity.

INTRODUCTION

Launched in March 2000, the Lisbon Strategy was intended to provide an overarching economic reform agenda for the next decade. Despite failing to achieve many of its objectives (Tilford and Whyte 2010), the Commission began drawing up proposals for a replacement during 2008 in which social and environmental concerns would feature more

prominently. By 2009 negotiations had stalled and the consultation process on finding a successor to Lisbon was repeatedly delayed. The Europe 2020 strategy which eventually emerged in 2010 diverged significantly from this: enshrining a new governance architecture of strengthened economic surveillance centred around a new European Semester. The cumulative impact of these reforms was to subordinate the strategy's longer-term social and economic objectives to progress in restoring fiscal sustainability and macroeconomic stability.

Europe 2020 remains significant as the Commission's initial strategic response to the sovereign debt crisis. However several important puzzles remain. Why was the consultation process on replacing the Lisbon Strategy undertaken at such a late stage? Why did the Commission change its strategy for re-launching the economic reform agenda? How can we explain the unanticipated nature of the governance reforms proposed in Europe 2020? The study responds to recent calls for greater attention to be devoted to analysing the temporal and ideational dimensions of policy change. It does so by utilising one of the more fruitful approaches to have been applied at the European Union (EU) level in recent years: John Kingdon's Multiple Streams Framework (MSF).

The paper begins by outlining three testable propositions derived from the multiple streams literature. These are used to explain the development of the Europe 2020 strategy between 2008 and 2010 and to evaluate the Commission's role as a policy entrepreneur in the re-launch of the EU's economic reform agenda. We conclude by reflecting on how the findings add value to our understanding of the EU's response to the ongoing economic crisis.

MULTIPLE STREAMS FRAMEWORK

Our motive for using the MSF stems from dissatisfaction with rational institutionalist approaches to explaining policy change. First, rational approaches have difficulty explaining policy making that does not fit the linear problem-solution sequence. During economic crises policy is developed under heightened conditions of ambiguity as policy makers' attention is scarce, information is imperfect, and policy preferences are fluid and opaque. Consequently policy makers may act simply to be 'seen to be doing something' (Kingdon 1995). Second, rational institutionalism downplays the role of agency and ideas in shaping policy change. Ideas serve as a cognitive lens through which policy makers process information signals about the policy environment and develop political strategies to mobilise action (Radaelli and Kraemer 2008). Over time new information causes reflexive agents to re-evaluate policy problems and solutions. Finally, rational models ignore the temporal dimension by presenting a static snapshot of the policy process. Policy makers face severe time constraints, so the timing of events can be crucial to catching policy makers' attention and creating a historically contingent window of opportunity for reform.

The MSF by contrast sets out to demonstrate, rather than assume, rationality (Zahariadis 2008: 525). The framework has become increasingly popular as a means of analysing policy change in Brussels owing to the complexity of the EU's modes of governance in this 'emergent garbage can' (Richardson 2006: 24-5). Policy makers face high levels of ambiguity, defined by the absence of clear policy goals, time constraints, the fluidity of actor participation, and the opacity of jurisdictional boundaries. In this context the rational problem-solution sequence breaks down as political power becomes a more important determinant of policy outcomes (Zahariadis 2008). The MSF also facilitates analysis of the ideational and temporal dynamics of policy change. It does so by proposing an actor-centred analysis in which material pressures are transmitted to policy makers by information signals, interpreted through ideational frames, and acted upon with political strategies. Furthermore, the causal significance of timing is captured by the temporal conjunction of three independent streams –

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problems, politics and policies – each of which operates according to a different timescale (Borras and Radaelli 2011: 475).

A common criticism is that the three streams only provide a heuristic device. Although the approach has generated a series of hypothetical propositions, these have yet to be rigorously tested (Zahariadis 2008: 525). In response we review the three most important of these claims and formulate a series of theoretically-derived propositions to be tested in the study.

1.   Information signals and coupling

Coupling is central to explaining how policy windows induce policy change. Windows of opportunity constitute information signals from the broader policy environment (such as socio-economic or political developments) to which intentional agents respond (Ackrill and Kay 2011: 77). Policy makers are alerted to policy problems through feedback mechanisms, focusing events and/or increased problem 'load'. By contrast developments in the politics stream are dictated by electoral and legislative timetables which signal shifts in inter- and intra-institutional dynamics. In the policy stream solutions emerge from a primeval soup of ideas which are advocated by a range of policy making actors. For policy change to occur, policy entrepreneurs must respond to these signals by 'coupling' the three streams together (Zahariadis 2008: 517). Coupling involves the strategic use of ideas through policy framing devices: the strategic construction of narratives that mobilise political action around a perceived policy problem in order to legitimise a particular solution. As a necessary condition for policy change, the absence of coupling provides a plausible explanation for the repeated delays to agreeing a successor to the Lisbon Strategy during 2009, leading to our first proposition:

P1. The delay to agreeing a new economic reform agenda reflected the inability of policy entrepreneurs to couple the three streams

2. The timing of policy windows

The timing of policy windows is an important determinant of policy selection. Zahariadis (2008: 519-20) informs us that when windows open in the problem stream in response to focusing events, such as a health scare or natural disaster, the process is consequential: policies are designed 'rationally' to address real societal problems ('problems require solutions'). By contrast, if windows open in the politics stream policy makers come under pressure to be 'seen to be doing something'. For example, a change of government may lead politicians to implement manifesto commitments. In this instance the range of viable policy solutions often dictates the problems to be addressed (i.e. 'solutions chase problems'). These hypotheses can be tested through the careful analysis of the timing and sequencing of policy developments. This gives rise to the second proposition:

P2. Europe 2020 is a product of a policy window in the:
   a. Problem stream in which 'problems require solutions'; or
   b. Politics stream in which 'solutions chase problems'

3. Policy entrepreneurship and policy commissioning

We focus on the Commission's role as a policy entrepreneur for two main reasons. First, the paper seeks to explain the formulation of the EU's new economic reform strategy, rather than the negotiation or implementation of the Europe 2020 agreement. Although we evaluate the influence of the Council, the Commission is responsible for periodically reviewing the

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strategy's overarching objectives and governance instruments, providing significant agenda-setting opportunities (Borras 2009). Second, the Commission occupies a unique 'hub' role in the economic reform process, combining responsibility for both agenda setting and decision making (Zahariadis 2008: 518). Thus it not only advocates policy ideas to decision makers (in the Council), but is directly involved in decision making itself.

Ackrill and Kay (2011: 75) provide a useful distinction between *policy entrepreneurship* (the act of selling policies to decision makers) and *policy commissioning* (the act of selecting policies by decision makers). They argue that the capacity of Commission officials to engage in entrepreneurship is determined by internal dynamics such as institutional ambiguity, defined as 'a policy-making environment of overlapping institutions lacking a clear hierarchy' (2011: 73). In this situation, policies in one arena may increasingly impact on connected policy arenas, forcing a decision where none would have been taken. This policy 'spillover' can transform the balance of power between policy makers and represents a temporal reordering of priorities, signalling to skilful policy entrepreneurs that an opportunity exists to re-frame the nature of policy issues and re-shape the agenda. This is particularly relevant to agenda setting within broad governance architectures, like Lisbon, which span several Commission Directorates-General (DGs) and in which lines of responsibility are unclear (Borras 2009). Heightened institutional ambiguity and policy spillover should therefore provide greater scope for policy entrepreneurs within the Commission to couple the streams and reconfigure the reform agenda.

Policy commissioning points to an alternative coupling mechanism: the ability of entrepreneurs to respond to changes in information signals by designing new policies or adapting existing ones to 'fit' particular policy windows. In the search for legitimate solutions to new problems, policy makers will tend to choose from an existing menu of policies in order to maximise value acceptability (the degree of support amongst participants) and technical feasibility (the ease of implementation) (Zahariadis 2008: 518). We argue that this option is

potentially blocked if policies are characterised by negative feedback and evidence of policy failure. However policy commissioners may overcome this by revising and re-framing an existing solution around a new policy window, thereby providing the policy with a renewed *raison d'etre*. Following this, we test the following claims:

P3. Within the Commission:

a. Policy entrepreneurs can (re-)shape the policy agenda in response to heightened institutional ambiguity and policy spillover

b. Policy commissioners can exploit new policy windows to overcome perceptions of policy failure and renew existing policy solutions

A further criticism of the MSF approach is its lack of specificity with respect to the identification of causal variables (Bendor *et al* 2001). Drawing on Natali's (2004) model of policy change, we identify two sets of independent variables – socio-economic factors and political factors – which relate to the problem and politics streams in the MSF, and policy change as our dependent variable (in the policy stream). The causal process is the opening of a policy window and the coupling of the three streams. We argue that this is conditioned by three intervening variables: timing (the point at which policy windows open); information signals (about the nature of the window of opportunity); and policy entrepreneurs (who use this information to couple the streams). Through careful process tracing of the sequence of events, we seek to illuminate the temporal and ideational dimensions of policy change that explain the governance reforms enshrined in the Europe 2020 strategy.[1]

EUROPE 2020

In 2000 the Lisbon Council set out a long-term holistic strategy designed to facilitate coordination and reform across a broad range of macroeconomic, employment and social

policy. Following criticism of policy overload, poor coordination and conflicting priorities in the mid-term review chaired by Wim Kok, the Lisbon Strategy was re-launched in 2005 with a narrower focus on growth and jobs, a new simplified set of Integrated Guidelines, and a streamlined multi-annual review process. Despite these modest reforms, the procedure for 'naming and shaming' Member States was never fully implemented (for an overview see Begg 2007).

Set against this backdrop the Commission's draft proposals for the Europe 2020 strategy, agreed by national leaders at European Council summits in March and May 2010, constituted a significant revision of the economic reform agenda. Like Lisbon, Europe 2020 is guided by a series of headline targets and 'thematic' priorities related to employment policy, poverty reduction, research and development and climate change aimed at raising Europe's competitiveness (European Commission 2010a, 2010b). But in response to the crisis the strategy proposed a step change in economic policy coordination through reinforced mechanisms of budgetary discipline and fiscal consolidation (see Armstrong 2012). To bring this about Europe 2020 enshrined a new preventive system of ex ante surveillance, the centrepiece of which was a new annual 'European Semester'. This necessitated three specific governance innovations. First, on the basis of the economic priorities set out in the Commission's new Annual Growth Survey, governments submit medium-term budgetary and economic strategies for peer review prior to parliamentary approval. This is achieved through the 'simultaneous' but 'separate' reporting and evaluation of Europe 2020 with the EU's fiscal framework, the Stability and Growth Pact (SGP). Second, to strengthen the surveillance of macroeconomic imbalances, the Commission proposed to develop new competitiveness scoreboards to measure productivity, employment and public/private debt. Finally, the ability of the EU to offer tailored policy advice through Country Specific Recommendations was widened to include both macro- and microeconomic issues. The Commission also gained the additional right to apply political pressure on Member States by issuing 'policy warnings' under the new Lisbon Treaty.

The following sections explain how and why these important governance reforms came about. We begin by detailing the slow pace of reform prior to 2010.

RETHINKING LISBON: FAILED COUPLING

In March 2008 the European Council endorsed the final three years of the Lisbon Strategy and instructed the Commission to start reflecting on the EU's economic and social priorities beyond 2010 (European Council 2008). Discussion within the Council focused on the need for Lisbon's successor to move away from the narrow growth and jobs agenda of Lisbon 'II' (from 2005-2010) by addressing rising public concern about energy, the environment and climate change. The Commission also began formulating plans for a more prominent 'Social Agenda' as a way of addressing criticism from stakeholders that the strategy had failed to connect sufficiently with society (EurActiv 2008). Despite this initial surge of activity, the momentum soon slowed and in March 2009 national leaders decided to postpone further talks. Progress stalled because of an absence of leadership from both main EU institutions. In the European Council there was little enthusiasm to champion structural reform in the midst of severe recession, the influence of traditional cheerleaders (such as the UK) had waned, and other countries were distracted by domestic economic challenges (Martens and Zuleeg 2009). Its ability to provide leadership was also weakened at this time by the collapse of the Czech government which held the rotating presidency. Similarly, the Commission was hamstrung by uncertainty surrounding the composition of the new college of commissioners, due to be confirmed in the autumn. In the second half of 2009 the Swedish presidency made a concerted effort to recast the Lisbon Strategy along Nordic lines, but their ambition of agreeing preliminary conclusions was abandoned due to the worsening recession.[2] This political vacuum provided fertile ground for mounting criticism of Lisbon's failures and scepticism about the likelihood of the strategy ever being re-launched.[3]

The evidence suggests that the lack of early progress can be attributed to a failure of coupling, confirming proposition 1. In the problem stream a range of new social and environmental problems had been identified, but there was little agreement over how these should be prioritised. In the politics stream, Europe 2020 had no national cheerleader in the Council to drive it along (unlike Lisbon) and EU-level leadership was absent pending the appointment of the new Commission. Policy entrepreneurs could therefore not couple the three streams because although new problems existed, political action could not be mobilised. More importantly, these early initiatives were largely isolated from the EU's broader response to the global financial crisis. As one official put it, during the initial phase of brainstorming the effects of the crisis on the Lisbon Strategy were not fully understood or even considered.[4] The crisis could not serve as a driver of reform at this stage because policy makers did not make the connection between the fiscal position of the Member States and the EU's economic reform agenda.

WINDOW OF OPPORTUNITY: THE PROBLEM STREAM

The nature and timing of different policy windows is central to our explanation of policy change. With reference to proposition 2, we find that Europe 2020 is a product of two *overlapping* policy windows. The first of these opened gradually in the problem stream towards the end of 2009. The trigger was not the long-running financial crisis or the worsening economic recession, but rather the focusing event constituted by mounting speculation about sovereign default in Greece. As one official explained, the wake-up call for policy makers was increasing speculation surrounding the potential for a sovereign debt crisis spreading to several Member States, calling into question the sustainability of the eurozone for the first time.[5] As attention increasingly focused on the relationship between microeconomic reform (as part of the Lisbon Strategy) and fiscal sustainability (under the

framework of the Stability and Growth Pact), so efforts at defining the aims and objectives of the new strategy were thrown into flux. Using Kingdon's terminology, the Greek crisis triggered heightened levels of ambiguity as officials struggled to make sense of the proliferation of information signals emanating from the rapidly changing external environment (problem 'load').

Policy windows do not by themselves induce policy change: rather policy entrepreneurs must exploit them by coupling the three streams together. This is confirmed by the fact that the timing of this particular policy window had the initial effect of derailing the Commission's timetable for launching a public consultation in September 2008. The source of the delay was doubts about the Commission's initial plan for a revived social agenda and continued uncertainty surrounding the formation of the second Barroso Commission.[6] The delay bought the Commission some valuable time, generating new meanings and understandings about the causes and consequences of the crisis and enabling policy makers to begin redefining the nature of the problem. However the consultation process, which eventually ran from November 2009 to January 2010, provided only a fleeting window of opportunity for stakeholders to influence the drafting of the new economic reform agenda.

The prospect of substantive policy change remained bleak. With little over three months before Lisbon expired, the consultation document was deliberately vague, lacking any detailed proposals for governance reforms beyond increasing the role of the European Parliament. This lack of ambition provoked a storm of protest from some NGOs and MEPs who wanted the process delayed to the end of 2010 and led national governments to call on the Commission to develop an ambitious social plan to address rising unemployment (European Parliament 2009). Process tracing suggests that the Commission's timidity can be explained by its inability to couple the new policy window in the problem stream because of continued obstacles in the politics stream.

WINDOW OF OPPORTUNITY: THE POLITICS STREAM

Two inter-institutional developments in early 2010 signalled the sudden opening of a new policy window in the politics stream. First, following the ratification of the Lisbon Treaty Herman van Rompuy was elected as the new President of the European Council and announced that addressing the economic crisis was his first priority. Second, after a four month delay the new Commission was finally confirmed on 9 February 2010. The President, Jose Manuel Barroso, was determined to address criticism that he had been slow to respond to the crisis by making Europe 2020 the centrepiece of his second term (Dinan 2010). Recognising that only the European Council could provide the requisite political credibility to move the proposals forward, the two presidents agreed to establish a series of regular meetings and an informal division of labour through which to kick start the economic reform process (European Voice 2010; Dinan 2011). At a specially convened summit on 11 February 2010 Barroso outlined plans for new policy initiatives and targets, while van Rompuy focused on compliance and enforcement. In addition they agreed that to secure greater buy-in from Member States, the Commission would extend the length of the policy window by presenting the broad contours of an agreement in March but leave detailed discussion of governance reforms to the June summit (Zuleeg 2010). The alliance of the EU's two new presidents was therefore pivotal in unlocking the political process and creating the conditions for effective policy entrepreneurship.

The role of national governments – acting either individually or collectively – was limited for four reasons. First, the European Council was slow to react to the warning signs from Greece and recognise that it even necessitated a European-level response (Zahariadis 2012: 106). German hesitation further prolonged the negotiations surrounding the first bailout and rapidly consumed the scarce attention of national leaders. Second, although ECOFIN and the Eurogroup became more important in managing the EU's response to the sovereign debt

crisis, this firefighting role did not translate into effective strategic leadership on economic reform (Puetter 2012). Third, the incoming Spanish presidency was firmly in favour of securing agreement on Europe 2020 but determined to play a backseat role to permit the implementation of the Lisbon Treaty reforms (Molina 2010). Finally, a continued lack of enthusiasm (notably from Germany) and divisions about the desirability of governance reform hindered the capacity of the Council to engage in effective policy entrepreneurship.

The national position papers submitted during consultation process reveal support for the Commission's ambition that the new strategy should address the fiscal and macroeconomic challenges emerging from the eurozone crisis. Beyond this however different coalitions formed around the need for further governance reforms. A sizeable coalition of southern and eastern states called for enhanced governance through binding economic convergence criteria, greater use of legislative instruments and the integration of Europe 2020 with the Stability and Growth Pact (SGP).[7] In the wake of the Lisbon Treaty ratification process however the political climate was not conducive to any further expansion of the EU's legal competence.[8] Opposition to substantive reforms came from the larger states, led by Germany and the Netherlands, both of whom rejected the Commission's proposal to undertake simultaneous reporting of the SGP and Europe 2020 as it could be counter-productive to budgetary consolidation and would make surveillance 'unnecessarily political'.[9] The UK and France also opposed further supranationalisation, presenting alternative intergovernmental solutions to the search for better coordination.

Although yielding few surprises, the consultation process acted as a powerful feedback mechanism, signalling to policy makers that a new policy window had opened (as national governments welcomed the re-framing of the strategy around the eurozone crisis) but also indicating the limits of what was politically feasible (as significant opposition to strengthened governance remained). In the face of deep rooted divisions within the Council, strategic

policy entrepreneurs in the Commission attempted to exploit this political vacuum by re-shaping the agenda.

POLICY ENTREPRENEURSHIP

The opening of a policy window in the politics stream was also signalled by the transformation of intra-institutional dynamics within the new Commission: in particular, the replacement of Spanish socialist Joaquin Almunia as economic and financial affairs commissioner by the Finnish liberal Olli Rehn. As well as being a trusted lieutenant to the Commission President, Rehn heralded a change of direction by declaring his priority for the new reform agenda to be the restoration of healthy public finances through the enforcement of the Stability and Growth Pact (EU Observer 2010). These information signals were used by policy entrepreneurs in DG Economic and Financial Affairs (DG ECFIN) to seize control of the drafting process within the Commission and recast the strategy on its own terms.

The extent of these changes becomes clear when we compare the governance of Europe 2020 with the Lisbon Strategy. After the re-launch of 2005, the strategy was managed by a team of Commission desk officers drawn from the Secretariat-General, DG ECFIN, DG Employment, Social Affairs and Inclusion (DG EMPL), and DG Enterprise and Industry (DG ENTR); with the other DGs providing an input as and when necessary.[10] In the implementation of Lisbon, the DGs had a roughly equal status: each being responsible for monitoring developments within their particular policy domain, while decisions on evaluation and policy recommendations were reached through consensus.[11] The governance of the Lisbon Strategy was therefore characterised by a high level of institutional ambiguity and policy spillover. Put simply, because policy decisions were closely interconnected, different Commission DGs were forced to share ownership and develop a consensual approach to decision making. However the absence of a clear hierarchy of authority also created a wider

space for contestation, contributing to the conflicting aims and objectives that characterised the early strategy. Contrary to proposition 3a this situation undermined, rather than enhanced, policy entrepreneurship within the Commission.

By contrast the drafting of Europe 2020 was marked by clearer lines of responsibility, stronger internal hierarchies and reduced contestation. Once the new Commission had been confirmed, President Barroso and his colleagues in the Secretariat General forged a strategic alliance with Commissioner Rehn and DG ECFIN in order to ensure that the Commission would play a leading role in reshaping the EU's future economic governance.[12] Not only did the majority of ideas behind Europe 2020, the new Annual Growth Survey and the European Semester originate from within DG ECFIN, but the other DGs were largely sidelined or ignored during the drafting process.[13] Decision making authority which had hitherto spanned several different DGs was therefore gradually centralised around a single institutional location. This evidence contradicts the claim in proposition 3a that heightened ambiguity and policy spillover creates greater scope for policy entrepreneurship. Counter-intuitively we find that skilful policy entrepreneurs within DG ECFIN were empowered by the policy windows to claim ownership of the issue and seize control of the agenda. This enabled them to reduce institutional ambiguity over who would be responsible for drafting Europe 2020 and reverse policy spillover between competing Commission departments – a process we refer to as policy 'spillback'.

COUPLING THE THREE STREAMS

The final part of our explanation examines how the Commission successfully coupled the three streams together to secure agreement on the Europe 2020 reforms. Using our framework, we consider the role of DG ECFIN in policy commissioning: the selection of policies that fit particular policy windows. At the start of 2010 policy makers faced complex

and at times contradictory information signals arising from the policy windows that opened simultaneously in the problem and politics streams. These generated autonomous pressures for policy change: the Commission had to be seen to be responding effectively to the sovereign debt crisis (the problem stream); and devise a replacement to the Lisbon Strategy by a fixed deadline (the politics stream). Consequently the option of no change (by simply renewing the existing Lisbon Strategy) was unavailable as it would not have been perceived as an effective response. Yet the Commission also lacked a mandate (from the Council) and sufficient time (before the summit deadline) to secure agreement on radical change through an expansion of the EU's legal competence.

Nonetheless these information signals proved decisive in enabling DG ECFIN to couple the three streams together. This process took two forms. First, officials redefined the nature of the problem that needed to be addressed around the eurozone crisis, enabling Europe 2020 to be explicitly framed as the EU's 'exit strategy' from the crisis (policy framing). Second, policy solutions were selected to fit the overlapping policy window: that is, reforms which appeared to address the underlying causes of the sovereign debt crisis but which could also be agreed by the political deadline of the European Council summit (policy commissioning). We analyse each of these in turn.

The Commission consultation process yielded valuable information signals which were exploited by policy entrepreneurs in DG ECFIN to re-frame the economic reform agenda. The submissions convinced officials that the crisis could provide a powerful new narrative and the necessary political impetus to re-launch the process. They were aided by several Member States pushing for a successor to the Lisbon Strategy which contained 'something new' in order to 'prevent another Greece'.[14] DG ECFIN therefore set about re-framing the new strategy, acknowledging Lisbon's failings and recasting Europe 2020 as a 'bold policy response' to the crisis.[15] This required strengthened economic surveillance to coordinate the withdrawal of national stimulus measures and to manage the 'advanced interdependence'

that now existed within the eurozone. In the run up to the March summit the growing sense of urgency enabled the Commission to ratchet up the pressure even further, causing hitherto sceptical governments to soften their opposition to stronger economic governance (EurActiv 2010).

Having secured the European Council's endorsement for the broad outline of Europe 2020, the Commission immediately set about selecting a series of governance reforms appropriate to the policy window that existed. The plan for a new European Semester of ex ante economic surveillance 'raised eyebrows' when it was first presented in Brussels in May as it unexpectedly proposed that the EU should scrutinise Member State budgets before national parliaments (EurActiv 2010). It also confirmed and reinforced the reconfiguration of power within the Commission by ensuring that DG ECFIN remained firmly in control of the new surveillance process.[16] In a notable concession to Germany, the reporting and evaluation of Europe 2020 and the SGP would remain 'separate' in order to ensure the integrity of the EU's fiscal rules. This compromise allowed DG ECFIN to propose 'something new' while stopping short of the formal integration of Europe 2020 with the SGP.[17] In doing so however it rendered the achievement of the strategy's longer-term economic objectives dependent upon the more immediate priority of restoring budgetary discipline. The cumulative effect was therefore to effectively subordinate the Commission's earlier plan for a revived social and environmental agenda to progress in restoring fiscal sustainability and macroeconomic stability. The degree to which this diverged from the Commission's initial strategy for re-launching Lisbon provoked a backlash from social NGOs, many of whom accused the Commission of reneging on earlier assurances to emphasise social protection in favour of an agenda that reinforced austerity (Lücking 2010).

We conclude by confirming proposition 3b: policy commissioners successfully coupled a revised policy solution (the Lisbon Strategy) around a new policy problem (the sovereign debt crisis) by the political deadline (the European Council summit). In order to increase the

likelihood of finding agreement in the limited time available, DG ECFIN selected a solution from an existing policy menu in order to maximise its value acceptability (as it complemented rather than contradicted the Stability and Growth Pact) and technical feasibility (because it built upon governance arrangements developed under the Lisbon Strategy). More importantly, negative policy feedback and perceptions of policy failure were overcome by substantively revising and re-legitimating the proposed solution around the emergence of a new policy window in the problem stream (by framing Europe 2020 as the EU's exit strategy from the crisis). In doing so the Commission was able to secure agreement on an important series of reforms which established a new governance architecture of economic surveillance.

CONCLUSION

At the start we posed three propositions as a means to assess the explanatory value of the Multiple Streams Framework, the results of which are summarised in table 1. Through careful process tracing we demonstrate that the governance reforms enshrined in Europe 2020 are best explained through the temporal conjunction of three independent streams. The framework confirms that there is no simple linear relationship between socio-economic or political factors (the independent variables) and policy outcomes (the dependent variable). By analysing critical temporal and ideational dynamics, the study reveals the causal process to be highly contingent and mediated by the timing of policy windows, access to information signals, and the role of policy entrepreneurs (the intervening variables). We argue that the MSF constitutes more than a heuristic device: through the formulation of theoretically-derived propositions it can provide a rigorous explanatory framework for analysing policy change under conditions of heightened ambiguity.

Table 1

The paper concludes with three observations about how it contributes to our understanding of the EU's response to the ongoing economic crisis.

1. Policy entrepreneurship/commissioning

The analysis of the coupling process provides new insights into sources of supranational autonomy within broad governance architectures like economic reform. In particular, the MSF serves to qualify zero-sum based accounts of power which assume that the Commission has been irrevocably weakened by the eurozone crisis (for example Dinan 2011; Puetter 2012). In fact we find that the Commission served as the principal source of ideas behind Europe 2020 and the motor driving the agreement. It secured agreement on substantive governance reforms in the face of significant odds: economic turmoil (in the eurozone), institutional uncertainty (in the Commission and Council), negative policy feedback (the Lisbon Strategy), and Member State opposition (led by Germany). The new agenda also served the wider political purpose of demonstrating the Commission's ability to remain relevant and act decisively in the midst of the economic crisis (Armstrong 2012: 214).

We view our paper as contributing to a growing body of strategic constructivist literature which suggests that the Commission's agenda setting power is more significant than rational models would predict (for example Jabko 2006; Radaelli and Kraemer 2008). Analysed through the lens of multiple streams, our paper supports the assertion that the Commission acts as a 'purposeful opportunist' in response to the opening of windows of opportunity (Cram 1994). It does so in three ways. First, by providing policy makers with real and urgent policy problems to address, focusing events like economic crises can increase the scope for policy entrepreneurs to mobilise political action behind particular solutions through the construction of new strategic narratives (policy framing). Second, skilful policy entrepreneurs can exploit new sources of information to reduce institutional ambiguity and reverse policy

spillover by centralising responsibility and seizing control of the policy agenda (policy spillback). This contributes to Kingdon's model by demonstrating that the opening of policy windows can facilitate bureaucratic power 'grabs' by those best positioned to interpret and respond to shifting signals about the wider policy environment. Finally, policy makers can increase the scope for reform by reconfiguring existing policy solutions to fit new policy windows (policy commissioning). In the case of Europe 2020 negative feedback and perceptions of policy failure ruled out the option of policy renewal. Instead the Lisbon Strategy had to be more substantively revised and re-framed as a legitimate solution to a new policy problem.

Crucially however we find that policy entrepreneurship is not a simple function of an agent's structural position, but instead is fluid, dynamic and relational in nature. In the case of Europe 2020, DG ECFIN was only able to capture the drafting process through the formation of strategic alliances with two other institutional actors: the Commission Secretariat General and the European Council President. The first was cemented by the appointment of Rehn as the new ECFIN commissioner, heralding a change of direction in the Commission's strategy for re-launching Lisbon. The second led to the establishment of a division of labour between the EU's two presidents which provided the necessary political impetus to re-ignite the process. The findings suggest that where national governments are agnostic and/or divided over reform, an 'unholy alliance' of the Commission and European Council Presidents can exert significant influence in re-shaping the pace and content of the reform agenda.

2. The timing of policy windows

The timing and sequencing of policy windows exerts a direct causal effect on the likelihood and nature of policy change. By carefully tracing the process through which independent policy windows open in different streams over time, the framework facilitates the identification

of causal variables (socio-economic and political factors) and allows us to map their differential impact on policy change. This gives rise to two significant insights. First, the opening of simultaneous policy windows in different streams can alter the length and breadth of the reform process. In the case of Europe 2020, this had the effect of *widening* and *shortening* the window of opportunity for policy change because the Commission had to devise a strategy for addressing the underlying causes of the sovereign debt crisis (thus widening the scope for agreement) by a fixed political deadline (due to the expiry of the Lisbon Strategy).

Second, overlapping policy windows shape policy outcomes in unpredictable ways. Zahariadis (2008) argues that when windows open in the problem stream, policies are designed rationally to address real problems; by contrast windows in the politics stream lead policy makers to search for problems to address through pre-existing solutions. Yet neither of these outcomes accurately describes the development of Europe 2020. On the one hand the analysis confirms that policy makers may not respond to urgent policy problems in the way that rational models would predict (i.e. problems require solutions) because the existence of a policy window in the politics stream can empower some policy makers at the expense of others. On the other hand the opening of a window in the problem stream impacts directly in the political arena by limiting the extent to which viable solutions can simply dictate the range of problems to be addressed (i.e. solutions chasing problems).

We propose a third outcome which occurs when policy windows overlap. In this situation the need to address real policy problems by a clear political deadline privileges those actors capable of devising the most viable policy solution in the limited time available. This is most likely to entail devising a 'quick fix' solution by reconfiguring an existing policy around a new problem. In early 2010 the opening of policy windows in both streams limited policy makers' room for manoeuvre by ruling out the options of no change and radical reform. But in this situation DG ECFIN was ideally placed to hastily craft a solution by coupling a revised policy

(the Lisbon Strategy) around a new problem (the sovereign debt crisis) so as to secure agreement by the political deadline (the European Council summit). The outcome (Europe 2020 and the European Semester) we label *solutions fit problems*.

3. Information signals

Unlike rational institutionalism, the MSF facilitates analysis of the ideational dynamics of policy change. The causal significance of policy windows derives, in large part, from the critical role that information signals play in linking material pressures to intentional agents. These provide knowledge and awareness about windows of opportunity for reform, but also constitute a valuable source of meanings and understandings about the policy environment. At critical junctures new information can cause policy makers to reinterpret their existing cognitive lenses, triggering sudden and unexpected shifts in political strategy. Evidence for this comes from the failure of EU policy makers to adjust their strategy for re-launching Lisbon in response to the ongoing financial crisis and deteriorating fiscal situation until a very late stage. Careful process tracing confirms that this delay was not simply a consequence of political obstacles but also cognitive ones. Policy makers were simply slow to make the connection between the crisis and the Lisbon Strategy as a consequence of heightened ambiguity and a scarcity of attention.

Information signals also clarify the process by which ideas serve as a source of power within the EU (Zaharaidis 2008: 527). The focusing event that caused officials to re-evaluate their strategy was speculation surrounding Greece's sovereign debt. The timing of these information signals, coinciding with the Commission consultation process, was critical in providing certain policy makers with the necessary source of ideas to identify linkages with the economic reform agenda. DG ECFIN exploited these signals to craft a more convincing narrative about the need to prioritise fiscal consolidation and macroeconomic stability at the

expense of those calling for the prioritisation of growth-friendly investment and social cohesion (such as DG EMPL and social NGOs). Our analysis confirms that this framing process was not simply strategic, but instead rooted in the generation of new meanings and understandings about the functioning of the eurozone which caused policy makers to hastily re-evaluate their policy preferences. Rather from conforming to the rational problem-solution model, the picture we present of Europe 2020 is of a process characterised by high levels of ambiguity and shaped by important temporal and ideational dynamics which provided significant scope for skilful policy entrepreneurs to manipulate the final outcome.

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NOTES

1. The paper draws upon twelve anonymous interviews conducted in late 2010 in the Commission and Council.

2. Sweden's ambitions centred around prioritising flexicurity, Life Long Learning and gender equality (Social Platform 2009).

3. Lisbon was criticised by several national leaders (for example, Deutsche Welle 2010), while a senior French diplomat suggested it was 'no longer a priority' in the current economic climate (EurActiv 2009).

4. Interview DG Enterprise and Industry, 8 November 2010.

5. Interview DG Enterprise and Industry, 8 November 2010.

6. Interview Commission Secretariat General, 23 November 2010.

7. This group included Spain, Belgium, Italy, Denmark and Portugal, plus most east European members (national position papers available at http://ec.europa.eu/dgs/secretariat_general/eu2020/contrib_member_states_en.htm).

8. Interview Commission Secretariat General 23 November 2010.

9. In the run up to the March summit Chancellor Merkel appeared to openly question the need to reach a deal at the June summit (Financial Times Deutschland 2010).

10. Interview DG Enterprise and Industry, 8 November 2010.

11. Interview Commission Secretariat General, 23 November 2010.

12. Interviews DG Enterprise and Industry, 8 November 2010; Commission Secretariat General, 23 November 2010.

13. Interview DG Employment, Social Affairs and Inclusion, 4 November 2010.

14. Interviews Commission Secretariat General, 23 November 2010; DG Economic and Financial Affairs, 8 December 2010.

15. Interviews DG Employment, Social Affairs and Inclusion, 4 November 2010; DG Enterprise and Industry, 8 November 2010.

16. Interview DG Economic and Financial Affairs, 8 December 2010; Commission Secretariat General, 23 November 2010.

17. Interview Commission Secretariat General, 23 November 2010.

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