

Council Checks of the Commission under the European Semester: Does Politicization Still Matter?

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Abstract

The European Union evaluates the economic plans of all member states. Does politicization affect the process? The first step is that national governments submit economic plans to the Commission. The Commission drafts an annual commentary. The Council of Ministers then produces the final version that is given to governments, which includes country-specific commentary and recommendations. The goal was to identify problems early and to generate interest in member states. Previous work suggests, however, that the commentaries were not equally critical across member states. Both large member states and those with euroskeptic populations were more likely to have the Council of Ministers weaken the original Commission text. A goal of the European Semester introduced in 2011 was to apply the process evenly across member states. We therefore examine the determinants of the Council's editing of the Commission's evaluation in the period 2011-18. Consistent with the pre-2011 period, we find that the Council edits more texts meant for large states than for small states. However, unlike before the edits themselves are not substantively important. Our findings suggest that the reform did make it more difficult for states to change the Commission's recommendations.

1 Introduction

After September 2008, or when Lehmann Brothers collapsed, several European Union (EU) member states introduced intentional fiscal expansions as a reaction to the Global Financial Crisis (GFC). By 2010, fiscal difficulties in Greece and elsewhere led to a reversal in the direction of fiscal policy and concerns about how large deficits and corresponding debts would impact other member states.

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Though the details of the new procedure were yet to be worked out in formal legislation (the so-called “Six Pack”) later in the year, the EU established The European Semester as of 2011, which was meant to address perceived weaknesses in European economic policy.

There were several reasons why actors from governments to European parliamentarians judged the existing system of economic governance at the European level as inadequate. The response to the European Commission’s call for joint fiscal expansions at the beginning of the GFC was uneven; some member states expanded, and arguably some member states with overloaded balance sheets spent even more money when they should have abstained. One early lesson was that economic coordination alone was insufficient. Later, once it became clear that the budget deficit of Greece was much higher than initially reported to European authorities, there were also concerns that member states did not know enough about what other member states were doing. Many saw a general lesson that not enough was done to prevent member states from running large deficits in the first place.

Previous literature argues that there were political as well as economic reasons for how, in the pre-European Semester system, *some* (though not all) member states could avoid stringent reforms (e.g. Baerg and Hallerberg, 2016). The Commission wrote annual reports on the economic plans (either Convergence or Stability Programmes) that member states submitted to it. The Commission was expected to play a “watchdog” function and point out member states whose economic policies were not in line with European rules. These rules, in turn, were meant to promote a common economic policy under the “Economic and Monetary Union” and to minimize negative externalities from policies in other states. Importantly, the Commission’s document was not the last word. The Council, which is composed of the finance and economic ministers of the member states, had an opportunity to rewrite the formal document that evaluated member state economic policy both contemporaneously and as planned. Research showed that the Council was more likely to weaken the content of the document provided to member states (and to the press) when member states were large (such as France and Germany) or if the domestic populations of member states were generally euroskeptic. This meant that there was a political rationale in the guidance that the Council provided to member states as well as an economic one. To use an analogy: the watchdog seemed to bark at smaller, friendly dogs that liked the EU in the first place while leaving bigger and/or unfriendly dogs alone.

This process was part of the “preventive” part of the Stability and Growth Pact, and as we document below, the European Semester was intended to strengthen this part. There were changes to European economic governance more generally, such as reverse qualified majority voting on Commission proposals on some issues, that strengthened the position of the European Commission (Franchino and Mariotto, 2020). As we will demonstrate below, however, Council edits to Commission texts remain common. Why is this the case? We ask whether the same political calculus that mattered before the reforms continues after the introduction of the European Semester.

There are two key departures from previous work. First, to measure textual editing, we use both quantitative and qualitative techniques. Applying both automatic and human coding techniques to measure the amount, type, and depth of reforms, we contribute an understanding on the patterns of textual editing made to the Commission reports across countries and over time in the post-reform era. We are especially interested in substantive edits, which change the meaning of the text. Are such substantive edits correlated with political powerful member states, or those with more euroskeptic populations? Second, we consider different dimensions of euroskepticism. We hypothesize that different types of euroskepticism are likely to yield contradictory political pressures for textual editing. We test whether domestic support for the European Commission affects the prevalence of editing. A Commission that is popular in a given member state may be less likely to have its recommendations edited. At the same time, editing may be more common where public support for “a better life outside the EU” is high. The other member states, who vote in the Council, may be more willing to support changes in such cases where there is concern that there is support for the member state exiting the Union.

To preview our results, we find that the total number of edits continue to depend on country voting power, with large member states editing more than small. Counter to expectation, edits are more common in places where population trust in the European Commission is high. Yet these are the results based on raw changes only—when examining whether the changes significantly changed the content of the text, we do not find a statistically significant relationship with either variable. This suggests that some member states continue to edit, but that the significance of the edits no longer depends upon the political factors that played a role prior to the introduction of the European Semester. The European Semester may indeed have removed the ability of member states to reduce

criticism of their economic policies in the official recommendations from the European Union.

This finding provides an interesting twist on the debate about growing politicization of European Union politics. While Zürn (2019) notes that politicization of European policy is studied mostly at the national even level though the European level is also of interest (e.g. Schmidt, 2019), our paper examines how politicization affects the check that the Council makes on the Commission at the European level. In the period in the run-up to the Global Financial Crisis, the politicization played out in the Council as politically influential member states weakened criticism from the Commission. But it would be incorrect to argue from our findings that the policy arena itself became less political. Rather the arena shifted to other arenas. That the European Semester created a more technical exercise may have been a contributing factor to greater, and more open, politicization of economic policy more generally, to a more politicized and strategic Commission (Nugent and Rhinard, 2019) and or to more public fights in the Council (Wrátil, 2020).

2 Attitudes Towards the European Union and Policy Responses

Do member states care about what the European Commission writes about them? Do edits to the drafts of the Commission's texts merely represent the fixing of minor errors and fine-tuning, or do they contain evidence of substantively more interesting dynamics such as domestic political pressures and power politics? Previous research finds that in the lead-up to the Global Financial Crisis, politically influential states had the Council significantly weaken evaluations the European Commission prepared on them. Given the reforms made under the European Semester, however, it remains to be seen whether such patterns continue under the new framework or not.

Rather than just wanting to extend previous research into the new period, we explore the relationship between different forms of euroskepticism and changes to the Commission's recommendations. The concept of euroskepticism is quite complex and multifaceted. For example, Foster and Frieden (2017) argue that euroskepticism and one's national identity are intertwined and reinforcing; if an individual has a stronger national identity this may also imply that he/she is more likely to be euroskeptic. Alternatively, De Vries (2018, p.6) argues that euroskepticism is fundamentally about

attributing success and blame to different levels of government relative to one's own expectations. "When national conditions are good [...] euroskepticism is mostly likely to develop. When national conditions are bad, however, EU support is the most likely outcome when no viable alternative to membership is present." Related, scholars have also found that the Euro crisis triggered shifting national versus European loyalties, which may have consequences for the changing nature of European identity research (Matthijs and Merler, 2020; Bauer, 2020).

In addition to support (or not) for the EU, citizens also hold opinion statements about key EU institutions. Indeed, The Directorate-General for Communication– DG COMM– is the Commission department responsible for explaining EU policies to outside audiences. DG COMM records and reports the share of the population with confidence in EU institutions including the European Parliament, European Central Bank, and the European Commission.

The European Commission is a particularly important institutions in EU economic governance and scholars increasingly indicate that the Commission operates in a politicized environment.¹ Williams and Bevan (2019) find that the European Commission takes more unilateral action when member states are more euroskeptic. Similarly, Williams (2016) shows that greater aggregate public euroskepticism is associated with the issuance of more reasoned Commission opinions. Van Der Veer and Haverland (2018) find a positive relationship between a member state's level of politicization and the scope of recommendations towards that country by the Commission. These authors also show that the Commission is responsive to polarization when it drafts Country-Specific Recommendations and the Commission increases the scope of its recommendations when faced with more polarized public opinions of the EU. In a similar vein, Rauh (2019) shows that with increases in politicization, the Commission gains an interest in making benefits more disperse and that this is particularly true for salient issues.

Theoretical Mechanisms

In this section, we explain the three mechanisms that we think may act as possible channels linking the relationship between public support for the EU and textual editing of the European Commission's recommendations. In thinking about public support, we set aside inter-elite considerations for the

¹For an excellent paper on the determinants of trust and the European Commission see Schafheitle et al. (2020).

moment and focus on the direct link between variation in public support for the EU and variation in editing Commission texts. We do not consider whether editing is directly related to the political leanings of the finance minister in the Council nor do we consider his/her background or their networks, though we think this might be a fruitful area of future research. Instead, we view member states' willingness to engage in textual editing as being driven by political demands from their domestic populations. While it is clearly plausible (and perhaps even likely) that inter-elite politics complicates the direct relationship between the public's orientation towards the EU and the Council of Minister's demands on the Commission, as a starting point, we assume that it is the bottom up translation of citizens' interests that matters for textual editing across drafts. Furthermore, we have some reasons to believe that Council representatives are sensitive to what voters want. Analyzing deliberations on legislative packages in ECOFIN between 2010 and 2015, Hobolt and Wratil (2020) show that governments are responsive to public opinion when setting out their policy positions. Consequently, we stick with this pluralistic view of EU politics though again, future research might do well in allowing for both citizens and elites to play a role.

As a thought experiment, we first imagine the case where there is no political calculus. In this case, voters' demands do not permeate the Council nor do power politics between small and large states (more below) matter. If this was true then the number of textual editing across the draft should reflect minor or idiosyncratic changes. Furthermore, we would not expect edits to vary systematically across member states by political or economic characteristics, nor would we expect minor changes to vary that much over time. Alternatively, if editing varies as a consequence of political and economic variables, then the next question is how are they associated?

The directional relationship is likely to be complex. On the one hand, greater domestic support for the European Commission may lead member states to have a greater appetite for participating in EU level decision-making. If ministers indeed embody the symbolic interests of their member states, council edits might reflect engagement (rather than criticism or concern) about what the EU writes about them. On the other hand, if ministers mainly reflect the instrumental interests of their member states, a greater number of edits may indicate attempts to amend costs associated with the Commission's recommendations. States with significant public opposition to the Commission may therefore be those that under the most pressure to participate, as it is these member states that

have the most to lose. Indeed, as soberly argued by Scharpf (2015, p.39):

The votes of national ministers or heads of states and governments are arguably legitimated through their accountability to national parliaments and voters. But the German electoral could at best authorise its representatives to accept sacrifices for Germany and to agree to common rules that will bind all member states. It could not legitimate the imposition of discretionary and severe sacrifices on the people of Portugal or any other member state. From the perspective of the Portuguese people, therefore, even positive Council votes supporting ‘conditionalities’ and sanction-backed Commission decrees have the quality of being ruled by foreign governments.

We therefore test this argument, *H1: countries with more domestic euroskepticism towards the European Commission are also those member states with a higher number of textual edits.*

Second, it may also be the case that the perceived costs (benefits) of EU membership, rather than institutional trust, matters for member state editing. Notice that this channel is distinct from the perceived penalties of institutional trust discussed above. When considering institutional trust, the cost of belonging to the economic governance system of the EU is paid by the country who is the recipient of the “imposition of discretionary and severe sacrifices.” Alternatively, when we move to EU membership and benchmarking, the perceived cost of belonging to the economic governance system of the EU is paid by those individuals who perceive that they would be better outside of the EU (i.e. the expected “dividend” that they forego by not being able to go it alone). As a result, this cost is likely to be negatively (rather than positively) associated with trust. For example, Portuguese people paying the sanctions might also think that there is no viable alternative to EU membership and so also feel, from the perspective of benchmarking, that the EU is good. Alternatively, those in Germany might feel that their national conditions are being dragged down compared to their own expectations of life outside of the EU, and so being inside the EU is a worse outcome despite having low instrumental costs. As a second hypothesis, therefore, we also test whether *H2: countries with less support for being inside the EU are also those that have a higher number of textual edits.*

As a final potential mechanism, we also consider the relative political power that a member state has in the Council of Ministers. Member states’ voting rules were reformed in 2011. According to these rules, a member state needed a qualified majority to block what the Commission wanted rather than a qualified majority vote to pass it. In practice, it takes a few large states, or a combination of a large and a few small states, to block changes to the Commission’s texts. Large member states

are therefore able to make a greater number of edits, on average, as they are both stronger and their partnership is needed by smaller states, which might encourage logrolling. In other words, it is more difficult for small states to get changes to their recommendations passed and as a result, we might see more editing by larger voting states. As a third hypothesis we test that *H3: larger member states will have a higher number of textual edits than smaller states.*

3 Data and Methods

3.1 Sample and Time Period

We are interested in whether political factors drive edits under the European Semester. The particularities of the European Semester are described elsewhere in this special issue (see names withheld). We cover the time period 2012-18. The previous period included years where there were only 15 member states. To make this study comparable with Baerg and Hallerberg (2016), we focus on this same set of member states that they do. These countries are: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and United Kingdom. There are only 13 countries in our sample, as we are missing Greece because it is a “programme” member state the entire period and does not submit the same documents as well as Luxembourg.

3.2 Dependent Variable: Textual Editing

Because we are interested in evaluating changes to the European Commission’s recommendations by the Council for each member state, our main dependent variable is the number of *textual edits*. We calculate the number of textual edits using the summary statistics produced by the document compare tool in Adobe Acrobat. We purposely use this methodology, which we think is the most easily reproducible by the largest number of researchers, including researchers without significant experience doing quantitative text analysis. First, we downloaded and used a free trial version of **Adobe Acrobat Pro.**² We used Adobe Acrobat’s compare documents tool to compare the two versions of PDF files available from the European Council website. This tool compares the country

²Compare Tools

specific recommendations reports of the European Commission with the final modified version of the text by the ECOFIN or Council. After running the software, the software creates summary quantities based on the two input pdf documents. These summaries include *total changes* in the document and their component parts: *replacement* of words, *insertions* of new words, or *deletions* of words. We record these numbers into a dataset and reproduced these steps for all country-years in our sample data.

Second, given that the quantitative measures of textual editing does not take into account context, we also create a measure of whether there are substantive changes across the drafts based on human coding of textual differences. To do this, we employed a graduate student. In order to make the human coding easier, we first split the documents into paragraphs using the reshape function in the R package *quanteda* (Benoit et al., 2018). Then using the *DiffR* package, we highlighted differences between the Commission and Council documents in each paragraph. The *DiffR* output highlights texts of comparable sections (in this case paragraphs) across the documents. The graduate student then evaluated each country-year-paragraph and coded whether there were substantive changes observable across the texts. The student coded the paragraph “0” if there was no substantive changes across the paragraphs and “1” if there was a substantive change across the paragraphs.

The easiest way to distinguish substantive changes is to consider non-substantial or superficial changes. Superficial changes are coded for the following traits: changes in Articles mentioned by the Commission and the Council; EU decisions mentioned by the Council and not by the Commission; text added by the Council that does not affect any recommendation or “context” analysis; the same words but grammatical change or verbal tense (that does not change the meaning or urgency of the recommendation); use of acronyms; and finally repetitive and same changes made by the Council to the Commission text in the majority of the Member States.³ Any other changes to the texts are coded as substantive changes.

The same student did this coding for all countries and for all years in our dataset. For validating the coding, both of the paper’s authors went over this coding to confirm the coding after taking a random sample of substantive changes. After the coding was complete, we then aggregated the number of substantive changes from the paragraphs into an aggregate country-year total, which

³For more information, please see the online appendix for the complete coding protocol.

reports the total number of substantive changes, *total substantive* for a given country-year. Table 1 shows examples of coded substantive changes whereas Figure 2 illustrates the average and substantive metrics of changes across countries in the sample. Importantly, we see similar patterns for both average total changes measured using the automated approach and substantive changes using the human coded approach. France edits the text most and Denmark edits the texts least on average for both metrics.⁴

France 2017	Both texts mention the objective of making a fiscal effort. However, the Commission text mentions explicitly the need of pursue fiscal policy. The Council text only says to “pursue substantial fiscal effort”
Germany2011	Commission text says “remove unjustified restrictions on the craft sector”. The Council text says “[...] on certain crafts”.
Germany2013	The Commission text mentions that “The programme plans gross debt to fall to 80.5% of GDP in 2013 and to remain on a downward path thereafter”. The Council text mentions 80%.
Ireland 2014	The Commission text emphasises that the unemployment rate among young people peaked above 30% in late 2012 and early 2013. the Council says only in mid 2012.
Ireland 2017	The Council specifies to use winfall gains “arising from the strong economic and financial conditions” . Not mentioned in the Commission text, which only mentioned “proceeds from asset sales”.
Italy 2013	The Council text deleted the highlighted part: “Achieve the planned structural primary surpluses in order to put the very high debt-to-GDP ratio (forecast to be 132.2% of GDP in 2014) on a steadily declining path”.

Table 1: Examples of Substantive Textual Changes

Rather than look only at across-country variation, we also examine variation in textual editing that occurs over time. One question is whether there is a sustained trend, either upwards or downwards, across the sample. In looking across time, we find that our quantitative measure of “Total Changes” varies significantly more than our human coded measure, which stays relatively flat between 4-6 substantial edits. The quantitative measure goes from a low of just over 60 edits in 2011 to a high of almost 140 edits in 2014 and then back down. As shown in Figure 10 in the appendix, when we decompose the types of changes, we see that most of these textual changes reflect an increase in substitutions in the text.

⁴Figure 10 shows the across year variation in editing over the sample period.

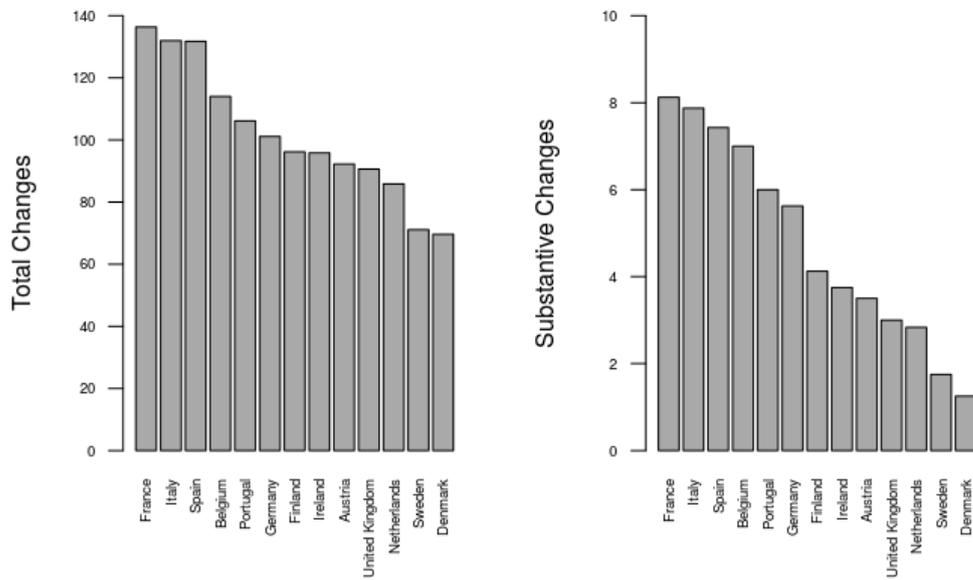


Figure 1: Textual Editing by Country: Average Number of Total Changes and Average Number of Substantive Changes by Country

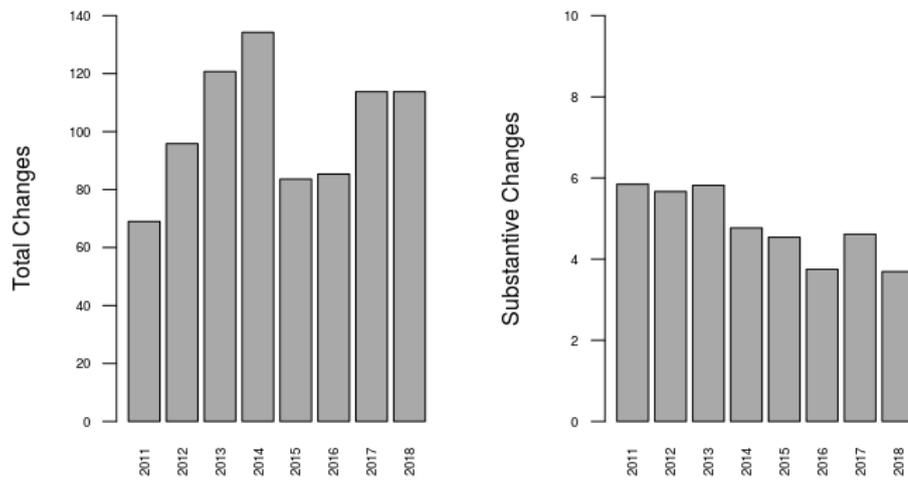


Figure 2: Textual Editing by Country: Average Number of Total Changes and Average Number of Substantive Changes by Country

3.3 Independent Variables

Euroskepticism

We want to examine two ways that euroskepticism may matter for textual editing. Our first measure of euroskepticism is trust in the European Commission, *Trust Commission*. This indicator measures confidence among EU citizens in the specific institution responsible for economic governance in the EU. The indicator is based on the Eurobarometer Survey, which is a survey conducted twice a year since 1973, and this specific variable is taken from the autumn version of the survey. The metric that we use is the share of positive opinions (people who declare that they tend to trust) about the Commission. Citizens are asked to express their confidence levels by choosing from the following alternatives: “tend to trust”, “tend not to trust” and “don’t know” or “no answer.” This variable is an important measure of euroskepticism because it specifically asks about trust that citizens have in the institution responsible for producing the first textual draft. Another benefit is that the measure also has good coverage, covering the entire sample and time period. One possible problem with the measure is that because the response is elicited by an interviewer there may be *response biases*, either socially desirability bias or acquiescence. A second problem is that some respondents may conflate their opinions about different EU institutions (i.e. European Central Bank, European Parliament) despite the fact that being asked specifically about the European Commission.⁵

As a second measure of euroskepticism, we also want to examine benchmarking, which we measure with the indicator, *Better Out*. This indicator measures whether respondents agree that they would be better off outside of the EU. This question is also from the Eurobarometer Survey and asks “(English version) *Please tell me to what extent you agree or disagree with each of the following statements. (OUR COUNTRY) could better face the future outside the EU.*” As above, the measure is aggregated to the national level and we use the average proportion of respondents that say they would be better-off outside of the EU in a given country-year. This measure also has good sample and time coverage, with the exception of the year 2011, and so we complete the series using random imputation using the R package *imputeTS* (Moritz and Bartz-Beielstein, 2017) for this variable.

Another thing to note is that, as foreshadowed in the theoretical section, euroskepticism towards

⁵Eurobarometer

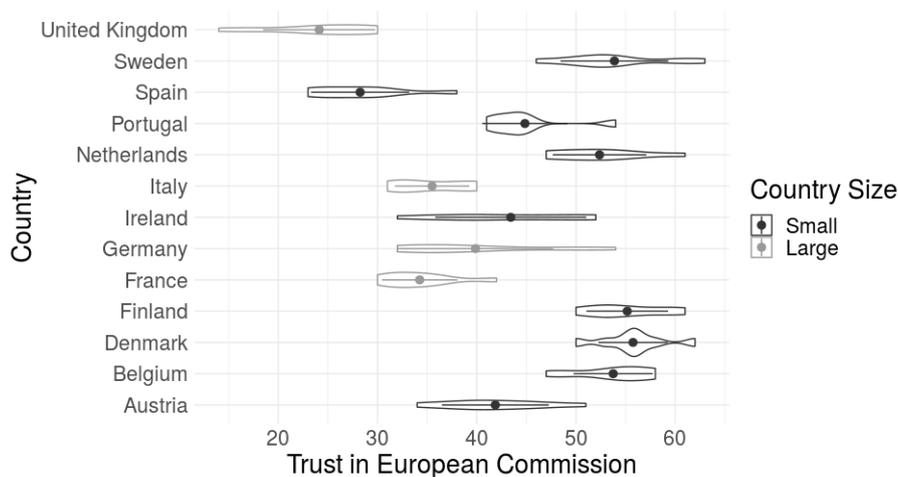
the Commission and opinions about being better off outside of the EU are not only conceptually different but are also inversely related. The negative correlation of the measure is $\rho = (-0.56)$, which suggests that they are moderately correlated. The fact that there are different channels of euroskepticism that may work to condition the level of textual editing in member states' reports is exactly what we want to test and so, in the statistical model, we include both measures of euroskepticism into the models.

Large Country

Finally, as per our third hypothesis, we account for whether a country has outsized voting power in the Council. We measure voting power based on the vote share that the member state has on the Council before the Nice Treaty in 2011. If a country had 10 votes on the Council prior to the Nice Treaty, (which is equivalent to having 29 votes after the Nice Treaty) we classify this country as “large” and code it as “1”. Alternatively, if a country has fewer than 10 votes on the Council, we classify the country as “small” and code it as “0.” The countries that are large according to this measure are France, Germany, Italy, and the United Kingdom (U.K.).

Figures 3 and 4 shows the distributions of the levels of euroskeptic by measure and by country size. As we can see, levels of trust in the European Commission ranges from just over 20 percent to over 60 percent across the sample. Large countries (those with large voting power) are also those countries that have lower levels of trust, on average. When it comes to the measure, *Better Out*, we see greater variation. While the U.K. is the most euroskeptic member state according to both measures, Spain is simultaneously not so trusting yet also perceives life outside of the EU as being worse. This points to the above argument that the perceptions of the imposition of costs may not translate into perceptions that life outside of the EU would be any better. Converse to Spain, Italy has an average amount of trust in the Commission but also scores relatively high on perceptions that life would be better outside of the EU. Also interesting is that we can observe much larger sample variation in the *Better Out* measure than we do for the measure of *Trust Commission*.

Figure 3: Euroskepticism: Institutional Trust



3.4 Control Variables:

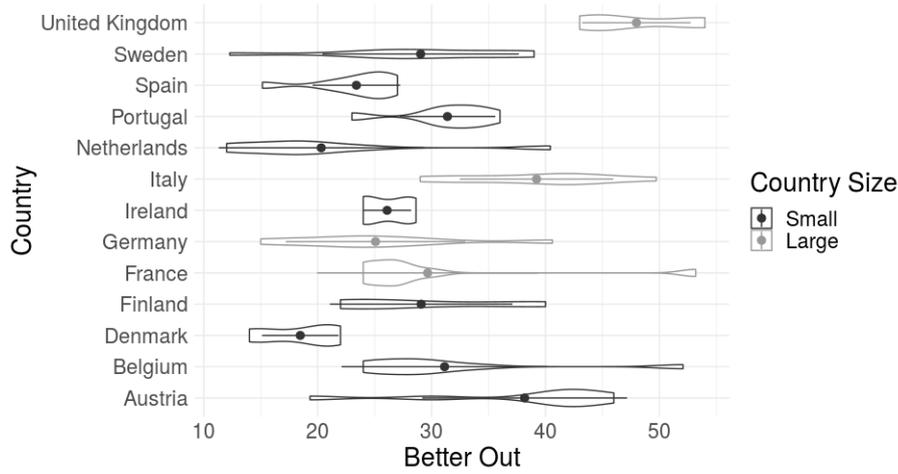
Euro Out

Countries that are outside of the Euro area have a different relationship to EU reporting standards. So as to account for this, we include in our model whether the country is an “in group” or “out group” member. We code Denmark, Sweden, and the United Kingdom as “outs” and the other countries coded as “ins.” Perhaps interestingly, we observe significant variation in public opinions towards the EU in these countries. As shown in Figures 3 and 4, Denmark and Sweden score relatively high on both metrics for their support for the EU. Unsurprisingly, the U.K. is the least supportive of the European Commission and also the most likely to feel that their interests are best served outside of the EU.

Economic Variables

In addition to the political calculus that we argue governments make when it comes to editing their country reports, we want to test whether a country’s economic conditions also matter. To account for the economic conditions of member states’ economies, we include variables for unemployment, per capita GDP, and Gross Government Debts. All of the economic data downloaded is from EUROSTAT database and we think that it is important to use this particular data source because

Figure 4: Euroskepticism: Benchmarking



this data is also the data used by the European Commission in making their assessments of the member states.⁶

3.5 Analysis and Results

Before we move onto the statistical analysis, we first want to get a sense of the relationship between textual editing, euroskepticism, and country size, which are our main political variables of interest. Figure 5 examines the relationship between trust in the European Commission and the total number of textual changes made to the Commission’s recommendations. Here we see a positive relationship for both large and small member states. What is also interesting is that we can see once again that the large member states are also those that have, on average, the lowest levels of trust in the European Commission. Alternatively, when we examine the relationship between trust and substantive edits as we do in Figure 3.5, we see a more nuanced picture. Here we see that as trust in the Commission increases, substantial edits to the Commission’s reports go down. What happens when we look at the variable *Better Out*. Here we find no obvious relationship between public opinions about being outside of the EU and the amount of changes. Looking at the data, Figure 7 again shows some clustering such that small countries are less likely to report being better outside of the EU when

⁶European Commission

compared to large countries. Figure 8 shows little to no relationship between substantial edits and public perceptions of being better outside of the EU, however, here we see clear indications that larger countries make a greater number of edits than small countries. These graphical relationships are based on predictions that do not account for other things that might matter such as the economic conditions of the member states. In the next section, we move to more formal statistical tests in order to evaluate our hypotheses, meanwhile accounting for economic fundamentals.

Figure 5: Trust in European Commission

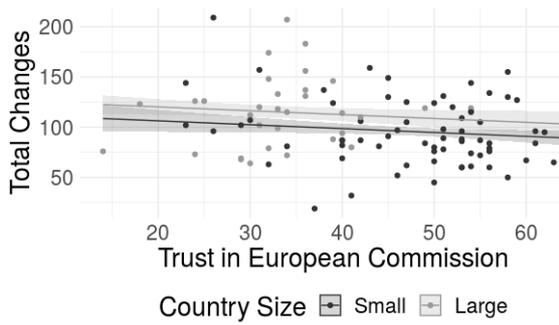


Figure 6: Trust in European Commission

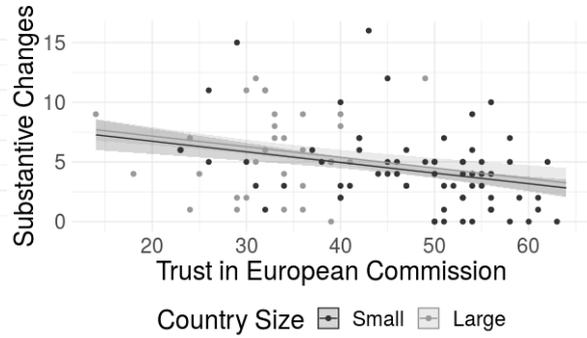


Figure 7: Better out of EU

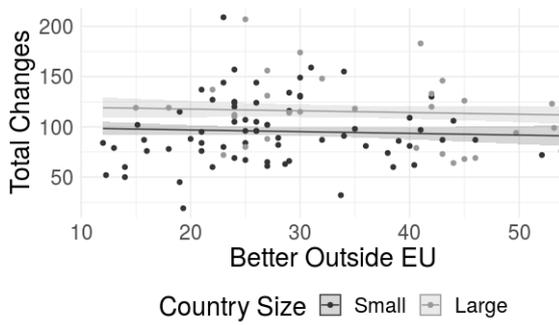
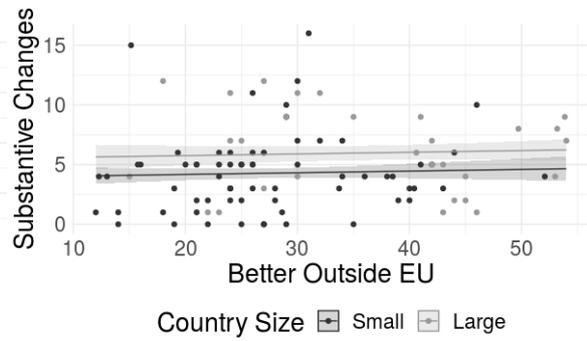


Figure 8: Better out of EU



The main statistical model that we present is a linear, random effects model. The unit of analysis is country-year and we have 13 out of the original 15 member states for the years 2011 to 2018 for a total of 100 observations. We use random rather than fixed effects for a number of theoretical

reasons including small sample, slow moving variables, and time invariant predictors (both Large and Out variable are time-invariant) (Clark et al., 2015; Plümper and Troeger, 2011).

Table 2 presents the model results. Model (1) shows that there is a positive and statistically significant association between trust in the European Commission and total number of edits. This finding is the opposite to what is expected (H1). Next we examine the decomposition of the total editing into their various parts (Models 3-5). Here we see that the positive relationship is observed no matter the type of textual changes across the texts. An increase in trust in the Commission is most strongly associated with textual replacements, followed by insertions, and finally deletions.

When we move to substantive editing, however, (Model 2), we see no substantive nor statistical relationship between trust in the Commission and textual editing. While the coefficient is negative (as expected by H1), the coefficient is close to zero and the standard error in the estimate is very large.⁷ Taken together, the results provide no evidence for H1 or H2: we observe no indication that domestic trust in the European Commission is associated with a greater number of textual edits nor a greater number of substantive editing. Indeed, if anything, we find that member states more trusting of the Commission may be more, rather than less, likely to make quantitative (rather than substantive) edits across drafts.⁸

Concerning the other possible channel of euroskepticism, *Better Out*, this variable is neither substantively nor statistically associated with total textual editing nor editing of any of the decomposed sub-components. While there is a slight negative relationship reported across all of the models (and which can be seen in), the standard errors on all of the estimates are very large and so the resulting coefficient is statistically insignificant. As the results above, we find very little support for our hypothesis (H2). There is no evidence that euroskepticism by way of benchmarking is statistically associated with the number or type of textual edits across the drafts.

Next we examine our last hypothesis, the effects of *Large Country*. Here we do find a strong positive relationship between those countries that are large and the number of textual edits (Models 1; 3-5). Large countries edit the Commission's texts significantly more than small countries with

⁷So as to check that this result is not a function of the type of statistical model, we also run a Poisson model to account for the count data, however the results are similar with the exception that Debt and Out countries reach standard levels of significance.

⁸We also check whether the results differ when we use a human coded variable of substantial changes that emphasizes the Commission's recommendations. We find no significant differences. We run this both as a linear probability model and as count model and again find little difference across the models.

large countries making an estimated 35 more total edits. When it comes to the decomposition of the edits, we find that Large countries make a greater number of replacements to the texts. Textual insertions and textual deletions, while positive and statistically significant, are less substantively related to member states' voting power than these other forms of editing.

When we shift to examining qualitative rather than quantitative measure of edits, we find a predicted one additional substantive edit for countries that are large compared to countries that are small. Note that as the average number of edits varied from four to 6 over the period, this is a substantively meaningful results. The level of uncertainty in the estimate is large, however, and such that the estimate is not statistically significant according to standard confidence levels.

We next examine the effects of our economic control variables on textual editing. Here we find that editing is somewhat sensitive to member states' economic conditions. In particular, we find that debt levels and unemployment seem to be positively associated with textual editing but again find little evidence that it is associated with substantive editing⁹. Also as before, once we decompose the total edits into their different component parts, we see that replacements in the text is again the main driver of the results.

Finally, the *Out* variable, which represents an indicator for those countries outside of the Euro area, edit much less than "in" countries on average. Indeed, "out" countries make approximately 22 fewer edits than countries inside of the Euro, which is substantively almost as strong as the effects of the Large country indicator. Also as before, most of these edits are replacements rather than other types of edits. Out countries are also predicted to reduce their substantial edits by two, which is substantially very large, though again this variable is not significant at standard thresholds.

In summary, we find little evidence that euroskepticism predicts the level of textual changes between drafts of the Commissions' text and the Council's changes. We especially find no evidence that euroskepticism matters for predicting substantive changes to the texts despite expectations that different types of euroskepticism may work on editing differently. Given previous research did find that euroskepticism mattered for editing, our results are suggestive that the European Semester reforms were successful in limiting the impact of politicization (through euroskepticism) on member states' recommendations. As mentioned in the theoretical section, scholars have found

⁹In running a count model, we find that the debt variable and the Out variable reach traditional levels of statistical significance

Table 2: Estimating Predictors of Textual Editing

	<i>Dependent variable:</i>				
	Total Edits (1)	Substantive Edits (2)	Replacements (3)	Insertions (4)	Deletions (5)
Trust Commission	1.421*** (0.521)	0.016 (0.057)	0.826** (0.412)	0.343*** (0.096)	0.253*** (0.089)
Better Out EU	-0.039 (0.360)	-0.022 (0.038)	-0.018 (0.285)	-0.009 (0.066)	-0.012 (0.062)
Large	37.073*** (10.554)	1.142 (1.231)	24.999*** (8.356)	6.661*** (1.938)	5.414*** (1.808)
Growth Rate	0.282 (1.144)	-0.066 (0.118)	-0.129 (0.906)	-0.098 (0.210)	0.509*** (0.196)
Income (logged)	15.053 (19.768)	-2.952 (2.315)	17.160 (15.652)	2.548 (3.629)	-4.655 (3.387)
Debt	0.397** (0.196)	0.017 (0.023)	0.292* (0.155)	0.100*** (0.036)	0.005 (0.034)
Unemployment	5.884*** (1.766)	0.126 (0.200)	4.418*** (1.399)	0.936*** (0.324)	0.530* (0.303)
Out	-22.242** (11.300)	-1.925 (1.351)	-16.941* (8.947)	-1.914 (2.075)	-3.387* (1.936)
Constant	-190.651 (220.446)	33.412 (25.814)	-196.544 (174.540)	-41.996 (40.472)	47.888 (37.772)
Observations	100	100	100	100	100
R ²	0.360	0.247	0.329	0.340	0.232
Adjusted R ²	0.304	0.181	0.270	0.282	0.164
F Statistic	51.295***	29.905***	44.599***	46.873***	27.473***

Note: Random Linear Effects

*p<0.1; **p<0.05; ***p<0.01

that euroskepticism is increasing alongside nationalism. One question, therefore, relating to the COVID-19 crisis, is whether the crisis will increase nationalism and in turn, euroskepticism, and whether this channel will stay closed or not?

On the other hand, we do find that there are some inequalities that remain as a consequence of member states' status with the EU: Countries with larger voting power continue to edit more and Euro area "out" countries continue to edit less and substantially so. Also of note is that we find that textual replacements are the kind of textual editing most strongly related to country status, which is another finding which is new to the literature.

In the next section, we examine more closely the types of textual changes made by Austria and Italy over the sample period. In addition to sharing a geographical border, these countries also score similarly on our euroskeptical variables, and yet Italy is a large voting member state whereas Austria is not. Italy's economic situation was significantly weaker over the time period compared to Austria as well. We look to see what types of substantive coding that the countries engaged in and see whether this gives us a clue into patterns of politicization (or not) under the European Semester.

3.6 Austria and Italy

In this section, we look more closely at the types of substantive edits that are made by examining two countries: Italy and Austria. We pick these countries because they tend to vary on the amount of editing they do, with Italy editing more than Austria, despite being similar in terms of their level of euroskepticism. Another interesting similarity is that political parties in these member states are shown to combine elements of both soft and hard euroscepticism at the same time (Heinisch et al., 2020). Furthermore, while their euroskepticism doesn't vary, their voting weights on the Council does vary, with the first "large" and the second "small" in our dataset, so we examine more closely whether we can observe any obvious places of variation in their substantive edits.

Returning to our variable, substantive edits, we go even deeper and consider whether a substantive change involves textual "de-emphasis", "emphasis," or "re-wording." De-emphasis includes those cases where the text of the Commission is more explicit than the resulting text after Council editing. For example, in Austria 2014, the Commission says, "Social Security contributions and payroll taxes amount to almost 50% of gross wages." In the Council text, the document refers to "The

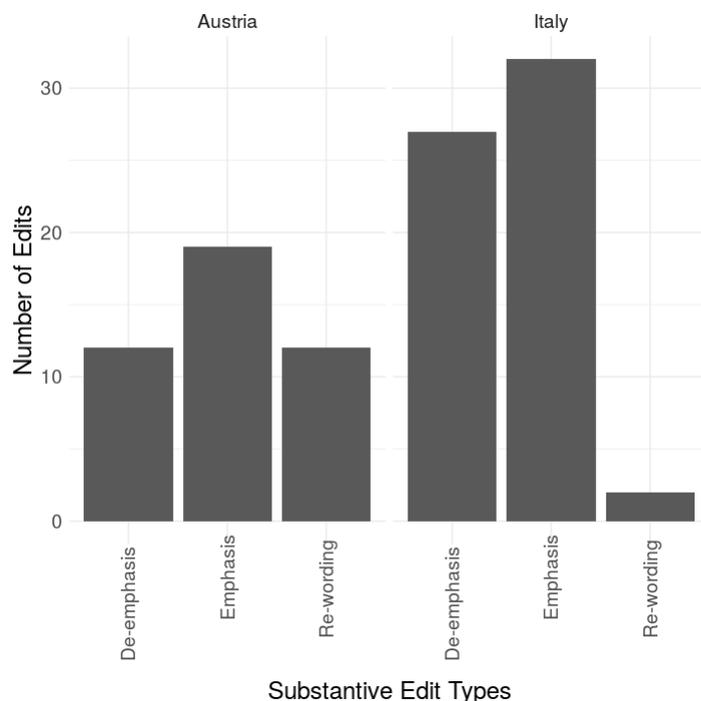
tax wedge amounts to almost 50% of labour costs,” which de-emphasizes expected labour market concerns. Similarly in Italy, 2014 the Commission text mentions explicitly that there is a need for more direct “taxes on diesel and petrol.” On the contrary, in the Council text, the Council is more general and states that the country should “ensure more effective environmental taxation.”

In contrast to de-emphasis, there is also emphasis. Emphasis includes those cases where the text of the Commission is *less* explicit than the resulting text after Council editing. For example in Austria, the Council emphasizes that the educational outcomes have to improve “disadvantaged young people including those with a migrant background” whereas the Commission is not that specific (does not mention the word disadvantaged) (Austria, 2014). If we look to Italy, we also sometimes observe additional emphasis. The Council actually even increases the rate of unemployment reported by the Commission, from 10.9% to 11.2%, which in effect, makes the Commission’s recommendations for Italy even more stringent (Italy 2018).

The final category that we examine is “re-wording.” Re-wording refers to observed changes to language such that the meaning changes slightly. For example in Austria, the Council uses the word “agreed” whereas the Commission uses the word “decided” (Austria, 2012). Similarly, the Commission says “Austria’s public expenditure on pensions is relatively high compared to the rest of Europe,” while the Council refers to “other Member States.” (Austria, 2017) These examples are more than superficial changes as they change slightly the meaning of the text; however, they are ambiguous in terms of whether they make the recommendations harder or easier.

Figure 9 shows that while both Austria and Italy both engage in de-emphasis and emphasis, a much larger share of Austria’s substantive editing is re-wording when compared with Italy. Also interesting is that both countries engage in both emphasizing and de-emphasizing the Commission’s text and they do so in relatively similar proportions, with Italy having a slightly larger share of de-emphasizing edits. In aggregate, Italy edits more than Austria under all three categories. As Italy is both a large country but also has a weaker economy, it is hard to say for certain what is driving these results. However a quick keyword in context analysis of the Council and Commission’s text also has Italy talking more about debt, labour market reforms and unemployment as well as growth risks than Austria, again pointing to the fact that an economic rather than political calculus is likely dominant.

Figure 9: Type of Substantive Editing Austria and Italy



4 Conclusion

This article explores both political and economic explanations for the editing of Commission evaluation of member state economic policies in the Council of Ministers. Previous research finds that member states were able to undermine the “watchdog” function of the European Commission in the Council of Ministers. In this paper, we re-examine whether, and how much, things have changed since the implementation of the European Semester. While we find that Larger and Euro Out member states still exhibit different behaviours when it comes to total number of edits of the Commission’s recommendations, we do not find any associations with substantive changes.

This is a notable development from the functioning of the system in the pre-European Semester period of Economic and Monetary Union. While much of the literature notes an increase in politicization over time, which would imply continued substantive edits according to state size and how euroskeptic a population is, we find no such association. As Edoardo Bressanelli and Reh (2020)

persuasively argue, member states choose what arenas to politicize. Our paper suggests that member states were successful in depoliticizing this particular pathway through the European Semester, that is, the changes the Council made on Commission recommendations.

This does not mean, however, that the economic governance as a whole is depoliticized. Other papers in this special issue examine how politicization affects the implementation and enforcement of supranational economic policy (name withheld). We focus on one particular nexus of the relationship between the Commission and Council that played an important role in the pre-European Semester period. Other authors argue that the European Commission has become more political over this time period (Nugent and Rhinard, 2019). The European Commission itself may have become more strategic in the types of recommendations that it made to member states in this period.

Nevertheless, this article suggests a change in practice in how one part of the process operated. To continue with our analogy, the “watchdog” barks as before. But there is no evidence that it barks only at small, friendly dogs. In the time period 2012-18, and for “dogs” from the EU-15, the “watchdog” barked indiscriminately.

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Appendix

Figure 10 shows descriptives for editing the Commission reports over time. There seems to be no clear time trend in averages (though there may be time trends at the country level). While the number of deletions are increasing across the period there seems to be no other obvious time patterns in the data.

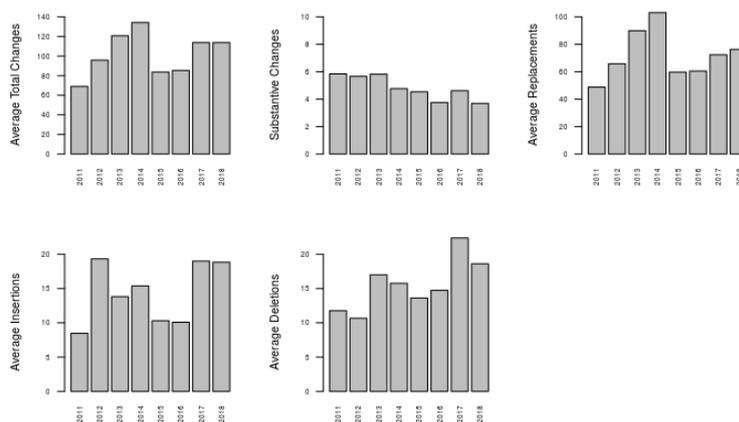


Figure 10: Average Textual Editing by Type of Edits and by Year

Coding Protocol for Superficial/Substantive Changes 2011-2018

Coded as superficial change (0|0):

- Changes in Articles mentioned by the Commission and the Council
- Decisions EU mentioned by the Council and not by the Commission
- Text added by the Council that does not affect any recommendation or ‘context’ analysis.
 - The Commission says, “from the matrix of requirements under the Stability and Growth Pact”, while the Council adds next highlighted part “from the commonly agreed adjustment matrix of requirements under the Stability and Growth Pact” and the Council only mentions.” UK, 2018
 - The Council mentions that it adopted views (on actions recommended) from the Employment Committee + the Social Protection Committee. In addition, the text from the Council mentions in this hunk that the European Parliament (involved in the European Semester) adopted a resolution on employment and social aspects in the Annual Growth Survey 2012. Austria, 2012
 - The Council specifies the Regulation (EU) No 473/2013: “common provisions for monitoring and assessing draft budgetary plans and ensuring the correction excessive deficit.” In addition, mentions explicitly to maintain for 2014 on guidelines for the employment policies of the Member States. This is not in the Commission text. Austria, 2014

- The Council emphasizes to “avoid deviating from the medium-term budgetary objective in 2015 and 2016.” The Commission text does not mention the word “budgetary.” Austria, 2015
- Same word, but grammatical change or verbal tense (that does not change the meaning or urgency of the recommendation).
- Changes in how the phrase is ordered but same words.
 - Commission text: “Reduce administrative and regulatory barriers for investments, such as restrictive authorization requirements and restrictions on legal form and shareholding, and impediments to setting up interdisciplinary companies, in particular in the area of services.”
 - Council text: “Reduce, in the area of services, administrative and regulatory barriers for investments, such as restrictive authorization requirements and restrictions on legal form and shareholding, and impediments to setting up interdisciplinary companies.” Austria, 2016
- Use of acronyms.
 - Repetitive and same changes made by the Council to the Commission text in the majority of the Member States.
 - The Council text adds the next highlighted part: “Implement the budgetary strategy for the year 2012 and beyond as envisaged, thus bringing the high public debt ratio on a downward path, in line with the Council recommendations under the EDP. Ensure an adequate structural adjustment effort towards the medium-term objective thereafter.” Germany, 2011
 - The Council specifies that the Commission has provided further details in guidelines on the application of the measures linking effectiveness of the ESI Funds to sound economic governance. The Commission only says, “on the application of those rules.” Belgium, 2017
 - The Commission text says explicitly that it intends to “make use of the applicable margin of appreciation in the light of the cyclical situation of the United Kingdom”. On the contrary, the Council text says that the Commission “intends to carry out an overall assessment in line with Regulation (EC) No 1466/97 [...]”. UK, 2017

Coded as substantive change but as stayed the same (1|0):

- Change of dates in the recommendations made. Example:
 - The Commission text mentions recommendation of 2 December 2010, and the Council text mentions recommendation of 2 December 2009. UK, 2012
 - Change of dates in the adopted recommendations of the broad guidelines for the economic policies. Commission text: 13 July 2010; Council text: 14 July 2015. Austria, 2015
- The Commission text has context description, that the Council text does not mention (or backwards). This description does not change the sense of the text or recommendation; just additional information. Example:

- The Commission text mentions: “At the moment, increasing property values are not translated into higher property taxes as the property value roll has not been updated since 1991 and taxes on higher value property are lower than on lower value property in relative terms due to the regressivity of the current rates and bands within the council tax system.” The Council text does not mention it. UK, 2014
- The Council erased this hunk mentioned in the Commission text: “In February 2015, however, Heta Asset Resolution, the asset management company resulting from the split of HGAA, was found to have a capital shortfall of EUR 7.6 billion. As 100% owner of Heta Asset Resolution, the government reacted by declaring a 15-month moratorium on principal and interest payments for bonds owned by the company worth about EUR 10 billion, making use for the first time of the new tools under the Bank Recovery and Resolution Directive.” Austria, 2015
- The Council adds the next highlighted part: “The energy networks and speeding up implementation of the electricity and gas interconnection projects remain outstanding issues and necessitate robust follow-up in view of ending the isolation of the Iberian peninsula from the EU energy market.” Portugal, 2014
- The Council mentions that “there has been limited progress in developing new comprehensive measures as part of the ongoing pension reform following the Constitutional Court judgements of August 2014.” The Commission text does not mention the highlighted part. Portugal, 2015
- The Council adds the next highlighted part: “In particular, despite some improvement in current account rebalancing and the significant deleveraging effort in recent years [...]. Spain, 2015
- The Council text mentions “The European Parliament has been duly involved in the European Semester, in accordance with Regulation (EC) No 1466/97, and, on 7 February 2013, adopted a resolution on employment and social aspects in the Annual Growth Survey 2013 and a resolution on the contribution to the Annual Growth Survey 2013.” Council text, all Member States, 2013
- The Council adds the next highlighted part in the first recommendation: “Building on recently approved legislation, fully exploit any better-than-expected economic or budgetary developments for faster deficit and debt reduction [...].” Italy, 2011
- The Council only emphasizes in that the partial shift in tax burden is already enacted in the legislative reforms. Italy, 2012
- Both text mention that the Government presented plans to increase the statutory retirement age. In addition, the Commission text mentions that “Social partners and the Dutch government reached a comprehensive agreement on pension reform in September 2011.” Netherlands, 2012

Coded as substantive change and de-emphasized (1|1):

- The Commission is more explicit than the Council.
 - The Commission says, “Social Security contributions and payroll taxes amount to almost 50% of gross wages.” Instead, the Council refers to “The tax wedge amounts to almost 50% of labour costs.” Austria, 2014

- The Commission mentions explicitly diesel and petrol. On the contrary, the Council is more general and talks about “ensure more effective environmental taxation.” Italy, 2014
- The Council text does not mention relevant ‘context’ information that the Commission text does.
 - The Commission text says to “take measures to reduce the high proportion of young people leaving school with very poor basic skills.” The Council text does not mention the highlighted part. UK, 2012
 - The Council text does not mention: “In this context, the Commission has not presented or elaborated on any scenario based on possible arrangements between the European Union and the United Kingdom beyond Brexit as these matters are still under negotiation.” UK, 2018
- The Commission affirms something, while the Council says it should be considered.
 - While the Commission text says to ”remove distortions in property taxation by regularly updating the valuation of property and reduce the regressivity of the band and rates within the council tax system”, the Council text says to ”consider reforms to the taxation of land and property including measures on the revaluation of property to alleviate distortions in the housing market.” UK, 2014
 - The Council mentions that the recommendations for ”Austria take action” within 2012-2013 are under Article 5(2) of Regulation (EC) No 1466/97. The Commission text says ”Austria should take action” (and doesn’t mention the regulation). Austria, 2012
- The Commission mentions to take further measures, and the Council does not.
 - While the Commission is explicitly saying to ”take further measures to improve educational outcomes (in particular young people)”, the Council only refers to ”continue to implement [...]” Austria, 2012
- The Commission mentions general recommendations, but the Council specifies to only act when need it.
 - The Commission says to “remove unjustified restrictions on access to the liberal professions.” The Council mentions only to remove those restrictions where they exist. Austria, 2012
- The Commission and the Council contradict themselves in the impact of certain measures.
 - While the Commission text says that “several government initiatives have yet to exert a material impact on the imbalance between housing supply and demand,” the Council text affirms that these “initiatives are having some impact on housing supply” and that “the imbalance between housing supply and demand remains sizeable.” UK, 2016
- The Council corrects some rates and makes it to look at a better scenario.
 - While the Commission text says that “the government debt-to-GDP ratio is expected to increase from 88% in 2015-2016 to a peak of 88.3% of GDP in 2016-17, before declining to 87.1% in 2017-18”, the Council text says that it “is expected to fall from 88.9% in 2015-2016 to 88.3% of GDP in 2016-17, before declining further to 87.1% in 2017-18.” UK, 2016

- Different rates (of the early school leaving) mentioned in the Council (18.5% vs. 5.7% in 2012) and in the Commission text (21.5% vs. 6% in 2012) (first for foreign born pupils, and second for Austrians pupils without migrant background) + Change of language: The Commission text says “with a migrant background,” while the Council text says “foreign born.” Also, the Commission refers to “those of non-migrant background” and the Council refers to “those born in Austria.” Austria, 2014
- Change of dates – change of rates. The Council mentions that “in 2016, foreign-born pupils were 2,7 times more likely to leave school [...] than native-born pupils.” The Commission text mentions that it was 3 times more in 2015. Austria, 2017
- Change in the rate of EU average female part-time employment: Commission text 31.4% and Council text: 31.1Austria, 2018 Coded as substantive change and change of language with the same meaning (hedging language- 1 — 3):

Coded as substantive change and emphasized (1|2):

- The Council text explicitly mentions that “the Government must take measures,” and the Commission text does not.
- The Commission text mentions that the Government has not yet taken the measures, but the Council explicitly says that the Government needs to take steps to ensure [...].
 - * While the Commission mentions the situation of childcare (“Insufficient access to childcare, in particular for low earners, still causes significant problems and the government has not yet come up with adequate plans to tackle this challenge”), the Council text says that “the Government needs to take steps to ensure that there is sufficient access to childcare, in particular for low earners. UK, 2012
 - * The Council text adds information when context analysis. For example, it mentions more sectors affected or more challenges not only in 1 issue, but in 2. The Council adds that there are (besides SMEs credit constraints) potential challenges on the demand side of SMEs credits. UK, 2012
- The Council text is more precise than the Commission text.
 - * The Council mentions explicitly to enhance power of “the federal competition authority.” The Commission texts does not include the word “federal” and mentions “competition authorities.” Austria, 2012
 - * The Council says that Austria has the “lowest unemployment rate in the Union (2013: 4.9%).” Instead, the Commission says “one of the lowest unemployment rates.” Austria, 2014
 - * The Council added that the reinforce of budgetary measures is also done “after taking into account additional consolidation measures announced by Austria” (this part not mentioned in the Commission text). Austria, 2014
 - * the Council emphasizes that the educational outcomes have to improve for “disadvantaged young people including those with a migrant background.” The Commission is not that specific (does not mention the word disadvantaged). Austria, 2014
 - * The Council text now mentions explicitly the ESI Funds “[...] use of that provision in guidelines on the application of the measure linking effectiveness of the ESI Funds to sound economic governance” (the Commission text just says “those rules,” referring to the past hunk.) Austria, 2017

- * The Council mentions explicitly the average retirement age for men and women. The Commission only mentions the general average for Austria. Austria, 2017
- The Council corrects some rates and makes it to look at a worst scenario.
 - * While the Commission text mentions that “the drop-out rate of foreign born pupils is almost three times higher than that of native-born,” the Council text says “the drop-out rate of pupils with a migrant background is more than three times higher than that of those without a migrant background.” Austria, 2016
 - * The Council changed the rate of unemployment from 10.9% (Commission text, date?) to 11.2% (2017, Council text). Italy, 2018
- The Council sets harder targets (e.g. sooner in time)
 - * The Commission text says that the statutory retirement age will be increased from 65 in 2012 to 67 years in 2023. The Council text says that this increasing will be done in 2021. Netherlands, 2015

Coded as substantive change and change of words (re-wording) (1|3):

- The Commission affirms something, and the Council changes the redaction. However, it has the same meaning.
 - While the Commission text affirms that the UK has missed the headline deficit targets, the Council text only mentions that the UK is not projected to comply with the deadline set by the Council and the average annual fiscal effort falls short of the recommendation. UK, 2014
 - Change of language. The Commission text says: “The government debt [...] is planned by the programme to stabilise and then to decline [...]”; the Council text uses the word “expected”. Belgium, 2012
- Changes in redaction, but same content.
 - Commission text: “Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which translates into a substantial fiscal effort for 2018. When taking policy action, consideration should be given to achieving a fiscal stance that contributes to both strengthening the ongoing recovery and ensuring the sustainability of United Kingdom’s public finances.” Council text: “Pursue a substantial fiscal effort in 2018-19 in line with the requirements of the preventive arm of the Stability and Growth Pact, taking into account the need to strengthen the ongoing recovery and to ensure the sustainability of the United Kingdom’s public finances.” UK, 2017
- The Council changes some words, but it has the same meaning.
 - The Council used the word “agreed” and the Commission the word “decided” (“Since the legislation has not yet been [...]”) Austria, 2012
 - “accelerating [...]” change in the Council text “intensifying structural reforms and pursuing responsible growth-friendly fiscal consolidation.” Austria, 2014
 - The Commission says “Austria’s public expenditure on pensions is relatively high compared to the rest of Europe,” while the Council refers to “other Member States.” Austria, 2017

- The Commission text says: “The Belgian Competition authority is being reformed but it remains unclear whether the new authority will be sufficiently independent [...]” The Council uses the word “reformed.” Belgium, 2012
- Commission emphasizes in aligning legislative, administrative, revenue-raising and spending responsibilities across different levels of government, while the Council only mentions to align the responsibilities across the federal, regional and local levels of government. Austria, 2011
- While the Commission affirms that the surplus implies a suboptimal allocation of resources, the Council changed the word “implies” for “suggests”. Netherlands, 2017