

Paradigm formation and paradigm change in the EU's Stability and Growth Pact

Paper accepted for publication in the *European Political Science Review*

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consequential for policymaking as Hall claimed (Carstensen 2011; Cashore and Howlett 2007).

Arguably, the debates on the dynamics of paradigm change and the existence of

some facts and possible lines of action to the exclusion of others. Moreover, paradigms are mutually incompatible ('incommensurable'), in the sense that facts and evidence that are relevant in one paradigm are irrelevant in another. For that reason, they cannot be combined: it is either this paradigm or that one, not both. This closely follows Kuhn's (1962) use of the term 'paradigm' in the history of (natural) science, from which the term was borrowed.

The notion of policy

punctuated equilibrium theory, in which radical policy change takes place when a dominant policy community is replaced by another one as a result of the intervention of higher political actors. It is also the mechanism behind major policy change in the advocacy coalition framework, in which a dominant advocacy coalition is replaced by another one because of changes in contextual factors around the issue area (Sabatier and Weible 2007)

An alternative view on policymaking stresses the negotiated and fluid character of policy-making, which is characterized by compromises between ~~ins and~~ competing

The clash between the different perspectives and the high political level at which decisions were taken is likely to have led to polished bargains and compromises without a clear underlying policy paradigm. Moreover, it would lead one to expect incremental and 'unorthodox' adjustments to the SGP in response to the two crises that it faced, rather than a radical change in approach.

The SGP therefore offers an interesting case for studying paradigm establishment and change. If, despite the political and institutional context in which it unfolded, the SGP is underpinned by a clear policy paradigm, it attests to the strength of paradigmatic thinking in this policy area. If, by contrast, the SGP is based on a loose combination of ideas from different paradigms, it reveals some of the limitations to the establishment of policy paradigms.

4 Methodology

4.1 Causal maps

distinguishing between beliefs at different levels of abstraction like instrumental versus principled beliefs³

In analysing the documents, we focus on the economic paradigm behind the SGP, contrasting Keynesian and Ordoliberal approaches. Documents on the SGP also contain statements that are unrelated to either Keynesian or Ordoliberal thought. Although these statements form part of the overall thinking behind the SGP, they will not be included in our analysis, for two reasons. First, the formation of and change in economic paradigms forms the core of the literature on domestic policy paradigms (Hall 1993; Hay 2001). Second, it has been argued that the establishment of a shared economic paradigm was a strong driver of EMU (McNamara 1998). Hence, the focus on economic paradigms behind the SGP offers the most fruitful avenue for a comparison with the literature on domestic paradigms.

We perform a number of analyses. To begin with, we determine the extent to which a document scores more Ordoliberal or Keynesian by calculating the aggregated saliency of the concepts associated with the Ordoliberal and Keynesian paradigms. We also calculate the percentage of the total causal map that is Ordoliberal (Van Esch 2014⁴). This analysis is done at the level of concepts and does not reveal the inherent causal and normative logic embedded in the causal map. In addition, therefore, a qualitative analysis of the causal map is performed to determine the extent to which the logic embedded in the map can be characterized as typically Ordoliberal or Keynesian. This not only reveals whether thinking behind the SGP is indeed paradigmatic, comparison of these measures at different points in time also reveal changes in paradigm.

4.2 Selection of documents

Our ambition is to analyse the existence of and change in policy paradigms behind the SGP. To this end, we have made causal maps of the policy beliefs underlying the SGP at three crucial moments in the SGP's development:

The establishment of the SGP

The 2003 compliance crisis and subsequent reform of the SGP

The sovereign debt crisis and related reform

A central methodological problem is where to find the beliefs behind 'the policy'. Final decisions and formal legislation do not lend themselves for this, since they normally do not contain an extensive argument behind the adopted policies but simply state what those policies entail. Participants in decision-making processes do explain why certain measures have been adopted, but their accounts are likely to reflect and serve their own specific political objectives.

Figure 2

Moreover, while in this Communication references to the central Ordoliberal goal of price

5.3 The 2010 document

Despite the outbreak of the ~~Eu~~crisis late 2009, the map of the 2010 Commission Communication is again similar to both the 1996 memorandum and the 2004 Communication, but more univocally Ordoliberal. First, the quantitative analysis shows that the overall decline of Keynesian concepts over the years has continued as they make up only 3.33 % of total map saliency (see figure 5). Since at the same time references to ideal

Figure 4: Ordoliberal strand in the causal map of the 2010 document

Moreover, in comparison to 2004, the instruments proposed by the Commission to stimulate fiscal discipline have become more stringent. Some hard power instruments to punish non-compliance with the SGP included in the 1996 document make their ~~back~~ in the proposals to introduce additional corrective mechanisms (S=4) (Acceleration of the Excessive Deficit Procedure (S=3), sanctions (S=2) and enforcement (S=1)). Soft instruments like peer reviews (S=1) all but disappear from the proposals, ~~calls~~ for flexibilization of rules. In addition, in line with the identification of macroeconomic imbalances as the dominant cause of the Eurocrisis, there is an enormous increase in references to the need for more European economic surveillance in comparison to the earlier documents. The Commission identifies no fewer than five different forms of economic surveillance with a combined saliency of 19, which are all evaluated positively and geared towards reducing differences in fiscal discipline, competitiveness and member state economic fundamentals in general. Differentiation of policies across countries is no longer considered an option. Again this reflects a more Ordoliberal perspective.

Only one aspect of the map raises doubts about the Ordoliberal orthodoxy in the 2010 document: the total absence of the monetary part of this paradigm: nowhere in the document does the Commission even mention the core Ordoliberal goal of price stability. Moreover, no mention is made of the issue of independence of the European Central Bank, its role in the solution of the crisis or the related issue of confidence. This may be an implicit but strong indication that the Commission abides strictly to the separation of ~~power~~ between the political-fiscal and technocratic monetary dimension of EMU as advocated by Ordoliberals. However, it may also be an indication of adherence to only half of the paradigm.

6 Conclusions

In this paper, we have explored the existence of and change in policy paradigms behind the EU's Stability and Growth

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