

## **Money makes the world go round: How much difference do Recovery and Resilience Plans make to fiscal and social governance?**

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The NGEU package transformed European economic governance. This article examines the implications of this change in terms of EU polity formation and in terms of social policy content. It asks whether the temporary availability of large funds increases the leverage of the Commission in the European Semester, and how this innovation affects sensitive policies. In the tradition of Stein Rokkan, the article advances a conception of the EU as a compound polity that needs to reconcile dispersed authority with second-order loyalty. We then contrast our theoretical expectations with traditional reform surveillance and experimentalist governance. The drafting of Recovery and Resilience Plans for Italy and Spain provides the empirical basis for assessing these expectations. The analysis shows a dual effect: adding fiscal capacity to the European Semester enhances the Commission's hierarchical power while the need to ensure member states' loyalty leaves room for national executives to insist on their priorities.