A European Social Semester?

The European Pillar of Social Rights in practice

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Summary

Following its proclamation in 2017, the European Pillar of Social Rights was used by the Commission for the first time in the 2017/18 European Semester. However, much of the potential of its Social Scoreboard to spotlight social shortcomings in the EU remains untapped. Member States are showing reservations, and budget and competitiveness goals continue to have priority over social goals. The best chance for the latter to find their way into the reform recommendations is when they are seen to be compatible with economic coordination goals. For the Pillar to gain a "*social Triple-A*" (Jean-Claude Juncker), its goals need to have a more binding character and a greater focus needs to be put on coordinating social policy.

1. Introduction

Looked at from a rhetorical perspective, the European Commission is very prone to use superlatives when referring to the social dimension of the European Union (EU). In his first speech as the new Commission President, Jean-Claude Juncker, on presenting his Commission to the European Parliament, was to state: “I would like a Europe with a social ‘triple A’ rating. A social triple-A is just as important as an economic and financial triple-A” (Juncker 2014). At the Gothenburg Social Summit on 17 November 2017, at which the European Pillar of Social Rights (EPSR) was proclaimed, Marianne Thyssen, Commissioner for Employment, Social Affairs, Skills and Labour Mobility, spoke of a “new chapter” in the history of social Europe, a “milestone” and an “upgrade” of the Social Model (Thyssen 2017).

It has recently become clear that things are starting to happen in the field of “Social Europe”, following a period starting with the global financial and economic crisis in 2008 and the subsequent crisis of Economic and Monetary Union (EMU) during which the EU’s political focus lay squarely on economic and financial topics. The neo-liberal crisis management in the euro area has led to social divergence and political divisions, with a lot being done to save banks and cut spending, but little done to protect EU citizens from unemployment and poverty. We can even go one step further, stating that the EU’s austerity policy was one of the main causes of the social crisis. Alongside growing fears in many Member States of moving not up but down the social ladder and concerns about globalisation and migration, a European Union primarily focused on market-driven policies can be seen as a further cause of the rise of national populism and welfare chauvinism (Busch *et al.* 2018). Will the EPSR be able to correct these developments, while at the same time overcoming the pre-crisis structural deficits afflicting the social integration of Europe?

In this article, we will looking at what is possibly the EPSR’s key field of application: its use in the context of European “soft” governance, a coordinating instrument developed more and more since the introduction of the euro. The social pillar, seen primarily as a way of deepening the EMU (EPSR 2017, § 13) has one irksome caveat however: it “does not entail an extension of the Union’s powers and tasks as conferred by the Treaties” (ibid: § 18). Its implementation, states the preamble, should be “at both Union level and Member State level within their respective competences, taking due account of different socio-economic environments and the diversity of national systems, including the role of social partners, and in accordance with the principles of subsidiarity and proportionality” (ibid: § 17). The use and benefit of the EPSR should therefore be most discernible in the field of policy coordination within the context of the established European Semester. This is in line with the Social Scoreboard with its 14 indicators adopted together with the EPSR as well as with the European Commission's announcement (2018a: 10) that the "European Semester of policy coordination provides an appropriate tool for monitoring progress in key areas covered by the European Pillar of Social Rights."

We start by looking at the reasons why the social dimension has been neglected in the EU, the importance of the system of policy coordination and the role of the EPSR therein (Chapter 2). We then analyse the relevance of EPSR in the 2018 European Semester, looking at three specific aspects (Chapter 3). Studying the course of the coordination process between November 2017 and July 2018, we look first at the role played by the EPSR in the regular coordination reports of the Commission and the Council (3.1), then at the extent to which the Member States have taken account of the EPSR in their National Reform Programmes (3.2), and finally how its principles are reflected in the Country-Specific Recommendations (3.3). We conclude by discussing our findings on the use of the EPSR in the European Semester and presenting suggestions for reforms (Chapter 4).

From a methodological perspective, we will be using qualitative content analysis (cf. Mayring 2015) to analyse documents issued by the European institutions and the Member States as part of the European Semester.[1] This study is thus based on a well-established scientific method for determining the social content of European coordination cycles (cf. Clauwaert 2013; Clauwaert 2018; Bekker 2016). The limited scope of the study does not permit an overall examination of all documents issued in the context of the 2018 European Semester. For this reason, we have chosen Belgium, Germany, Italy and Lithuania for analysing the references to the EPSR in the CSRs in Chapter 3.3.[2] The desiderata for future research thus include an overall analysis of the CSRs of all 27 states taking part in the European Semester.[3]

Further outcomes of the European Semester can thus not be taken into account, though one interesting aspect would be to look at Member States' take-up of the CSRs relating to the EPSR in the second half of 2018.[4] With regard to the role of the EPSR at national level, a detailed analysis of its use on the basis of parliamentary debates and how it is being levered by interest groups such as the social partners or welfare organisations would also be

1. The individual steps of the European Semester and the accompanying documents can be viewed on the European Commission (2018b) website.

2. The selection is explained at the beginning of the chapter, with reference to the findings of Chapter 3.2.

3. As it was subject to a macroeconomic adjustment programme; Greece did not take part in the 2018 European Semester.

4. For instance, looking at the 2016/17 European Semester, the Employment Committee (EMCO) has expressed its concerns about Member States' decreasing implementation of CSRs (Council of the European Union 2018: 11).

desirable. This could be linked to findings emanating from comparable research on welfare states.

The author would like to take this opportunity to thank the participants of a workshop held at the Institute for European Policy (IEP) in Berlin, as well as the staff of the IEP for their support in the conduct of this research project.

2. Europe's Social Dimension and the European Pillar of Social Rights

To be able to measure the scope and importance of the EPSR, we need first to briefly describe how social integration has developed over the years. We start by describing the regulatory hurdles that have up to now prevented the development of a comprehensive social dimension in the EU (Chapter 2.1), before going on to look at the role of policy coordination as an ersatz instrument for shaping a Social Europe (Chapter 2.2). We then describe the legal and substantive character of the EPSR and the current status of research assessing its importance as an instrument for regulating and coordinating social policy (Chapter 3.2). As there are currently no comprehensive studies of the practical application of the EPSR (the one exception is the EESC 2018), all existing analyses of the EPSR look mainly at its legal underpinning and its contents, as well as updating previous observations on the EU's social dimension.

2.1 The lack of priority for social integration

From the very start, European integration has always been primarily driven by economic considerations. Alongside being a peace project, economic reasons were the driving forces behind the founding of the European Coal and Steel Community (ECSC), the European Economic Community (EEC) and later the Single Market and the EMU. For Member State governments, it was always easier to push market-driving policies reducing trade barriers, customs duties, subsidies, price differentials, etc. through national policy-making bodies. By contrast, it was much more difficult to push through joint policies aimed at correcting and shaping markets, given the diverse aims of the partners. The European Commission and the European Court of Justice similarly helped to underpin the EU's market focus on the basis of the Treaties. As a result, a "constitutional asymmetry" (Scharpf 2002) can be seen, characterised on the one hand by a high degree of market-building economic integration and on the other hand by a low degree of market-correcting social integration.

With many politicians well aware of this growing divide between negative and positive integration, an acquis of social policy has been established at EU level – despite the dominance of market considerations (cf. Kowalsky 1999; Becker 2015). The first regulations in the field of labour and social policy – protecting the rights of migrant workers, establishing equal pay for men and women and setting up the European Social Fund – can be seen as achievements complementing the desired economic integration in the 1950s and 1960s.

As a result of the first Social Action Programme, a wave of regulations was adopted in 1974, bringing with them progress in the fields of health and safety at work and working conditions. The most significant boost to European social policy was the Maastricht Treaty, through which the principle of unanimity in Council decisions was removed for a number of social policy fields. In addition, the social partners were empowered to draw up directives themselves. This led to the establishment of European works councils and directives on working time and the posting of workers. Later on, equal opportunities and anti-discrimination were to become EU policy fields in their own right. However, the Treaty of Amsterdam saw the further development of Social Europe shifting down a gear, assuming for the first time, in the form of the European Employment Strategy, a voluntarist approach, i.e. an approach characterised by intergovernmental coordination rather than supranational regulation. The Treaty reforms of Nice and Lisbon led to primarily normative progress in the EU's labour and social policy, via the Charter of Fundamental Rights and the horizontal social clause, i.e. characterised by "constitutional minimalism" (Platzer 2009).

The fundamental architecture of the Treaties is asymmetric, to the extent that the supranationalism of the Single Market and monetary policy dominates over a merely inter-governmentally coordinated economic policy, which also includes the social security systems (Platzer 2015: 31). This lack of priority for social policy goals in the EU's primary legislation was criticised by former Commission President Jacques Delors, who stressed the need to have the Single Market complemented by a European Social Model: "It is for these essential reasons that the Union's social policy cannot be second string to economic development or to the functioning of the internal market" (European Commission 1994: 2).

But why was it not possible to complement the Single Market freedoms and harmonised central bank policy with a treaty-based system of coherent social policies? Especially as the major economic integration projects, looked at from an overall perspective, were further boosting the need for harmonised policies in other fields? One of the main reasons for this contradictory situation is the conflict between EU-level policy-making and the maintenance of national sovereignty (Hacker 2019; Becker 2015: 10). Uwe Puetter (2015: 407) describes this as a continuing paradox of European integration: The Member States see the need for European solutions but are opposed to formally transferring competences to the supranational level. This situation is compounded by historical differences in welfare capitalism in Europe (Esping-Andersen 1990). Different approaches to capitalism as an economic organisation principle lead to differing degrees of individual decommodification and social stratification. The differing organisation and scope of economic, employment, social and education policies are considered to be constitutive elements of the respective Member State societies and as such in need of protection. This makes the shaping of the EU's social dimension very complicated. We can even go one step further: the far-reaching economic integration through the Single Market and the Monetary Union seems to have decreased Member States' willingness to give up national sovereignty in the fields of social, employment and fiscal policy, offsetting the EU's budgetary and macroeconomic control and intervention competences in the Economic and Monetary Union.

2.2 Policy coordination as an alibi for social integration

As a solution to the integration impasse caused by the advanced level of economic integration on the one hand and Member States' insistence on preserving national sovereignty on the other, new coordinated policy-making procedures were slowly introduced to avoid the risk of a decision-making and integration standstill (Héritier 1999). While Jacques Delors still saw a regulatory framework for market integration in combination with the European Social Model (see above), subsequent developments from the mid-1990s onwards took place less in the legal than in the cognitive area. Learning from each other, exchanging reform experiences, voluntarily coordinating policies - these were the guiding principles behind the 1994 European Employment Strategy (EES) and the 1996 Stability and Growth Pact (SGP). The latter cemented the provisions on economic policy coordination set forth in Articles 102a-104c of the Maastricht Treaty. Both were elevated to EU primary legislation in 1997 via the Treaty of Amsterdam, triggering further coordination mechanisms in the fields of economic, employment and social policy, such as the Macroeconomic Dialogue adopted in 1999 and, from 2000 onwards the Open Method of Coordination (OMC) in the field of social integration and social protection as part of the Lisbon Strategy.

2.2.1 Little coordination in the social field

The first decade of the new millennium saw social policy coordination mechanisms being further developed. Formal OMC mechanisms were gradually introduced for social integration fields ("Social OMC"), such as for old-age pensions (2002) and for health and long-term care (2006).

This can be seen as a reaction to the pressure put on euro area Member States' social budgets by the need to coordinate budgetary policy. The primary goal of the successful institutionalisation of these mechanisms was to achieve a balance between social policy objectives and the already established EU-level economic and employment policy coordination (de la Porte/Natali 2018: 834). However, this attempt was bedevilled by problems from the start on:

First, the "soft" policy coordination was no match for the "hard" Treaty-based regulation of economic integration, for instance in competition law or in the preservation of internal market freedoms. As the EU's current primary and secondary legislation would always overrule national policy options, the only role left for policy coordination was for "optimising the adjustment of social protection systems to market forces and fiscal constraints, and [...] facilitating the 'recommodification' of the labour potential of persons threatened by 'social exclusion'" (Scharpf 2002: 658).

Second, the effectiveness of coordination processes differs greatly, as reflected by the different weights attached to topics in primary law. Where the Union has little competence and where coordination is optional, the processes remain weak. A continuum of the impact of coordination procedures would range from the high effectiveness of budgetary coordination, via economic and employment policies, to the low effectiveness of social policy coordination mechanisms (Molle 2011: 106).

Third, all social policy coordination attempts have always been overshadowed by competitiveness and financial sustainability considerations. This is explained first by the paradigmatic decisions regarding the economic architecture of the EMU (Jabko 2015), and second by the predominance of players from the business and financial world in the Commission and Council, to the detriment of social players (de La Porte 2013).

The original idea behind the Lisbon Strategy of a reciprocal commitment, i.e. the parallel promotion of economic prosperity and social security (Hemerijck 2007) gradually turned into a sequence, with the former taking precedence over the latter. Questions regarding the height of and access to social benefits, the quality of employment relationships or the shape of investment-based and anti-cyclical economic policies were left at the bottom of the agenda. Following a bad half-term assessment of the Lisbon Strategy, the focus shifted from 2005 onwards away from social protection and inclusion to competitiveness, growth and employability, in line with the dominant Zeitgeist of reduced policy-making activity and heightened market flexibility. Enshrined in the Europe 2020 strategy, this course was considerably tightened through the euro area crisis. Though the EU's second 10-year strategy contains a commitment to better integrate the coordination fields, the few remaining objectives in the field of social and employment policy remain subordinate to budget and competitiveness considerations. The main instrument for upholding this commitment is the European Semester, a mechanism bringing together all coordination cycles but which accords players focused on social policy – such as the Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL), the European Parliament's Committee on Employment and Social Affairs, trade unions and welfare associations and the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) – little influence over the Europe 2020 strategy (Pochet 2010).

2.2.2 Social policy neglected during the euro area crisis

The euro area crisis clearly showed how little weight is attached to coordination in fields with nothing to do with budgetary or competitiveness issues. The recently introduced Treaty- and non-Treaty-based governance procedures – the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (the "Fiscal Compact"), the Euro Plus Pact, the Macroeconomic Imbalance Procedure (MIP), the revised SGP – all basically refer to economic and primarily budgetary aspects, with little attention paid to employment or social policy aspects.

The pressure on consolidating national budgets, flexibilising labour markets and ensuring the financial sustainability of social security systems has thus reached a new dimension: the "economic reading of social policy goals" (Bekker 2013: 16). This applies especially to the Programme Countries, which, under the beady eyes of the institutions formerly known as the "troika" – the European Central Bank (ECB), the International Monetary Fund (IMF) and the European Commission –, were only given refinancing credits from the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM) subject to their fulfilment of reform obligations. This was portrayed economically as no-alternative devaluation pressure allowing the crisis-ridden states within the EMU to regain competitiveness. The core feature of this form of crisis management was a policy focused on reducing social benefits, on the wide-ranging privatisation of state services and on undermining regional wage-setting mechanisms and collective agreements (Busch *et al.* 2013; Schulten/Müller 2015).

Within this reformed system of economic governance, it is not just the crisis-ridden countries which are subject to such governance, but basically all euro area Member States, as the Commission's economic arm (DG ECFIN) and the ECOFIN Council also make recommendations for them on ways to balance state budgets and promote structural reforms boosting competitiveness, with little attention paid to their social consequences (cf. de la Porte and Heins 2016; Hacker 2015). Christophe Degryse *et al.* (2014: 78f.) have consequently identified a fundamental shift in the European social model towards market-driven liberalism triggered by such crisis policies. The rationale behind this shift is that all risks can be overcome by growth and competitiveness: "While justified in official discourse by 'the crisis', these reforms were in fact quite unrelated to the economic cycle. They were actually aimed at reconfiguring whole areas of the European Social Model – labour law, collective bargaining, social dialogue, wage formation systems, the two sides of industry, the foundations of social protection [...]"

Any attempts to buck this trend and strengthen the social dimension in times of crisis were doomed to failure (Busch *et al.* 2018: 36ff.). Though former French President François Hollande called for initiatives to strengthen the social dimension in 2012, little was achieved apart from the Youth Employment Guarantee as a supply-side response to high youth unemployment in some countries. Plans drawn up by the then Commissioner for Social Affairs and Employment, László Andor (2013), for a monitoring of social and employment policy indicators on the basis of minimum standards were to be flanked by a procedure against social imbalances in the EMU equivalent to the SGP deficit procedure. But these plans turned out to be unenforceable and were superseded by the inclusion in the Employment Report of a handful of new social indicators focusing on the Monetary Union (see next section).

2.2.3 An increased focus on social topics?

The criticism voiced above of the one-sidedness of the European Semester, with its focus on economic reforms promoting budgetary consolidation and competitiveness has recently been questioned by a number of researchers. For instance, Jonathan Zeitlin and Bart Vanhercke (2018) see a process in which labour and social ministers, the European Parliament's Employment and Social Affairs Committee and DG EMPL are increasingly managing to get their views included in European Semester coordination processes. This is witnessed by the heightened emphasis put on social aspects since the arrival of the Juncker Commission in 2014, which has led to a "partial but progressive 'socialisation' of the European Semester" (ibid: 4). But even before its arrival, elements allowing a socially better-balanced European Semester had been implemented, for example the Social Protection Performance Monitor (SPPM) introduced in 2012 by the Social Protection Committee and made up of 20 indicators, or the addition in 2013 of 5 further social indicators for monitoring the social situation in the EMU (Zeitlin and Vanhercke 2015: 73ff.). This development can be explained first by learning effects and by the creative strategy adopted by social policymakers. This took place "under the radar" (Vanhercke 2013), at a time when the focus was on austerity. The development was to be seen as the response of the EU institutions to the increasingly negative attitudes of citizens to the European project as a consequence of the crisis and the strict austerity measures. This explanation at least ties in with the above-mentioned intentions of the Commission President to strengthen the social dimension.

Zeitlin and Vanhercke (2018) argue that both the important annual employment report at the beginning of each European Semester and the recommendations addressed to the Member States at the end of the 2015, 2016 and 2017 cycles increasingly included social, employment and educational policy topics. In addition, a less hierarchical and prescriptive organisation of the coordination cycle would allow a better matching of the goals to the respective socio-economic circumstances in the Member States. This assessment is supported by research findings pointing to Member States becoming increasingly flexible in their reactions to the CSRs (Bekker 2016). Moreover, the more flexible application of the SGP by the Commission, even before a formal resolution had been adopted by the Economic and Finance Committee, was a great help. Regularly conducted by the European Trade Union Institute in relation to the European Semester, a quantitative survey of CSRs related to social topics in 2016 already indicated an "increasing emphasis on social objectives in the EU's priorities and the CSRs" (Clauwaert 2016: 16). For instance, while total CSRs issued dropped from 157 in 2014 to 102 in 2015 and just 89 in 2016, the share of recommendations related to employment, wage, social, educational and tax policies rose from 47% in 2014 to over 50% in 2015 and almost 54% in 2016. The share for 2017 went up to 60.5%, though was driven by a lower number of concrete recommendations. According to Stefan Clauwaert (2017: 10), this is the highest share of social recommendations since the European Semester came into existence. In the same vein, the Social Protection Committee (2017a: 9) views this development as "a welcome shift towards a more balanced consideration of economic and social objectives, stronger emphasis on social policy priorities as well as on the social impact in the implementation of policy reforms in all areas."

2.3 The EPSR as a new attempt to promote social integration

2.3.1 Genesis, legal character and content of the EPSR

In view of its neglect and deterioration during the euro area crisis, the social dimension was to play an outstanding role in the party campaigns for the 2014 European Parliament elections. In his inaugural speech as president of the new Commission, Jean-Claude Juncker, acknowledged this role, announcing a major project in the social field. A first draft of the EPSR was presented by the European Commission (European Commission 2016) in 2016, triggering a one-year consultation during which some 200 position papers were received from institutions, social partners, civil society organisations and citizens, over 16,500 responses to an online questionnaire submitted and over 60 events organised throughout Europe (European Commission 2017l).

The EPSR exists in two different legal forms: first, in the form of a European Commission (2017b) recommendation in accordance with Art. 292 of the Treaty on the Functioning of the EU (TFEU), second as an Interinstitutional Proclamation of the European Parliament, the Council and the Commission (EPSR 2017). Its scope is defined in a detailed preamble, with references made to the Treaty objectives regarding Social Europe in Art. 3 of the Treaty on European Union (TEU) and to Art. 9 and Art. 151 ff of the TFEU, as well as to the 1961 European Social Charter, the 1989 Community Charter of the Fundamental Social Rights of Workers and the 2000 Charter of Fundamental Rights of the European Union (ibid: §§ 1-5). The preamble also refers to a number of current challenges to be addressed by the EPSR. These include globalisation, the digital revolution, changing work patterns and societal and demographic developments. The fact that the EPSR "is notably conceived for the euro area" (ibid: § 13) is witnessed by its specific emphasis on problems induced by the crisis, such as long-term and youth unemployment, poverty, relatively modest growth and untapped potential in terms of labour market participation and productivity. A stronger focus is to be put on employment and social performance to deepen the Economic and Monetary Union (ibid: § 13), especially as, despite overcoming the economic and financial crisis, addressing its far-reaching social consequences remains an urgent priority (ibid: § 10). It can be seen as implicit criticism of the austerity course adopted during the crisis that the EPSR is portrayed as fulfilling "people's essential needs" and ensuring the "better" enactment and implementation of social rights (ibid: § 12).

Even if the focus is on the EMU, the EPSR addresses all EU Member States. The 20 principles and rights listed in the EPSR "reaffirm some of the rights already present in the Union acquis", while adding "new principles which address the challenges arising from societal, technological and economic developments. For them to be legally enforceable, the principles and rights first require dedicated measures or legislation to be adopted at the appropriate level" (ibid: § 14). The question as to which level is best suited for implementing the objectives is not fully answered in the preamble: The EU is not to acquire new competences through the EPSR, with it being made very clear that Member States remain responsible for defining the principles underlying their individual social security systems (ibid: §§ 16-19).

Structured in three chapters (cf. Annex 1 of this article), the EPSR goes on to define 20 principles and rights: “Equal opportunities and access to the labour market” (Chapter 1), “Fair working conditions” (Chapter 2) and “Social protection and inclusion” (Chapter 3). The principles are defined in the form of “rights” addressing – dependent on the context – all EU citizens, young people, the unemployed, workers, the social partners, parents and people with care obligations, children, poor and socially weak people, people with disabilities and the homeless.

Key topics in Chapter 1 are education and training, gender equality and anti-discrimination, as well as active labour market policies. The focus of Chapter 2 is on employment rights, addressing the type and duration of the employment relationship, wages, protection in case of dismissals, collective representation and work-life balance. Chapter 3 lists various social security aspects for individual groups of people, including childcare, social protection, unemployment benefits, minimum income, old-age income and pensions, healthcare, the inclusion of people with disabilities, long-term care and access to essential services.

2.3.2 Assessment of the EPSR as a regulative instrument

Against the background of the assessments set forth in Chapter 2.2.3 regarding the gradual revival of European social policymaking in recent years, it comes as no surprise that the EPSR is assessed by a number of authors as a veritable “relaunch” of Social Europe. In agreement with the Social Affairs Commissioner, the EPSR has been upheld as “a milestone in EU social policy” (Sabato and Vanhercke 2017: 93f.). The Social Protection Committee (2017b: 94) seems convinced that implementation of the EPSR principles can help reduce the burden of demographic change and improve the employment prospects of everyone, as well as helping to ensure a good living standard.

Yet despite these positive assessments, scepticism over its effectiveness dominates. While welcoming the fact that the changes made to the Commission’s draft proposal following the one-year consultation have introduced a “rights-based language” (Sabato and Vanhercke 2017: 92), Zane Rasnača (2017: 15) points out that neither the Commission Recommendation nor the Interinstitutional Proclamation of the European Parliament, the Council and the Commission have any legally-binding effect: “In this way, therefore, the EPSR contains more of a promise than a binding pledge to use the principles and rights embedded in it for fashioning a more substantial dimension and achieving better future protection for workers in Europe.“ In the view of Rasnača, the EPSR would, like the EU Charter of Fundamental Rights, have to be put on the same legal footing as the Treaties for its full potential to be unleashed.

In addition to any short-term but improbable inclusion in the acquis, which would subject its enshrined rights to judicial control, secondary law could in future make stronger reference to them. The European Commission (European Commission 2017c; 2018c; 2018d; 2018e) has already taken steps in this direction, presenting proposals for more transparent and reliable working conditions (in reference to Principles 5 and 7), for creating a European Labour Authority (*inter alia* Principles 1, 4 and 5), for providing access to social protection for employed and self-employed persons (Principle 12), and for amending a Directive on the protection of workers from carcinogenic chemicals (Principle 10).[5]

One basic criticism of the EPSR is that certain wordings have been included in the principles which tend to contradict the maintenance and extension of high social standards. This applies for example to Principle 5b which, with reference to employment, calls for the "necessary flexibility for employers to adapt swiftly to changes in the economic context" to be ensured. It similarly applies to Principles 6b, 13 and 14 which, with regard to wages, minimum income and unemployment benefits, seem to assume negative work incentives (Seikel 2017: 5f.). Art 19 of the preamble contains, rather unexpectedly, the caveat that the EPSR should "not affect the right of Member States to define the fundamental principles of their social security systems and manage their public finances, and must not significantly affect the financial equilibrium thereof". Klaus Busch *et al.* (2018: 40) see problems with the vague wording of many principles: "The EPSR speaks constantly of 'adequate' wages, minimum wages, benefits, support and standards of living, without explaining what 'adequate' means." Indeed, the undefined word 'adequate' is used 14 times in the EPSR principles.

In his criticism, Mark Dawson goes one step further, stating that the EPSR's frequent references to social objectives do not per se imply a strengthening of social policies. At least in the past, poverty was generally fought by activation policies, with in-work poverty hardly playing any role at all. Instead of speaking generally about higher social transfers, only especially discriminated groups were targeted in the social field within the European Semester, with everything continuing to be overshadowed by the "growth-friendly reading of social policy" (Dawson 2018: 201) and the continuing predominance of business-oriented players in the EU's governance processes.

2.3.3 The EPSR as a soft governance instrument

Apart from its use in secondary legislation, the EPSR will, in the view of Rasnača (2017: 26ff.), be mainly used a soft instrument within the EU's governance framework.

5. A further directive on work-life balance for parents and carers (European Commission 2017d) is also based on the EPSR (Principles 2 and 9) but had already been proposed before the proclamation of the EPSR.

This is backed by the fact that the EPSR primarily addresses Member States, as it makes no change to who is responsible for social affairs.[6] This is further backed by the EPSR's scoreboard of 14 social indicators (cf. Annex II), with which Member States' performance vis-à-vis an EU average is regularly evaluated (cf. European Commission 2018f). The 14 main indicators are complemented by 21 secondary indicators associated with 12 subject areas sorted in accordance with the three chapters of the EPSR (European Commission 2017e). The European Commission sees the Social Scoreboard as a reference framework enabling it to measure societal progress in relation to the EPSR principles and has announced the use of these indicators in the context of the European Semester (European Commission 2017e; 2017f: § 10).

The European Semester now constitutes the core European governance instrument in the EMU, acting as an umbrella for all coordination processes in the various policy fields. It kicks off each November with comprehensive reports from the European Commission on economic priorities and imbalances, on the employment and social situation and on economic and budgetary policies in the euro area countries.[7] As part of the process, the progress of the participating countries with regard to implementing the recommendations issued in the previous coordination cycle is checked. After the Commission documents have been discussed in the European Parliament and in the relevant Council committees (in particular the ECOFIN and EPSCO Councils), the Commission presents country-specific analyses. The Spring Summits that take place every year in March are used to adopt policy guidelines based on the available information. In the next step (every year in April), the Member States submit Stability Programmes (or Convergence Programmes when not in the euro area) on medium-term fiscal planning, showing how these guidelines will be implemented, as well as National Reform Programmes (NRPs) containing concrete plans for promoting growth and employment. On the basis of an assessment of these documents by the Commission, CSRs are adopted by the competent ministerial councils by July. These CSRs are then supposed to be implemented by the Member States in the following months.

This basically means that the European Semester is an existing process which can, relatively easily, be extended to cover social objectives, indicators and recommendations to a greater degree. However, there is a question-mark over whether this would by a linear development building on an already existing "socialisation" (Bart and Vanhercke 2017) of governance structures dominated by economic considerations, especially as the Social Scoreboard is also criticised for its 14 indicators being inadequate and to a certain extent inappropriate to reflect all aspects of the 20 EPSR principles. The European Trade Union Institute is of the opinion for instance that there is little point in measuring the gender gap in the employment rate, as its reduction can be the

6. The European Commission (2018a: 10f.) has explicitly stated that the European Semester will be the core focus of monitoring progress in the implementation of the EPSR.

7. The concrete documents for doing this are the Annual Growth Survey (AGS), the alert mechanism report (AMR) for avoiding and correcting macroeconomic imbalances, draft economic recommendations for the euro area and the Draft Joint Employment Report.

result of either a higher employment rate of women or a lower employment rate of men. Similarly, measuring participation rates in active labour market measures does not say anything about the quality and benefits of these programmes, while a comparison of gross household income hardly provides information on disposable incomes (for a detailed criticism and adaptation proposals, cf. ETUI 2017).

A further finding is that the Scoreboard does not cover all 20 EPSR principles. Proposals exist for instance to include the gender wage gap, the in-work poverty rate and the collective agreement coverage rate (EESC 2018: 15ff.), as well as the ratio of minimum to median (or mean) wages (EESC 2017: § 1.5).

Furthermore, it is not clear whether and how the planned monitoring procedure for the Social Scoreboard will interact with other coordination cycles in the social and employment field, i.e. with the European Employment Strategy (EES), the Social OMC, related objectives of the Europe 2020 strategy, the MIP procedure and in particular the Social Protection Performance Monitor (SPPM) launched in 2013. One key criticism in this context is that the Social Scoreboard will only be used to monitor deviations from European averages, without any joint objectives and minimum standards being defined (ibid.; Rasnača 2017: 27; European Parliament 2017: § 34). The European Trade Union Institute criticises the Social Scoreboard's lack of binding guidelines: "As it is, actors are free to interpret the indicators as it pleases them, as there is no official target, methodology or benchmark" (ETUI 2017: 6). This criticism is not fully justifiable, as the European Commission (2018g: 77ff.), in conjunction with the EPSCO, did later on provide methodology guidelines, wanting to use the respective average for all Member States as the benchmark for each indicator. Even so, a procedure based solely on the relative performance of Member States lacks in effectiveness as, in the event of an indicator developing negatively in a number of Member States, the lower average value could be seen as positive, not requiring any corrective measures. The 2018 EU Employment Report announced that the European Commission (2018g: 20) and Member States needed to discuss more comprehensive benchmarking options. Yet pilot projects covering active labour market policy measures, minimum income systems and skills acquisition among adults had already been launched.

With regard to the CSRs adopted in 2017 – i.e. in the cycle prior to the proclamation of the EPSR –, the Social Protection Committee voiced the criticism that too many recommendations in the social field had been issued in the context of the SGP and the MIP. Though these are all in the same document, they are oriented towards cost-cutting and competitiveness criteria and are agreed in the ECOFIN Council of economic and finance ministers.

The Social Protection Committee (Social Protection Committee 2017a: 10) is thus calling for "all issues within the competence of employment, social affairs and health ministers to be decided in the EPSCO Council." This would also apply to the EPSR, for which the Social Protection Committee and the Employment Committee (EMCO) see the main implementation 'battlefield' at Member State-level and as a result are calling for labour and social affairs ministers to play a leading role (Council of the European Union 2017: 4). In this context, the European Parliament (European Parliament 2017: § 39) proposes joint meetings of the – hitherto separate – ECOFIN and EPSCO councils, emphasising – as does the European Economic and Social Committee (EESC 2017: § 6.5) – the special relevance of the EPSR for the discussed deepening of the EMU.

The EPSR's problem of having to act in a constitutionally asymmetric framework giving precedence to longstanding legislative aspects over negative integration aspects is seen by Dawson as a hurdle in the way of achieving any form of decommodifying policies. He is unable to discern any shift away from "making individuals fit for the market" in the EU's understanding of social policy and consequently views the EPSR as nothing more than a continuation of the long-known soft law problem (Dawson 2018: 207f.), in line with what Scharpf (2002) has already made out. Other authors share the view that the EPSR and its application in EU governance will not be sufficient to overcome the dominance of economic aspects all too well-known in OMC procedures (Rasnača 2017; Seikel 2017; Garben 2018). To be sufficiently effective, the primary and secondary law framework would need to be changed to take up the EPSR principles. Nevertheless, cautious optimism exists regarding the EPSR's contribution as a first step towards strengthening the social dimension. Despite the many calls for changes to the EPSR and its associated Social Scoreboard and for ways of enforcing its application (discussed later on in Chapter 4), the EPSR in its current governance instrument form is credited with having the potential to be a "first trigger towards changing the current paradigm in Social Europe" (Rasnača 2017: 38), and with being a "political initiative aimed at revamping an EU 'Social Agenda'" (EESC 2018: 19). We will now look at the extent to which this potential is being tapped in the 2018 European Semester.

3. Use of the European Pillar of Social Rights in the European Semester

We will now study the role played by the EPSR in the first European Semester following its proclamation and the extent to which the optimistic and pessimistic assessments (cf. Chapter 2) of its potential to induce a more social orientation of the existing EU economic governance architecture apply. To do this, we will assess whether the EPSR and its associated Social Scoreboard figure in the analyses of the Commission and Council – in particular in the Annual Growth Survey, the Joint Employment Report and the national reports (Chapter 3.1), to what extent Member States refer to the EPSR in their National Reform Programmes (Chapter 3.2) and how the 20 EPSR principles are reflected in the Country-Specific Recommendations (Chapter 3.3).

3.1 Application of the EPSR by the European Commission and Council

3.1.1 References to the EPSR in the Annual Growth Survey

Just five days after proclaiming the EPSR on 17 November 2017 in Gothenburg, the European Commission published its Annual Growth Survey (AGS), thereby kicking off the 2018 European Semester. In it, the Commission explicitly stated its intention to use the EPSR in the context of the European Semester: "The principles and objectives of the European Pillar of Social Rights will serve as a point of reference for the further implementation of the European Semester of policy coordination They are already reflected in the draft Joint Employment Report and the proposal for new employment guidelines that accompany this Annual Growth Survey. The Commission will take this work forward in the analysis that will be included in the forthcoming country reports and the preparation of the country-specific recommendations in the 2018 European Semester cycle" (European Commission 2017h: 3). In line with this statement, the Commission uses the EPSR as a reference point in all documents published in association with the Annual Growth Survey. Just two documents drawn up for the European Council – the Recommendation for a Council Recommendation on the economic policy of the euro area (European Commission 2017i: 3) and the Alert Mechanism Report on the prevention and correction of macroeconomic imbalances (European Commission 2017j: 24) – solely refer to the existence of the EPSR and its objective of social convergence. The Annual Growth Survey itself lists priorities using almost exactly the same wording as found in the EPSR itself and referring to 15 of the 20 principles (cf. Table 1).

Table 1 **The EPSR in the 2018 Annual Growth Survey**

Chapter 1 Equal opportunities and access to the labour market	Chapter 2 Fair working conditions	Chapter 3 Social protection and inclusion
Quality education and training must be accessible to all (Nos. 1 & 3)	An appropriate balance between flexibility and security in the labour market (No. 5).	Access to early education and childcare for all (No. 11)
Training measures, including in digital skills, especially in the field of adult education (No. 1)	Fostering transitions towards open-ended forms of employment (No. 5)	More universal and better means-tested tax and benefit systems (No. 12)
Short-term efforts to integrate refugees and migrants in the labour market should be replaced by comprehensive, longer term strategies to upskill them and integrate them in the labour market (Nos. 1 & 3)	Social protection systems should adapt to new ways of working and ensure that entitlements are portable from one job to the next (No. 5)	Adequate support for the unemployed (No. 13)
New labour and social protection legislation that responds to these new realities in the labour market (Nos. 1 & 4)	Real wage growth reflecting productivity increases (No. 6)	Implementation of a right to a minimum income (No. 14)
Access to early education and childcare for all and removal of fiscal disincentives for the labour market participation of women (No. 2)	Involvement of the social partners in larger reforms (No. 8)	Reduction of barriers to employment, especially for people with disabilities (No. 17)
Reduction of barriers to employment, especially for people with disabilities, ethnic minorities, refugees and migrants (No. 3)		Sustainable and adequate pension systems for all, with retirement incomes boosted by extending working lives, linking the retirement age to life expectancy, and supporting other complementary means of retirement incomes.
Active labour market measures for young people neither in employment nor in education or training, and for the long-term unemployed (No. 4)		Timely access to affordable preventive and curative healthcare of good quality (Nos. 16 & 18)
Adequate support for the unemployed (No. 4)		

Note: Breakdown in accordance with the 3 chapters of the EPSR. The numbers of the corresponding EPSR principles are in brackets.
Source: European Commission 2017h

These measures aimed at strengthening the EU's social dimension and derived from the EPSR are however, with regard to pension and health systems, relativised by requirements mainly related to their sustainability. For instance, access to high-quality and affordable health- and long-term care (Principles 16 & 18) is foreseen, with the proviso that this be achieved through reforms – not specified in any great detail – promoting cost efficiency. The call for financial sustainability is even more explicit with regard to old-age pensions: Equal opportunities to achieve adequate retirement incomes can be boosted "by extending working lives, linking the retirement age to life expectancy, avoiding early exit from the labour market and supporting other complementary means of retirement incomes" (European Commission 2017h: 11). Little reflecting social policy, this line of argumentation is taken up by a study published by the European Economic and Social Committee. Despite the EPSR's influence on the Annual Growth Survey being very clear, "while social priorities are more visible than in the 2017 AGS, stability and growth remain dominant and the priorities are still bound to the so-called 'virtuous triangle': boosting investment, pursuing structural reforms and ensuring responsible fiscal policies" (EESC 2018: 23).

This can further be seen in the introduction to the Annual Growth Survey: “Structural reforms aimed at improving labour markets and social policies should help the workforce to acquire the skills needed”, all with aim of achieving higher economic growth: “Increased productivity depends on investment, innovation, education and a skilled labour force” (European Commission 2017h: 1).

3.1.2 References to the EPSR in the revised Employment Guidelines

Explicit reference is made to the EPSR in a Commission proposal for revising the Employment Guidelines: “The Pillar constitutes a reference framework to monitor the employment and social performance of Member States, to drive reforms at national level and to serve as a compass for a renewed process of convergence across Europe” (European Commission 2017f: § 9). The proposal for the revision of four Employment Guidelines is thus more comprehensive than the 2015 revision of the Guidelines, though the latter remained applicable for the 2018 European Semester.[8] 11 of the 20 EPSR principles are affected. Member States are to work towards for example “ensuring fair wages that provide for a decent standard of living”, or “ensuring adequate minimum wage levels” (European Commission 2017g: 1). Both aspects refer to EPSR principle 6 on wages. Other paragraphs of the Guidelines take over EPSR principles, in many cases word for word, for instance the heightened emphasis on education and training (Nos. 1 & 4), gender equality through equal pay for equal work (No. 2), the focus on anti-discrimination, providing equal access to social benefits for all (No. 3), the promotion of open-ended forms of employment and the prohibition of the abuse of atypical contracts (No. 5), the adequacy of unemployment benefits (No. 13), the inclusion of people with disabilities (No. 17), access to adequate social housing assistance (No. 19) and the enhanced use of social dialogue (No. 8). Compared to the previous Guidelines, the revised version takes much greater account of lifelong education and training, a call based on EPSR principle 1. The revision also features the “necessary flexibility for employers to adapt swiftly to changes in the economic context” (Guideline 7), a wording incompatible with the calls to prevent precarious working conditions and atypical contracts and to promote open-ended employment relationships.

The Commission draws on the EPSR in stating that “Tax reforms to shift taxes away from labour should aim to remove barriers and disincentives to participation in the labour market” (ibid: 2). In its reference to pension systems, the Commission’s proposed wording matches the appeals in the Annual Growth Survey 2018 (see above), calling on “Member States to secure the sustainability and adequacy of pension systems for women and men, providing equal opportunities for workers and the self-employed, of both sexes, to acquire pension rights, including through supplementary schemes to ensure

8. The EPSCO (2018) reached agreement on the new Employment Guidelines on 21/22 June 2018, meaning that they can be used for the 2019 European Semester. Compared to the Commission's proposal, a few minor changes were made.

living in dignity." It adds however that "measures that extend working lives and raise the effective retirement age" should be introduced, citing as an example "increasing the statutory retirement age to reflect life expectancy gains" (ibid: 4). As to whether this can be seen as a social measure is debatable, especially as the EPSR makes no reference to any such reform policy. In the consultation on the revised Guidelines, the European Parliament has put forward amendments in this field (European Parliament 2018a).

3.1.3 References to the EPSR in the Joint Employment Report

The EPSR is best echoed in the Joint Employment Report of the Commission and the EPSCO Council, adopted in March 2018. Its focus is on the accompanying Social Scoreboard with 14 indicators and 21 sub-indicators (European Commission 2017e), of which twelve (sub-indicators: 18) have been released for use.[9] The Scoreboard was published by the Commission as a document accompanying the EPSR. Together with the Committees for Employment and Social Protection (as EPSCO preparatory bodies), a methodology was developed (European Commission 2018g: 77ff.) to standardise levels and their changes for each indicator, thereby making them comparable. By combining the evaluation of levels and changes it is then possible to classify the overall performance of a country according to each indicator within one of the following seven categories. The colour coding is reflected in the respective figures in the body of the report (cf. Table 2).

Table 2 **Social Scoreboard evaluation categories**

Best performer (dark green)	Member States with levels much better than the EU average and with the situation improving or not deteriorating much faster than the EU average
Better than average (light green)	Member States with levels better than the EU average and with the situation improving or not deteriorating much faster than the EU average
Good but to monitor (blue)	Member States with levels better or much better than the EU average but with the situation deteriorating much faster than the EU average
On average/neutral (white)	Member States with levels on average and with the situation not improving nor deteriorating much faster than the EU average
Weak but improving (yellow)	Member States with levels worse or much worse than the EU average but with the situation improving much faster than the EU average.
To watch (orange)	This category groups two different cases: i) Member States with levels worse than the EU average and with the situation deteriorating or not improving sufficiently fast; ii) Member States with levels in line with the EU average but with the situation deteriorating much faster than the EU average
Critical situation (red)	Member States with levels much worse than the EU average and with the situation deteriorating or not improving sufficiently fast

Source: European Commission 2018g: 79f

9. Two indicators are not used: Indicator 8: Participation in active labour market policies, and Indicator 10: Compensation of employees per hour worked. The European Commission (2017k) used both in its draft Employment Report (cf. European Commission 2018g: footnote 14).

The information is continually updated and can be consulted on the Internet (European Commission 2018f). In light of the lacking enforceability of the EPSR principles and their positioning as soft policy instruments, the Social Scoreboard has up to now been the most concrete instrument for their implementation. In the words of the Commission, its purpose is to monitor the implementation and achievement of the principles set forth in the EPSR: “The European Pillar of Social Rights is accompanied by a scoreboard that will monitor the implementation and progress of the Pillar by tracking trends and performances across EU countries and assess progress towards upwards socio-economic convergence. This analysis will feed into the European semester of economic policy coordination” (European Commission 2017f: § 10).

The Commission and the EPSCO Council make extensive use of the headline indicators in the Employment Report, detailing the situation in each of the three EPSR chapters in aggregated form and presenting a clear ranking of Member States. In doing so, they look first at the year-over-year change (in accordance with available data, generally between 2015 and 2016), and second at the long-term development of the indicator concerned. The three worst evaluation categories – “Critical situation”, “To watch” and “Weak but improving” (cf. Table 2) – are assigned 119 times, leading the Commission and the Council to the conclusion that appropriate measures need to be taken (European Commission 2018g: 17). The Commission and the Council express their dismay about the lack of consistency in the trends observed, which point to divisive tendencies, and the many negative assessments. Indeed, there are only 6 countries figuring consistently in the positive or neutral category: Denmark, France, Germany, the Netherlands, Sweden and the United Kingdom. The indicators with the highest frequency of negative assessments in each of the three EPSR dimensions are: “Impact of social transfers (other than pensions) on poverty reduction”, “Gender employment gap” and “Compensation of employees per hour worked”, whereby the last indicator is one of the indicators not yet approved by the Member States (European Commission: 2017k: 26).

Table 3 **Social situation in the EU according to the Social Scoreboard**

Good rating	Critical rating	Bad rating	Very bad rating
0-1 mentions	2-3 mentions	4-5 mentions	More than 6 mentions
Denmark (0)	Estonia (2)	Hungary (4)	Croatia (6)
Germany (0)	Belgium (2)	Lithuania (5)	Portugal (6)
France (0)	Latvia (3)	Poland (5)	Spain (6)
Great Britain (0)	Luxembourg (3)		Cyprus (6)
Netherlands (0)	Malta (3)		Bulgaria (8)
Sweden (0)	Slovakia (3)		Romania (8)
Finland (1)	Czech Republic (3)		Italy (9)
Ireland (1)			Greece (11)
Austria (1)			
Slovenia (1)			

Note: Rating reflecting the frequency of highly under-average levels ("critical situation" and "to watch") for the twelve indicators used.
Source: Country reports accompanying (European Commission 2018g). Data for Greece taken from (European Commission 2018g:19)

3.1.4 References to the ESPR in Country Reports and Rankings of the Member States

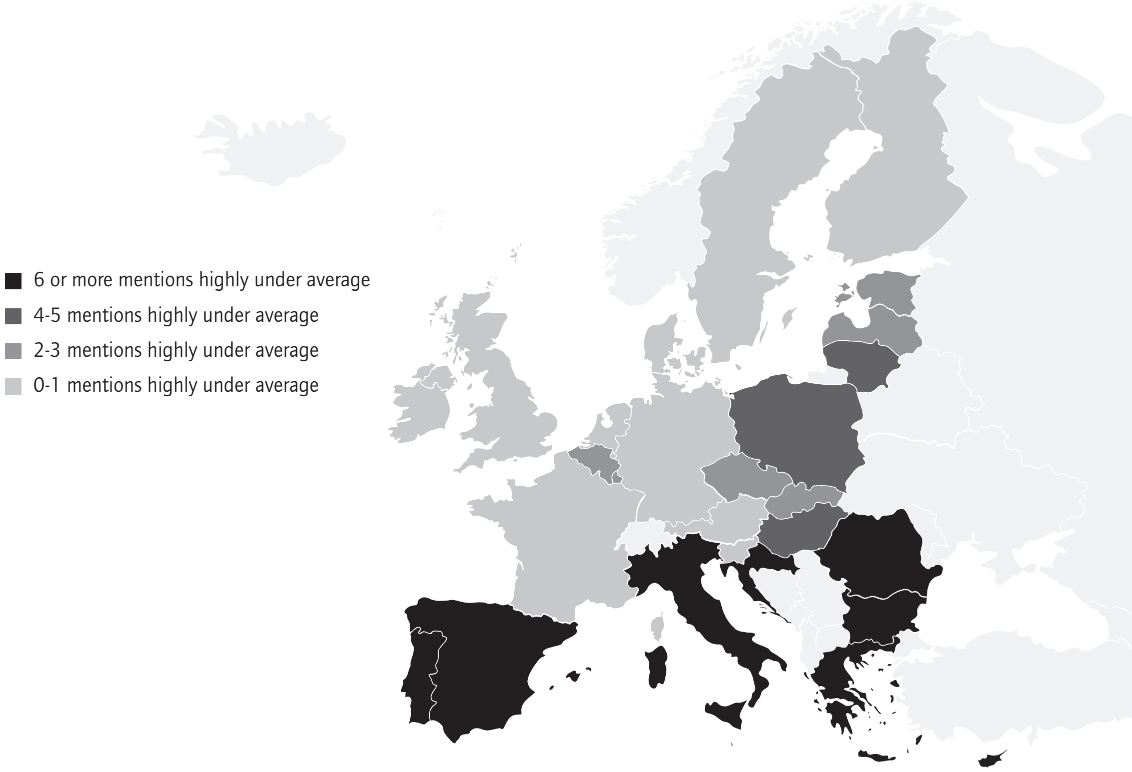
After having been called on by the December 2017 European Summit to "propose an appropriate monitoring" of EPSR implementation (European Council 2017a: 2), the Commission reconfirmed in a March 2018 Communication that the European Semester would be the key instrument for monitoring progress in the implementation of the EPSR, with the Social Scoreboard being used to assess performance (European Commission 2018a: 10f.). The country reports also published in March 2018 thus contain a critical evaluation of each Member State's performance with regard to each of the twelve scoreboard indicators used. "The country reports published today look at how Member States deliver on the three dimensions of the Pillar: equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion" (European Commission 2018h: 2).

Through using the classifications proposed by the Commission, a picture of the social situation in Europe is gained. Table 3 looks at the seven evaluations categories assigned in the Social Scoreboard, measuring the frequency of occurrence of the two worst categories – "critical situation" and "to watch" (cf. Table 2) – across all twelve indicators used and for all Member States participating in the 2018 European Semester. The data is taken from the country reports accompanying the 2018 Joint Employment Report. This in turn allows a ranking of Member States, showing the extent of achievement of all Social Scoreboard indicators.

Looking at the table, we see that eight Member States are not performing very well in at least half of the indicators, while ten have no indicator pointing to a problem. The remaining states lie in between (see Table 3). What is noteworthy is the geographic distribution: all badly-rated states are in South and South-East Europe. In relation to the other States, Greece has very negative assessments in eleven of the twelve indicators; however, it is the only country not taking part in the 2018 European Semester due to its participation in the macroeconomic adjustment programme.

The countries with the fewest negative mentions are all in West and North Europe, with six countries – Denmark, France, Germany, the Netherlands, Sweden and the United Kingdom – showing no significant negative deviations from the EU average values for any one indicator. Three countries have very bad ratings in at least one third of the indicators: Hungary, Lithuania and Poland. Most of the countries with two or three very negative (critical) ratings are in Central and Eastern Europe (CEE), though the category also includes Belgium and Luxembourg, two countries which can be considered here as anomalies. Slovenia seems similarly to be an anomaly, featuring among the best-placed countries with just one indicator with a significantly negative deviation. Forgetting these anomalies, Diagram 1 reveals a division right through Europe, with North and West Europe having above-average ratings, and South and East Europe having below-average ratings. Many CEE countries sit in the middle.

Diagram 1 **Negative deviations in the Social Scoreboard for the EU-28 2017/18**



Note: Rating showing the frequency of very below-average assessments – "critical situation" or "to watch" – for the twelve indicators used (compare table 3).
The colour coding is not the same as that used by the European Commission in the Social Scoreboard (as shown in Table 2).
Source: Country reports accompanying (European Commission 2018h). Data for Greece taken from (European Commission 2018g:19)

Apart from Ireland, all countries hit hard by the euro crisis have very bad ratings, as do the latest countries acceding to the EU (Bulgaria, Croatia and Romania), indicating that poor or weak economic development leads to bad results in the social field.[10] A related model explaining this phenomenon looks at the different types of capitalist welfare state regimes, arguing that neither the liberal nor the conservative nor the social-democratic welfare state has greater difficulties fulfilling joint social criteria. By contrast, the Social Scoreboard indicators constitute a major hurdle for a rudimentary welfare state (cf. Leibfried 1992; Ferrera 1996).

Last but not least, we find that the Commission has intensively incorporated the EPSR into the European Semester's governance framework. In a study conducted for the European Economic and Social Committee, researchers from the European Social Observatory find it "quite remarkable" (EESC 2018: i) that the EPSR was immediately incorporated into the 2018 European Semester, without even waiting for formal approval from the Member States. On the

10. For the relationship between economic performance and social expenditure, cf. Busch 2011.

other hand, this approval can be considered as having been given, on the basis of the EPSCO Council's approval of the Employment Report compiled by the Commission. The application of the EPSR is evidenced on the one hand by the many references to it in all documents related to the monitoring process, and on the other hand by the very specific use of its Social Scoreboard, of which twelve of its fourteen indicators are used for comparing performance in relation to EU-28 average values. The resultant thematic rankings reveal needs for reforms in labour, employment and social policies, inviting readers to dig deeper (cf. Table 3).

In addition, within the context of the European Semester, the European Commission (2018i) published, for the second time in March 2018, so-called "Country Cards" providing a brief overview of the key governance processes for all Member States. Alongside the headings "Macroeconomic Situation", "Progress on Country-Specific Recommendations" and "Fiscal Situation", the cards now include a heading reflecting a country's social situation, *inter alia* highlighting positive and negative developments of Social Scoreboard indicators.

Chapter 3.3 looks at a few examples to check whether the Commission is making use of the findings emanating from the relative comparison of the EPSR indicators in the Country-Specific Recommendations. Before doing so, Chapter 3.2 looks at the extent to which the Member States are making reference to the EPSR.

3.2 Use of the EPSR by Member States

From the very start, the Commission has clearly shown its intention to comprehensively incorporate the EPSR principles into the European Semester via the Social Scoreboard indicators: "With the recent proclamation on the European pillar of social rights, the basis has been set for the consolidation of a common approach to the protection and development of social rights across the European Union, which should be reflected in the measures pursued by all Member States" (European Commission 2017h: 14). However, to do this the Commission is dependent on Member States' cooperation.

Though the Member States managed to prevent the use of two Social Scoreboard indicators, the Joint Employment Report and the use of the Social Scoreboard were approved by the EPSCO Council at its meeting in March 2018. That same month, the European Council (2018) approved the priorities listed by the Commission in the Annual Growth Survey, and, as a consequence, the comprehensive inclusion of social and labour market aspects. The Member States are called upon to take account of these priorities in their next National Reform Programmes, with the Council explicitly stating the following: "Delivering on the European Pillar of Social Rights is a shared political commitment and responsibility of the EU and its Member States. Its implementation will be monitored with due regard to the respective competences of the Union and Member States" (ibid: 2).

Table 4 **Member States' application of the EPSR**

References to the EPSR in the 2018 National Reform Programmes			
to individual principles/indicators	in the statements of national interest groups	mentioned	no explicit reference
Bulgaria	Ireland	Belgium	Denmark
France	Poland	Romania	Estonia
Luxembourg	Sweden	Slovenia	Finland
Germany	Spain		Italy
			United Kingdom
			Austria
			Croatia
			Cyprus
			Czech Republic
			Hungary
			Latvia
			Lithuania
			Malta
			Netherlands
			Portugal
			Slovakia

Note: Greece is not taking part in the 2018 European Semester.
Source: 2018 National Reform Programmes of the Member States (European Commission 2018j)

In April 2018, the Member States presented their National Reform Programmes (NRPs). In them, Member States state how they intend to fulfil the five overriding goals of the Europa 2020 strategy, *inter alia* in the fields of employment, education, poverty and social exclusion, fields which overlap with the EPSR. In addition, the Member States report on how they are implementing the CSRs issued in 2017, while also announcing further plans. The EPSR is mentioned as a reference point in just 11 of the 27 NRPs (on account of the macroeconomic adjustment programme, Greece is not taking part in the 2018 European Semester) (cf. Table 4). We distinguish between three types of references:

— four Member States refer in detail to specific EPSR goals / Social Scoreboard indicators, linking these with their national policy plans in their NRP;
— four Member States mention the EPSR briefly or indirectly, including statements made by interest groups consulted at national level in the context of compiling their NRPs;
— three Member States acknowledge the existence of the EPSR.

Despite not mentioning the EPSR, the 16 remaining Member States have all made statements regarding their labour market, employment, social and educational policies in relation to fulfilling the targets set in the Europe 2020 strategy, in some cases in reaction to points raised in the previous year's CSRs. The many references in the Annual Growth Survey (cf. Chapter 3.1) and in particular in the Joint Employment Report seem however not to have played any role for these countries.

3.2.1 National Reform Programmes with brief or indirect references to the EPSR

In the introduction to its NRP, Slovenia welcomes the new indicator-based application of the EPSR (Slovenia 2018: 2). In a similar vein and in reference to the Annual Growth Survey, Romania writes in its NRP: The Commission "also urges MS to pay attention to the social dimension promoted through the European Pillar of Social Rights" (Romania 2018: 5). Belgium reports on a meeting between the Belgian social partner organisations and the Commission in November 2017, in which one of the topics was how the EPSR would be monitored in the context of the European Semester (Belgium 2018: 205).

The introduction to the Irish NRP states that "Ireland has performed relatively well on most of the indicators of the Social Scoreboard supporting the European Pillar of Social Rights" (Ireland 2018: 1). Annex 2 of the NRP provides a Summary of Stakeholder Submissions to the 2018 European Semester; this includes a submission from the "Better Europe Alliance", a grouping made up of social NGOs and a trade union. One of its proposals is that the "Pillar of Social Rights needs to be assessed according to the ambition in each member state to deliver on the 20 principles/rights" (ibid: 82). Spain briefly cites the EPSR as a self-binding framework for discussion on the provision of an adequate level of welfare, pointing to the need to uphold the principle of subsidiarity (Spain 2018: 69, 73). With regard to the civil society organizations consulted, the government states that they all share the EPSR objectives (ibid: 73) and cites the demand of the "Plataforma del Tercer Sector", a federation of welfare organisations, to include the three categories of EPSR in the NRP (ibid: 77).

In its NRP, Sweden starts by referring to the Commission's view of Sweden's social performance: "[...] Sweden is considered to be performing well in terms of the social scoreboard indicators that complement the European pillar of social rights" (Sweden 2018: 10). A large Annex to the NRP lists submissions of civil society organisations to the 2018 European Semester. SALAR, the Swedish Association of Local Authorities and Regions, highlights the use of European cohesion policy for achieving the Europe 2020 targets, assigning it a role in the implementation of the EPSR (ibid: 60). In a similar context, Equally Unique, a federation promoting human rights for people with disabilities in Sweden, emphasises "that it is crucial that Sweden's measures set out in the National Reform Programme also proceed on the basis of the European Pillar of Social Rights, principle 17: Inclusion of people with disabilities" (ibid: 78).

While the Polish government does not adopt any position vis-à-vis the EPSR in its NRP, the Annex thereof lists the criticism voiced by the consulted trade unions, welfare and employer organisations. They criticise the limited treatment of the social dimension in the NRP: "In this context, they recall in particular the adoption in November of the European Pillar of Social Rights and expect its priorities and reference to the scoreboard of social indicators to be included in the NRP and the European Semester process, including in the recommendations addressed by the Council to the Member States (CSR)" (Poland 2018: 88). The All-Poland Alliance of Trade Unions (OPZZ) in particular criticises the insufficient inclusion of the EPSR goals in the NRP and calls for these goals to be put on the same footing as economic goals (ibid: 86f.).

3.2.2 National Reform Programmes with more detailed references to the EPSR

Four states refer to the EPSR in greater detail: Luxembourg (2018: 37) uses the explanation of its national target to bring down the number of people affected by poverty and social exclusion by 6,000 by 2020 – *inter alia* through measures promoting the employment of women and single parents – to refer to how this target overlaps with the priorities set forth in the Annual Growth Survey and the EPSR. In the introduction to its NRP, Bulgaria mentions that its convergence measures "are consistent with the implementation of EPSR principles and rights" (Bulgaria 2018: 5). Describing its policies addressing one of the four concrete 2017 recommendations aimed at improving labour market and social policies, Bulgaria establishes a link to the EPSR, stating the following: "Implementing the principles and rights of the EPSR in the field of adult employment and training, a number of measures have been implemented. Most of the rights under Principle 4 "Active Support to Employment" are subject to regulation and their development and improvement is an ongoing process. The rights to actively support youth employment and the long-term unemployed are part of the Youth Guarantee and the recommendation of the Council of the EU on labour market integration of long-term unemployed persons, for which specific actions have been taken at national level. In order to better implement the rights in the field of employment support and adult education, new measures have been planned, including the development of mediation services, the development of an electronic qualification card providing up-to-date, publicly available information on the number of jobseekers registered in the Labour Office Directorates, according to academic degree and professional qualification, etc." (ibid: 18).

In its foreword to the chapter charting the progress made in achieving the Europe 2020 targets, the German Federal Government makes concrete reference to the EPSR, sharing the Commission's assessment that the country is performing well with regard to the Social Scoreboard indicators. The NRP then goes on to cite the areas where the Commission and Council see need for action: increasing the employment rate of women in full-time jobs and reducing the gender pay gap. The government responds to this criticism, listing the measures implemented to overcome these problems. These include the expansion of childcare facilities, a legal right to full-day care for primary school children and a legal right to temporary part-time employment with a guaranteed right to return to previous hours. The NRP goes on to announce its intention to boost work incentives for secondary earners through better information on how the PAYE tax burden is split between married couples and to assess the impact of the Transparent Remuneration Law in 2019 (Germany 2018: 26). While the government, in discussing its policy measures covering the above-mentioned labour market aspects, refers to individual EPSR chapters in the NRP, it expresses concerns in the social field, stating that the inclusion of the Social Scoreboard in implementing the EPSR in the European Semester is rejected for the healthcare and care fields.

France is the country with most references to the EPSR in its NRP. While France, in line with other Member States, voices its general acceptance of the need to implement the EPSR principles (France 2018: 57), the French government additionally uses the Social Scoreboard to underline the national need to take action in the social field. A chart presenting all 14 indicators – France uses not just the 12 indicators agreed for use but all 14 – (ibid: 89) is used to compare France's ranking with the five best-performing and five worst-performing states. As stated above, France is no member of any worst-performing indicator group. Nevertheless, the NRP confirms that France is only among the five best-performing countries in the EU for three of the fourteen Social Scoreboard indicators (ibid: 57). The NRP contains many concrete references to the EPSR principles when reporting on national policy plans. Reference is made for example to Principle 2 (Gender equality), citing measures to prevent acts of violence against women and calling on the social partners to eliminate the gender wage gap by 2021 (ibid: 60f.). Further references include those made to Principles 11 (Childcare and support to children), 14 (Minimum income), 16 (Health care), 17 (Inclusion of people with disabilities) and 20 (Access to essential services). These policy measures include a strategy for preventing child and youth poverty, better opportunities for primary school children in deprived regions, a bundle of integration measures for people with disabilities, improvements in healthcare quality, better care facilities for toddlers as well as consultations and the appointment of an inter-ministerial delegate tasked with developing measures to fight poverty among children and young people (ibid: 69f.; 88).

3.2.3 Reasons for the low usage of the EPSR by Member States

A comparison between the above-mentioned explicit references to the EPSR and the Social Scoreboard with the Member State ranking shown in Chapter 3.1 shows no significant correlations. National Reform Programmes referring to or working with the EPSR, acting on the Commission's recommendations for the 2018 European Semester, come from many different Member States, regardless of their performance in relation to the Scoreboard indicators. What is surprising is the fact that just four States refer in detail to the EPSR and the Social Scoreboard. But even within this small group, references to the individual EPSR principles or Social Scoreboard indicators are few and far between, greatly in contrast to what the European Commission (European Commission 2018a: 9) originally called for: "[...] the European Semester is an opportunity for Member States to make progress with and report on the delivery of the Pillar [...]. The National Reform Programmes, expected from Member States in April, will set out renewed priorities and further concrete actions at national level."

The only country to react fully to this call is France, a country which – though performing relatively well in the overall Social Scoreboard ranking – is using the EPSR to argue for needed reforms in France. We can only speculate why 16 Member States make no reference at all to the EPSR in their NRPs and why, of the 11 which do make reference to it, only a couple take up the initiative proposed by the Commission in the Annual Growth Survey, the Joint Employment Report and the country reports (see above). One reason could be that the well-established NRP structure was designed to monitor fulfilment of the Europe 2020 targets. Many governments may have seen no necessity to complement its employment and social policy targets with EPSR ones. In addition, for many Member States the NRPs are more of a discussion paper than a planning document dealing with what has been done in reaction to the CSRs issued the previous year. At the time these were issued (in summer 2017), the EPSR had not yet been proclaimed. Similarly, at the time of the compilation and submission of the NRPs, the recast Employment Guidelines taking up the EPSR principles had not yet been formally adopted.[11] The reason could thus merely be that it was too early to expect Member States to make intensive use of the EPSR.

In contrast to this reasoning, the European Council had backed the Commission's call for intensive use to be made of the EPSR in the European Semester, indeed even going one step further and calling for a monitoring procedure. Similarly, the many references to the EPSR in the Annual Growth Survey gained the acceptance of state and government leaders, as witnessed by its adoption by them. A further possibility is that this prioritisation of the EPSR for the European Semester was not made sufficiently clear, with Member States not realising that their active participation was needed to anchor the EPSR principles in the EU's governance structure. A further key reason for the non-realisation of this goal in the 2018 European Semester could be that in many cases the NRPs are compiled under the aegis of national economic and finance ministries whose focus is naturally on macroeconomic and fiscal situations and on describing progress in the realisation of CSRs. Though the number of recommendations relating to social topics has increased continuously between 2011 and 2018 (Clauwaert 2018), finance and economic ministries will always tend towards an "economic reading of social policy goals" (Bekker 2013: 16), putting a focus on financial sustainability aspects. While it is true that the EPSCO Council – which took the formal decision to adopt the EPSR – backs the extensive use of the Social Scoreboard in the Employment Report, the ECOFIN Council dominating the European Semester "welcomes how the Commission has incorporated the European Pillar of Social Rights within the country reports to keep track of employment and social performances, which allowed for the focus on macroeconomic imbalances and

11. The EPSCO Council only reached agreement on the recast Employment Guidelines on 21/22 June 2018 (cf. EPSCO 2018).

the main economic reform priorities to be maintained" (ECOFIN 2018). This praise addressed to the Commission in May 2018 has however a poisoned tip, suggesting that the incorporation of the EPSR in the European Semester is seen by the ECOFIN ministers as a *quantité négligeable* unable to change the priority assigned to economic aspects. This ties in with the criticism voiced in Chapter 3.1 that the Commission's 2018 Annual Growth Survey, while addressing social aspects in greater depth, continues to put the focus on efficient and flexible markets, structural reforms and sustainable financial policies (EESC 2018: 23).

3.3 Uptake of the EPSR in the Country-Specific Recommendations

If the Commission was serious about its demands for the EPSR to be used in the European Semester, it cannot be satisfied with most of the National Reform Programmes received in May 2018 (cf. Chapter 3.2). Given the priorities set in its autumn package documents and the country-specific analyses, it was however unable to align the CSRs with the EPSR. This would have been relevant for their implementation by Member States in the second half of 2018 and would have led to a changed reporting structure for Member States for the 2018 European Semester. In its Communication on the draft CSRs published in late May 2018[12], the Commission announced the following: "This year's country-specific recommendations dedicate special attention to social challenges, building on the European Pillar of Social Rights proclaimed by the European Parliament, the Council and the Commission on 17 November 2017" (European Commission 2018k: 2). Responsible for the EPSR, Social Affairs Commissioner Marianne Thyssen stated the following on the occasion of the publication of the CSRs on 23 May 2018: "This year's recommendations have a greater than ever focus on employment, education and social issues. This shows the Commission's determination to focus on the implementation of the European Pillar of Social Rights in all the Member States and improve working and living conditions for all European citizens" (European Commission 2018l).

Using the following four examples, we will attempt to ascertain whether the Commission has honoured this commitment. To select the examples, we refer back to our analysis in Chapter 3.1, taking one Member State from each rating category (cf. Table 3). The countries selected were Germany (in the "Good rating" category), Belgium (in the "Critical rating" category), Lithuania (in the "Bad rating" category) and Italy (in the "Very bad rating" category). Only euro area countries were selected, for the simple reason that the "European Pillar of Social Rights is notably conceived for the euro area" (EPSR 2017: § 13). The selection has the further advantage of portraying two larger and two smaller

12. The Commission's recommendations for the CSRs were approved on 21/22 June 2018 by the EPSCO Council and on 22 June 2018 by the ECOFIN Council. Following their approval on 28 June 2018 by the European Council and their formal adoption by the ECOFIN Council on 13 July 2018, the first part of the 2017/2018 European Semester was concluded.

countries, of which one country respectively did not do well with regard to the budgetary monitoring used in the 2017 European Semester (Belgium and Italy). It is to be expected that the number of recommendations with references to the EPSR will increase in line with a decrease in a country's Social Scoreboard rating. After showing (cf. Chapter 3.1) that the Commission put a lot of effort into cementing the EPSR in the Employment Report and the respective Country Reports, we will now look at the concrete recommendations (found at the end of each CSR document), but as well at the detailed background explanations leading to the recommendations and checking conformance with the EPSR principles. This would seem to be necessary, especially as previous years have shown that many "hidden recommendations" are to be found in the background explanations.

For each of the four selected countries, we start by summarising the non-EPSR topics, in particular the criticism of specific economic policies and the concrete recommendations derived from them. This is necessary, as in some cases references to social topics may already be found. We will then check the CSR documents for references to the EPSR principles, with a specific focus on education and training, the labour market, working conditions, social protection and social inclusion, i.e. to a large extent reflecting the three dimensions or chapters of the EPSR. We will be looking specifically for possible conflicts with economic policy recommendations.

3.3.1 Recommendations for Germany related to the EPSR

Two recommendations are given to Germany in the 2018 European Semester. In its background explanations concerning the economic policy recommendation, the Commission criticises the "persistently high current account surplus" (at a historically high level), seeing as its cause a "subdued level of investment relative to saving in both the private and the public sector" and coming to the conclusion that "Germany is experiencing macroeconomic imbalances" (European Commission 2018m: 2). Germany is seen to have fiscal space for boosting infrastructure investments, with only limited progress having been made. This criticism is accentuated by the fact that the provisions of the Stability and Growth Pact are expected to be complied with in 2018 and 2019, with the "structural balance ... forecast to register a surplus of around 1.2 % of GDP in 2018 and 1.0 % of GDP in 2019, above the medium-term budgetary objective." Furthermore, "government debt is forecast to remain on a firm downward path." The Commission sees a need for increased public investment especially at municipal level and in education, as well as support for research and innovation. In addition, it calls for more effort to be put into digitalising the economy, further developing the venture capital market, increasing the efficiency of the tax system and reducing restrictions on governing services.

Related to the EPSR is the call for higher public expenditure on education. Alongside the intended macroeconomic effect, this corresponds with EPSR Principle 1 on education, training and life-long learning. For 2016, the

Commission sees an investment gap of EUR 33 billion in this area, with Germany remaining below the EU average. At the same time, the Commission finds that "challenges such as growing student numbers, teacher shortages and further expansion of early childhood education and care will require appropriate public financing" (ibid: 3). This relates to EPSR Principle 11a which provides for "a right to affordable early childhood education and care of good quality". Criticism levelled at the influence of a child's socio-economic background on its educational outcomes relates to EPSR Principle 3 on equal opportunities *inter alia* in education: "In science, it contributes to a performance difference of 3 years of schooling between the lowest and highest social quartiles according to the Programme for International Student Assessment in 2015, with particular challenges existing for students with a migrant background." This comment again relates to EPSR Principle 1 and its call for inclusive education. Comments are also made on lifelong learning, with adult learning in Germany below the EU average and remaining "a particular challenge for the low-skilled adult population of 7.5 million people who lack basic reading and writing skills" (ibid: 6).

Turning to the labour market, while praising the low unemployment (3.6% in Q4 2017) and youth unemployment (6.7% in 2017) rates, the Commission criticises that "certain groups' labour market potential remains under-used" (ibid: 5). Also criticised is the high proportion of people working part-time, particularly women and those with a migrant background and caring responsibilities. The Commission highlights the fact that the employment rate among non-EU nationals (aged 20-64) was more than 27 pps lower than that for German nationals, pointing to a lack of equal opportunities in the employment field (cf. EPSR Principle 3). It thereby implicitly refers to the need for active support to improve employment prospects (cf. EPSR Principle 4a). The Commission specifically highlights gender-specific differences on the German labour market, stating that: "Specific tax rules, particularly for second earners and low-wage workers, and the lock-in effects of the mini-job earning threshold of EUR 450 generated further disincentives to work longer hours." In the same vein, "Germany has one of the highest tax wedges on low earners, most of whom are women." These disincentives are compounded by "a lack of sufficient childcare and all-day school facilities." A negative spotlight is put on the "widest gender gaps in part-time employment in the EU (37.5 % vs EU average of 23.1 %)" (ibid: 5), a criticism relating to EPSR Principle 2 on gender equality.

Against the background of Germany's high gender wage gap, nominal wage growth remained moderate in 2017 (ibid: 5), while real wage growth declined from 1.8 % in 2016 to 0.7 % in 2017. Criticism is levelled at the high proportion of low-wage earners, although it is seen as positive that the "introduction of the statutory general minimum wage in 2015, and its subsequent rise in 2017, increased wages at the bottom of the distribution". This comment relates to EPSR Principles 6a and 6b on fair wages and adequate minimum wages.

In the field of social protection, reference is made to the at-risk of poverty rate for the total population, which rose steadily from 2005 to 2015 (16.7%) before the trend was slightly reversed in 2016. The incomes of poorer households are stated to have increased slightly, a comment relating explicitly to in-work poverty (EPSR Principle 6b). While the financial sustainability of the pension system seems to be guaranteed in the medium term, the Commission points to the high risk of poverty in old age, at 17.6% higher than the EU average of 14.7%: “The future deterioration of pension adequacy in the statutory first pillar is expected to increase the risk of poverty in old age, particularly for low-wage earners, people with atypical contracts and those with interruptions in their employment histories” (ibid). Similarly, the gender pension gap is among the widest in Europe. The fact that the employment rate for workers aged 65-69 was only “in the middle third of Member States (16.1 %)” is used by the Commission to call for the stronger labour market attachment of older workers, helping them to boost their retirement incomes (ibid). This can be seen as a clear link to EPSR Principle 15a on adequate old age incomes and equal opportunities to acquire pension rights. Reflecting EPSR Principle 5d, atypical employment relationships are also the subject of implicit criticism.

The two recommendations for policy reforms greatly condense the above-mentioned aspects. Aspects of the recommendations relating to the EPSR are the calls for a sustained upward trend in investment in education, improved educational outcomes and skills levels among disadvantaged groups, and a reduction in disincentives to work more hours. Also mentioned are the creation of conditions to promote higher wage growth and measures to promote longer working lives. There are no specific recommendations targeting the disadvantaged groups addressed in the explanations: migrants in relation to education and employment, and women in relation to employment, wages and pensions. Similarly, the hidden criticism of atypical employment relationships is not taken up in the recommendations. We can conclude by saying that, in the view of the Commission, nearly all social challenges identified for Germany could be overcome through measures in the fields of education and the labour market. As such, the recommendations appear to overlap to a great extent with the principles set forth in Chapter 1 of the EPSR on “Equal opportunities and access to the labour market”. Attributable to the other two EPSR chapters, the two concrete recommendations relate to a large extent to wages and the labour market participation of older people, i.e. highlighting the link to employment. Though the expansion of childcare facilities is not explicitly mentioned, it could be implicitly contained in the call for higher expenditure on education. Generally speaking, Germany’s CSRs reveal a strong match between the MIP goals and the EPSR principles referred to: wage increases, higher expenditure of education and employment measures can also be understood as purely macroeconomic instrument, regardless of their social content.

Twelve of the 20 EPSR principles are not referred to in the CSRs for Germany. This may be associated with the fact that Germany is seen to have “a solid social protection system overall” (European Commission 2018m: 5), performing above average in the assessment of the Social Scoreboard indicators. What can however be stated is that – as seen by the identified gender wage gap, the relatively high risk of poverty and the growing problem of pension adequacy – challenges are referred to, the overcoming of which is dependent on education

Table 5 **EPSR principles in the 2018 CSRs for Germany**

Chapter	No.	EPSR principles	CSR Germany: Background explanations	CSR Germany: Recommendations
Equal opportunities and access to the labour market	1	Education, training and life-long learning	X	While respecting the medium-term objective, use fiscal and structural policies to achieve a sustained upward trend in public and private investment, and in particular on education, research and innovation at all levels of government, notably at regional and municipal levels. Improve educational outcomes and skills levels of disadvantaged groups.
	2	Gender equality	X	Reduce disincentives to work more hours, including the high tax wedge, in particular for low-wage and second earners.
	3	Equal opportunities	X	Improve educational outcomes and skills levels of disadvantaged groups.
	4	Active support to employment	X	Improve educational outcomes and skills levels of disadvantaged groups.
Fair working conditions	5	Secure and adaptable employment	X	
	6	Wages	X	Create conditions to promote higher wage growth, while respecting the role of the social partners.
	7	Information about employment conditions and protection in case of dismissals		
	8	Social dialogue and involvement of workers		
	9	Work-life balance		
	10	Healthy, safe and well-adapted work environment and data protection		
Social protection and inclusion	11	Childcare and support to children	X	
	12	Social protection		
	13	Unemployment benefits		
	14	Minimum income		
	15	Old age income and pensions	X	Take measures to promote longer working lives.
	16	Health care		
	17	Inclusion of people with disabilities		
	18	Long-term care		
	19	Housing and assistance for the homeless		
	20	Access to essential services		

Note: The exact wording found in the recommendations is used. Multiple assignments are possible.
Sources: European Commission 2018m.; EPSR (2017)

and employment only to a certain degree. The same is true for the major discrimination of women and migrants, again a challenge that can only be overcome to a certain degree by educational and labour market policy measures. The Country Report on Germany published by the Commission had already come to the conclusion that a "number of challenges remain, such as making it more attractive for women to work more hours and reducing the high gender pay gap" (European Commission 2018n: 27). With regard to all these aspects, no mention is made in the CSRs for Germany of performance-oriented reforms of the pension system, higher taxes for high-earners or statutory anti-discrimination provisions.

3.3.2 Recommendations for Belgium related to the EPSR

The European Commission has three recommendations for Belgium (European Commission: 2018o). With a headline balance deficit of 1% of GDP in 2017, Belgium is criticised heavily for its budget policy, with the Commission finding fault with its plans to improve the balance by 2020 and to reduce the general government debt-to-GDP ratio, at 103% of GDP in 2017. The Commission attributes this to high government expenditure, while economic growth remains below its potential. As a result, Belgium is called on to comply with the requirements of the Stability and Growth Pact, using any windfall gains to further reduce the general government debt ratio. Concrete measures recommended include savings in expenditure on pensions and long-term care in the field of social protection, as well as smarter allocation of expenditure and increasing efficiency of spending on public investments, seen as being too low compared to the EU average, as well as the fight against aggressive tax planning. To promote economic growth, reforms of the restrictive regulatory framework governing the service sector are recommended. These focus on the construction and retail sectors and on professional services. Further recommendations relate to massive upgrades of the outdated transport infrastructure, including the need to make taxes more growth- and environmentally-friendly.

The economic policy recommendations already refer to aspects of the EPSR, including essential services, old age incomes and long-term care. Belgium is also criticised with regard to its digital public services and its transport infrastructure. To tackle the growing mobility challenges, there is a need for "investment in new or existing transport infrastructure" and for "reinforcing incentives to use collective and low emission transport" (ibid: 8). This corresponds to EPSR principle 20 on access to essential services. Some of the recommendations set forth in the economic section of the CSR contradict the goals set forth in the EPSR. One example is the criticism of the projected increase in pension expenditure (set to reach 2.9 pps of GDP in 2070) (ibid: 3f.). In the CSRs, the Commission recommends continuing with the – not detailed – plans of the Belgian government for pension reforms. As this recommendation is linked to the spending cuts considered necessary under the SGP, the result could be benefit cuts negatively affecting EPSR Principle 15 on adequate old age income. Moreover, Belgium is told that "expenditure on long-term care is projected to increase, going from an already above EU average level of 2.3 % of GDP to 4.0 % of GDP by 2070" (ibid: 4). The recommended limitation of this increase in costs goes against EPSR Principle 18, which accords everyone "the right to affordable long-term care services of good quality".

With regard to education, the Commission criticises the fact that many vacancies remain unfilled due to a shortage of sufficiently qualified staff. The document also emphasises that "educational outcomes of 15-year-old pupils show significant variation linked to the socio-economic background and migrant status", pointing to "unequal educational opportunities" (European Commission 2018o: 5). This situation is compounded by a shortage of teachers and gaps in their continuous professional development. In tertiary education, the proportion of graduates in science, technology and mathematics is one of the lowest in the EU, potentially becoming a major barrier to growth and innovation. Participation in life-long learning is low, one of the reasons for low job mobility. Similarly, inadequate language skills make it difficult to transition to a job in a different language region of Belgium. With regard to the EPSR, such comments refer to EPSR Principle 1 on the "right to quality and inclusive education, training and life-long learning", Principle 3 on "equal opportunities in education" and Principle 5c on the facilitation of occupational mobility.

Employment growth and the unemployment rate are now at pre-crisis levels, although Belgium is not on track to achieving the Europe 2020 target employment rate. One of the main reasons for this, according to the Commission, is the untapped labour market potential of migrants. The employment rate of non-EU born was 49.1 %, over 20 pps lower than for native born. A further point of criticism is the fact that activation measures promoting labour market integration "are not equally effective for all population groups" (European Commission 2018o: 5). Inactivity and unemployment are largely concentrated among the low-skilled, people with a migrant background and older workers, suggesting that both structural and group-specific factors hinder integration in the labour market. Such comments refer to EPSR Principle 3 on equal opportunities and Principle 4 on active support to employment. Alongside major regional differences in the development of the Belgian labour market, the Commission also points to disincentives to work caused by high taxes and social security contributions for average-wage single households and for second earners, with women affected most. The unemployment trap for low wage earners (67 % of the average wage for a single household) is also one the EU's highest. This last point refers *inter alia* to fixed-term and/or precarious employment contracts which, under EPSR Principles 5a and 5d, are to be reduced. Explicit reference is made to the discrimination of women on the labour market, an aspect dealt with in EPSR Principle 2.

In the three concrete recommendations at the end of the document related to EPSR topics, education, the labour market and the transport infrastructure as an essential public service are highlighted. Recommendations include reforms of the educational system helping to remove discrimination and increase the proportion of graduates in science, technology, engineering and mathematics, the elimination of disincentives to work, as well as labour market policies,

Table 6 **EPSR principles in the 2018 CSRs for Belgium**

Chapter	No.	EPSR principles	CSR Belgium: Background explanations	CSR Belgium: Recommendations
Equal opportunities and access to the labour market	1	Education, training and life-long learning	X	Pursue the education and training reforms, including by fostering equity and increasing the proportion of graduates in science, technology, engineering and mathematics.
	2	Gender equality	X	Remove disincentives to work
	3	Equal opportunities	X	Pursue the education and training reforms, including by fostering equity and increasing the proportion of graduates in science, technology, engineering and mathematics. Strengthen the effectiveness of active labour market policies, notably for the low-skilled, people with a migrant background and older workers.
	4	Active support to employment	X	Strengthen the effectiveness of active labour market policies, notably for the low-skilled, people with a migrant background and older workers.
Fair working conditions	5	Secure and adaptable employment	X	
	6	Wages		
	7	Information about employment conditions and protection in case of dismissals		
	8	Social dialogue and involvement of workers		
	9	Work-life balance		
	10	Healthy, safe and well-adapted work environment and data protection		
Social protection and inclusion	11	Childcare and support to children		
	12	Social protection		
	13	Unemployment benefits		
	14	Minimum income		
	15	Old age income and pensions	X	Pursue the envisaged pension reforms
	16	Health care		
	17	Inclusion of people with disabilities		
	18	Long-term care	X	Contain the projected increase in long-term care expenditure.
	19	Housing and assistance for the homeless		
	20	Access to essential services	X	Tackle the growing mobility challenges, in particular through investment in new or existing transport infrastructure and reinforcing incentives to use collective and low emission transport.

Note: The exact wording found in the recommendations is used. Multiple assignments are possible.
Sources: European Commission 2018o; EPSR 2017

notably targeting the low-skilled, people with a migrant background and older workers (cf. Table 6). No detailed references are made to lifelong learning and occupational mobility, two negative aspects discussed in the background explanations, though it can be assumed that these are dealt with under the recommendation for reforms of the educational system. Similarly, there is no explicit reference in the recommendations to the discrimination of women on the labour market, an aspect highlighted not only in the background explanations of the CSR but also in the Country Report (European Commission 2018p: 24). Apart from the transport topic, all recommendations mentioned above refer to EPSR Chapter 1 on “Equal opportunities and access to the labour market”, covering all of its principles. The two recommendations in the social area constitute a special case. Though they explicitly refer to pensions and long-term care, two EPSR topics, their thrust has little to do with the contents of the two principles, being directed much more towards the SGP. In fact, realisation of the recommended spending cuts would lead to a downgrade and not an upgrade of the rights set forth in the EPSR.

Leaving aside the two recommendations in the area of social policy, the contents of which show no relation to the EPSR, just six of the 20 EPSR principles have a role to play in Belgium’s CSRs. The reasons for this could lie with the country’s basically good performance in relation to the Social Scoreboard indicators (European Commission 2018p: 24), but also with the budget and economic policy recommendations. What is striking is the fact that the social situation in Belgium is not even mentioned in the CSRs. This is very surprising, given that cuts in social benefits based on spending forecasts reaching up to 2070 are recommended in compliance with the SGP. By contrast, there is no projection on how social benefits will develop with and without reforms. The conflict with the rights set forth in the EPSR is not even mentioned. With regard to the gender employment gap, the Country Report highlights that “women are more likely to work with flexible contracts than men” (ibid) and that the relatively low employment rate of women was one of the two especially bad Social Scoreboard ratings. In the CSRs, the problem of fixed-term or atypical forms of employment is not explicitly tackled, with the recommendation to increase the employment of women referring solely to the removal of tax disincentives.

3.3.3 Recommendations for Lithuania related to the EPSR

The European Commission has three recommendations for Lithuania in the context of the European Semester. In the CSR document, the country receives praise for its budget policy which is seen as in line with SGP requirements. According to Commission forecasts, the structural deficit is expected to be just 0.7% in 2018 and 0.6% in 2019, while the general government debt-to-GDP ratio is expected to fall from 39.7 % of GDP in 2017 to 35.3 % in 2021. From an economic point of view, criticism is directed at environmental and recurrent property taxes, revenues from which remain below the EU average. Further concerns are the low degree of tax compliance and insufficient effort in fighting corruption. Low state revenues correspond with the low efficiency of public investment, as seen for example in the field of research and development, where investment dropped significantly in 2016 (European Commission 2018q: 4). All this results in concrete recommendations aimed at improving tax compliance, broadening the tax base to sources less detrimental to growth, and improving the efficiency of public investment. In the view of the Commission, robust economic growth is being threatened by a tightening labour market, *inter alia* due to adverse demographic developments and emigration.

Lithuania's education and training system comes under fire in the CSRs, with the Commission calling for reforms to "improve the outcomes of its education and training system" (ibid: 3). "To address the below-average performance of Lithuania's pupils in basic skills, reforms are needed in teachers' initial training, careers and working conditions, complemented by other quality-focused reforms" (ibid: 4). In the view of the Commission, the quality of Lithuania's tertiary education and the labour market relevance of courses offered are questionable. "In addition, persistent demographic pressures have affected the efficiency of the education system and made more urgent the need to provide equitable access to quality and inclusive education" (ibid). Adult learning remains underdeveloped and little aligned with the needs of the labour market. Vocational education and training in the context of an active labour market policy is so underdeveloped that it hardly contributes to any upgrading of workers' skills or to better integration of the disadvantaged into the labour market. With regard to the EPSR, these comments can be seen as referencing EPSR Principle 1 on education, training and life-long learning, Principle 3 on equal opportunities and Principle 4a on active support to employment. In connection with its call for comprehensive reforms of the education system, the Commission states: "In a broader context, strengthening social partners' capacity is important to foster their engagement" (ibid: 4). This is in line with EPSR Principle 8 on strengthening social dialogue.

Turning to the social field, the Commission takes positive note of a new pension indexation formula introduced in 2018, which links pensions to the wage bill growth, meaning that the share of public pension expenditure in GDP is projected to stay flat until 2040. However, this indexation raises concerns about pension adequacy, already among the lowest in the EU, "since the total wage bill is projected to increase at a slower pace than wages due to the rapidly shrinking working-age population" (ibid: 3). With the government legally obliged to propose measures in the event of a falling replacement ratio, concerns are raised regarding the system's financial sustainability. This clearly relates to EPSR Principle 15 on adequate old age income and pensions, though is in conflict with the budgetary targets.

Lithuania's healthcare system is also strongly criticised by the Commission. Primary care is seen as underdeveloped, while hospital care is considered inefficient and a greater focus needs to be put on prevention. Reasons for the efficiency deficits of the healthcare system with their negative impact on productivity, competitiveness of the economy and quality of life (ibid: 4) include its high reliance on out-of-pocket payments, a low level of health spending and an inefficient allocation of resources. This refers clearly to EPSR

Principle 16 which states that "everyone has the right to timely access to affordable, preventive and curative health care of good quality".

"The high proportion of people at risk of poverty or social exclusion, together with high income inequality, remain major challenges for Lithuania that hinder its prospects for economic growth" (ibid). This is seen as a key driver of emigration. The elderly, people with disabilities, children, single-parent households and the unemployed face the highest risk of poverty and social exclusion, a situation not likely to be changed by continuing economic growth or the social system: "The corrective power of the Lithuanian tax and benefit system is one of the lowest in the EU. While some significant initial steps were taken to fight poverty and income inequality, the country still has a long way to go to converge towards the EU poverty and income inequality averages" (ibid). The Commission's advice here is that the "level of poverty and inequality could be lowered by incentivising labour market participation, in particular among people from vulnerable groups and low income earners, and by increasing the corrective power of the tax and benefit system supported by better collection of taxes" (ibid). Many aspects here relate to EPSR principles, including Principle 3 on equal opportunities regarding social protection, Principle 6b on preventing in-work poverty, Principle 11b on protecting children from poverty, Principle 12 on adequate social protection, Principle 13 on adequate unemployment benefits, Principle 14 on adequate minimum income benefits, and Principle 17 on the inclusion of people with disabilities.

The concrete recommendations at the end of the document condense the deficits referred to earlier on, calling for reforms in the pension, education and training and healthcare systems and generally improving "the design of the tax and benefit system to reduce poverty and income inequality" (ibid: 5). This last point underlines the Commission's very clear and fundamental criticism of the condition and functioning of Lithuania's social security arrangements. The same is true for the country's education and training system, the deficits of which are viewed, alongside demographic developments and emigration, as one of the main problems facing the labour market. Social and distribution problems are identified as drivers of emigration. As a result, the recommendations focus fully on education and training and social concerns, with little attention paid to changes in employment and labour market policy. The recommendations thus apply solely to Chapter 1 "Equal opportunities and access to the labour market" and Chapter 3 "Social protection and inclusion" (cf. Table 7). Certain deficits listed in the background explanations are not explicitly reflected in the recommendations, for instance those regarding disadvantaged groups such as teachers, older people, people with disabilities, children, single-parent families and the unemployed. Similarly, the advice to strengthen social partner involvement in reforming the education and training system is not taken up as a recommendation. In the same vein, there are no recommendations to reduce the burden of taxes and social security contributions for low-earners or to adopt measures, implicitly mentioned in the background explanations, to make the tax system more distributional. All these points may however have been condensed into the recommendation to improve the design of the tax and benefit system.

Table 7 **EPSR principles in the 2018 CSRs for Lithuania**

Chapter	No.	EPSR principles	CSR Lithuania: Background explanations	CSR Lithuania: Recommendations
Equal opportunities and access to the labour market	1	Education, training and life-long learning	X	Improve the quality, efficiency and labour market relevance of education and training, including adult learning.
	2	Gender equality		
	3	Equal opportunities	X	
	4	Active support to employment	X	Improve the quality, efficiency and labour market relevance of education and training, including adult learning.
Fair working conditions	5	Secure and adaptable employment		
	6	Wages	X	
	7	Information about employment conditions and protection in case of dismissals		
	8	Social dialogue and involvement of workers	X	
	9	Work-life balance		
	10	Healthy, safe and well-adapted work environment and data protection		
Social protection and inclusion	11	Childcare and support to children	X	
	12	Social protection	X	Improve the design of the tax and benefit system to reduce poverty and income inequality.
	13	Unemployment benefits	X	
	14	Minimum income	X	
	15	Old age income and pensions	X	Ensure the long-term sustainability of the pension system while addressing the adequacy of pensions.
	16	Health care	X	The performance of the healthcare system by a further shift from hospital to outpatient care, strengthening disease prevention measures, including at local level, and increasing the quality and affordability of care.
	17	Inclusion of people with disabilities	X	
	18	Long-term care		
	19	Housing and assistance for the homeless		
	20	Access to essential services		

Note: The exact wording found in the recommendations is used. Multiple assignments are possible.
Sources: European Commission 2018q; EPSR 2017

Eleven of the 20 EPSR principles are implicitly referred to in the CSRs for Lithuania, though just five are explicitly reflected in the recommendations. With five Social Scoreboard indicators assessed as especially critical (cf. Chapter 3.1) and with income inequality and the relevance of social transfers for fighting poverty belonging to the worst in the whole EU, Lithuania belongs to the category of countries facing the greatest social challenges. In several places in the CSR document, the Commission explicitly uses EPSR principles and even their exact wording to highlight deficits and needs for reforms. Given the many points of criticism, the positive aspects highlighted in the Country Report are ignored in the CSRs. For instance, with regard to several labour market-related links to the EPSR, Lithuania performs well, with its low rate of early school leavers and high women employment rate among the best in Europe (European Commission 2018r: 21). The CSRs for Lithuania show a high degree of concordance between economic and social objectives. The background explanations make it clear that the Commission expects that improvements in the social protection and education and training systems will have positive effects on the labour market and economic growth. Given the low current account deficit and government-debt-to-GDP ratio, the Commission has no immediate concerns about the SGP being breached. Higher spending on social protection, education and training and investment are to be financed through higher government revenues deriving from a reformed and better-enforceable tax system. In the pension field, we see conflicting advice, on the one hand upholding the pension system's financial sustainability and praising the introduction of pension indexation, on the other expressing its fears regarding the adequacy of pensions. No concrete proposal is made on how to solve this dilemma.

3.3.4 Recommendations for Italy related to the EPSR

Italy is given four recommendations in the European Semester (European Commission 2018s: 9f.). In its background explanations, the Commission clearly states that it does not share the Italian government's assumptions on reducing the deficit (2.3% of GDP in 2017). Given only moderate economic growth and in the assumption of politics remaining unchanged, Italy is warned about a significant deviation from the recommended adjustment path towards the medium-term budgetary objective. Italy's high public debt and the few chances to reduce it are criticised: "at around 130 % of GDP, Italy's high public debt ratio implies that large resources are earmarked to cover debt servicing costs, to the detriment of more growth-enhancing items including education, innovation and infrastructure" (ibid: 4). Potential for economic reforms is seen in the tax system, in fighting undeclared work (the shadow economy), in more favourable investment conditions and in greater competition.

For instance, the Commission advises Italy to shift the tax burden to tax bases less detrimental to growth and to put more effort into fighting tax evasion. A further point of criticism is that, despite the shadow economy accounting for 12.9% of Italy's GDP and 15.9 % of total employment being partially or completely undeclared, no strategic action has been planned to tackle this challenge. Below the EU average, investment has not yet returned to its 2007 level. Also criticised is the country's lack of specialisation in knowledge-intensive sectors, its limited digitisation and the decreasing public spending on research and development. Bank lending to SMEs remains subdued. Faced with a high level of non-performing loans, the banking sector suffers from insolvency and foreclosure frameworks insufficiently supportive of swiftly working out and restructuring such loans. Furthermore, barriers to competition persist in certain sectors, such as professional services, local public transport, rail and retail sectors. This is also true for local public services, the efficiency and quality of which are low.

The Commission lists a series of legislative measures adopted over the past few years but as yet not enforced. One of these is a reform of the public administration. Lengths of criminal trials, the high number of pending criminal cases and the inefficiency of criminal justice in repressing corruption are also criticised. The concrete recommendations consequently call for the procedural rules to be enforced and streamlined with a view to reducing the length of civil trials and for the implementation of the new anti-corruption framework. Furthermore, the efficiency and quality of local public services is to be improved and limitations to competition addressed. In the banking sector, the pace of reducing the high stock of non-performing loans is to be maintained, further bank balance sheet restructuring and consolidation, including for small and medium-sized banks, is to be supported, the insolvency reform is to be promptly implemented and market-based access to finance for firms is to be improved. To achieve compliance with the SGP, it is recommended that Italy reduce its debt burden through increased revenues. These are to be generated through reducing tax expenditure and tackling the shadow economy (ibid: 9).

The wide-ranging criticism covering the economy, the administration and the justice system repeatedly refers to aspects belonging to the EPSR, for example, EPSR Principle 20 on access to essential services. It is open to debate whether this right/principle will be better fulfilled or will instead suffer on account of the demanded efficiency improvements in the local provision of public services and increased competition. The Commission cites "consumers' dissatisfaction" (ibid: 6) as an argument for reforms pointing in the direction of privatisation and deregulation. The interface to EPSR topics is very much evident in the pensions field, with the Commission writing in its recommendation that Italy should "reduce the share of old-age pensions in public spending to create space for other social spending" (ibid: 9). The reason for this lies in the amount of GDP spent on pensions (15%), one of the highest percentages in the EU and predicted to increase on account of the demographic development. Benefit cuts are proposed: "While respecting the principles of fairness and proportionality, sizeable savings could be achieved by intervening on the high pension entitlements not matched by contributions" (ibid: 4). In accordance with EPSR Principle 15a, the Commission cites the need for pensions to be commensurate to their contributions. In certain cases, this could however lead to a conflict with EPSR Principle 15b: "Everyone in old age has the right to resources that ensure living in dignity", for example for people with short contribution histories.

The financial resources thus released could, in the view of the Commission, be used elsewhere, in particular in the underfunded education sector (ibid: 4). In both schools and universities, as well as in adult learning, measures are needed "to raise human capital and skills [...] to help improve employability and meet future labour market needs" (ibid: 8). Criticism is levelled at the high proportion of students leaving school without a diploma (at 30 % some 10 pps above the EU average), the high drop-out rate in tertiary education and the low participation rate in adult learning programmes. In all three fields, Italy belongs to the worst-performing countries in the EU, with foreign-born students and low-skilled adult hit hardest. The Commission sees improvements in the education sector as a necessary instrument for boosting employability, referring explicitly to Italians' "limited digitisation and digital skills" (ibid: 5). These statements relate to EPSR Principle 1 on the right to education, training and life-long learning and Principle 3 on equal opportunities, whereas the following statement relates to Principle 4a on active support to employment: "Upskilling and reskilling should be fostered, while employers should be encouraged to provide more learning opportunities for the workforce" (ibid: 8).

With regard to the labour market, employment reached its pre-crisis level in 2017, though at 62% it "is still considerably below the EU average" (ibid: 7). Long-term and youth unemployment remain high, with over 20% of young people not in employment, education or training. Implementation of the Youth Guarantee, which aims to provide young people in need with an adequate job or training offer within four months, is also criticised. Women face particular discrimination on the labour market, as seen by one of the lowest proportions of women participating in the labour market in the EU. A comprehensive strategy to reconcile family life and work is missing; shortcomings are seen in the lack of gender balanced design of parental leave, flexible working arrangements and the insufficient supply of adequate, affordable and quality childcare and care services. The non-means tested cash payment per child birth is not seen as any great help in promoting women's participation in the labour market. Little progress is seen as having been made in the reform of active labour market policies and employment services need more staff. These statements clearly reflect EPSR Principle 2 on gender equality, Principle 4 on active support to employment – especially Principle 4b with regard to the Youth Guarantee –, Principle 9 on work-life balance, Principle 11a on childcare and support for children and Principle 13 on adequate unemployment benefits.

Reference is made at several junctures to the major regional differences in Italy with regard to levels of education, participation in education, the situation on the labour market and economic growth. Turning to collective bargaining, the Commission criticises its limited functioning, seen as preventing "wages from adapting swiftly to local economic conditions" (ibid: 7). It recommends decentralising the collective bargaining structure. This deregulatory approach reflects EPSR Principle 5b on ensuring the necessary flexibility for employers, though conflicts with Principle 6c on respecting the autonomy of the social partners.

Alongside the call to limit spending on pensions, the CSRs relating to the social field in Italy also look at poverty and social exclusion. At 30% in 2016, the percentage of Italians at risk of poverty or social exclusion was well above the EU average: “This especially affects children, temporary workers and migrants” (ibid: 8). Further criticised is the high and rising income equality. The share of social benefits used for fighting poverty is seen as too low and social services are under-staffed. However, the Commission expects significant improvements through the new permanent scheme to tackle poverty (Reddito di Inclusione - a form of universal basic income) currently being implemented. The Commission praises the efforts of the Italian government to ensure adequate healthcare. “Nevertheless, self-reported unmet needs for medical care are high, and differences between regions in the organisation and quality of care delivery persist” (ibid: 8f.). Ties exist here to EPSR Principle 3 on equal opportunities, EPSR Principle 11b on protection against child poverty, Principle 12 on the right to adequate social protection, Principle 14 on minimum income and Principle 16 on healthcare.

In the concrete recommendations for Italy, ties exist to EPSR Chapter 1 on “Equal opportunities and access to the labour market" and Chapter 3 on "Social protection and inclusion" (cf. Table 8). Identified as necessary, the reform of the active labour market policies is considered a way of ensuring equal opportunities in access to the labour market and education and training. A further spotlight is on the expansion of childcare facilities as part of a strategy needed to increase the labour market participation of women. Discussed in the background explanations, the problem that too many young people are not in employment, education or training is not mentioned in the concrete recommendations. In relation to the comprehensive criticism of the education system, the recommendation seems rather weak, solely calling for increased participation in vocational-oriented tertiary education. No reference is made to the lacking quality and financing of schools, universities and adult learning, or to the discrimination of foreign-born students. In light of what is stated in the background explanations, where the Commission calls for more resources and measure to combat poverty, this topic goes unmentioned in the concrete recommendations. The Commission is obviously putting its trust in the introduction of the new minimum income scheme, as well as focusing on labour market participation. The high risk of poverty for fixed-term workers (cf. EPSR Principle 5a) is not reflected in any recommendation for permanent employment relationships. Similarly not included in the recommendations is the discussed decentralisation of bargaining structures. The recommendations on reducing spending on pensions and improving the efficiency of local public services relate primarily to budgetary and competition policy. However, the references to the use of the funds saved for spending on other social benefits and improving the quality of public services may well relate to the EPSR. Both policy recommendations highlight the conflict between economic and social policy orientations, with the Commission unable to come up with any solution.

The 2018 CSRs for Italy relate to 14 of the 20 EPSR principles and to all three of its chapters. Eight principles are reflected not just in the background explanations but also in the concrete recommendations. Italy is one of the worst-performing states with regard to the Social Scoreboard indicators. With a total of nine very much below-average ratings (cf. Chapter 3.1), the country

Table 8 **EPSR principles in the 2018 CSRs for Italy**

Chapter	No.	EPSR principles	CSR Italy: Background explanations	CSR Italy: Recommendations
Equal opportunities and access to the labour market	1	Education, training and life-long learning	X	Increase participation in vocational-oriented tertiary education
	2	Gender equality	X	Encourage labour market participation of women through a comprehensive strategy, rationalising family-support policies and increasing the coverage of childcare facilities.
	3	Equal opportunities	X	Step up implementation of the reform of active labour market policies to ensure equal access to effective job-search assistance and training.
	4	Active support to employment	X	Step up implementation of the reform of active labour market policies to ensure equal access to effective job-search assistance and training.
Fair working conditions	5	Secure and adaptable employment	X	
	6	Wages	X	
	7	Information about employment conditions and protection in case of dismissals		
	8	Social dialogue and involvement of workers		
	9	Work-life balance	X	
	10	Healthy, safe and well-adapted work environment and data protection		
Social protection and inclusion	11	Childcare and support to children	X	Encourage labour market participation of women through a comprehensive strategy, rationalising family-support policies and increasing the coverage of childcare facilities.
	12	Social protection	X	
	13	Unemployment benefits	X	Step up implementation of the reform of active labour market policies to ensure equal access to effective job-search assistance and training.
	14	Minimum income	X	
	15	Old age income and pensions	X	Reduce the share of old-age pensions in public spending to create space for other social spending.
	16	Health care	X	
	17	Inclusion of people with disabilities		
	18	Long-term care		
	19	Housing and assistance for the homeless		
	20	Access to essential services	X	Increase the efficiency and quality of local public services.

Note: The exact wording found in the recommendations is used. Multiple assignments are possible.
Sources: European Commission 2018s, EPSR 2017

ranks lower than Bulgaria and Romania. Greece is the only country with worse ratings. In the Country Report, five indicators are rated as being especially critical, only one is rated as EU-average and not one is above average (European Commission 2018t: 34). The biggest challenge is seen in the labour market, where the Commission stresses the need for improvements in labour market policies, highlighting the low employment rate of women. While the Country Report identifies particularly critical situations in income inequality, the risk of poverty and the reduction of poverty, disposable incomes and income-dependent access to healthcare, these aspects go unheeded in the recommendations. Similarly, education and training, though identified as fields in need of reform, are only marginally referred to in the recommendations (apart from where they overlap with active labour market policies). In the field of public services and pensions, the CSRs reflect the conflict between economic and social objectives, with pensions even reflecting conflicts between different social objectives. As examples for better investing part of today's high pensions spending, the European Commission cites measures "to fight poverty, and growth-enhancing spending items like education" (European Commission 2018s: 4). With regard to the EPSR, any such policy for redirecting state funds would need to ensure that the already relatively high risk of poverty in Italy would not further increase.

3.3.5 Comparison of how the EPSR is used in the CSRs

A comparison of the four country case studies shows that the Commission is indeed making use of the EPSR, even at this late stage of the coordination cycle. Of the twenty EPSR principles, 16 are referred to in the CSRs studied here. The initially stated hypothesis that references to the EPSR will increase in line with an increase in bad ratings for Social Scoreboard indicators cannot be clearly proven. Though ranked second of the four countries studied, Belgium's CSRs have fewer references to the EPSR than better-placed Germany (cf. Table 9). By contrast, the numbers of references for third-ranked Lithuania and fourth-ranked Italy are in line with the hypothesis. With regard to the concrete recommendations set forth in the CSRs, Belgium and Lithuania have the same number of EPSR references, although twice as many references were found in the background explanations for Lithuania. Looking at the concrete recommendations for Germany and Belgium, we again find the reversed order. While the EPSR tends to be used more as an assessment framework when the social indicators differ greatly, even well-placed states can receive many recommendations for further improvements. Comprehensive criticism with references to the EPSR are most likely when the assessment of the social indicators is so bad that they could lead to labour market and economic growth problems. This is the case for Lithuania and Italy, for whom a fundamental redesign of its tax and social security system (Lithuania) or a redirection of social spending away from pensions towards education (Italy) is recommended.

Turning to equal opportunities and access to the labour market (EPSR Chapter 1), all four principles covered by this chapter (education, gender equality, equal opportunities and active support to employment) are referred to in three of the four countries, with recommendations issued in all four fields. Even in the case of the outlier Lithuania, there are still clear references. Looking at this Chapter 1, the recommendations for Lithuania focus on education policy, while those for Italy focus on labour market policy. This shows that for all four countries, despite their very different Social Scoreboard ratings, the main reference to the Social Scoreboard is established via these first four principles. For countries not well ranked with regard to social protection and inclusion – in our case, Lithuania and Italy –, the principles set forth in EPSR Chapter 3 are of great importance in the CSRs. By contrast, these principles play no great role for Germany and Belgium. In all four countries, references to fair working conditions (EPSR Chapter 2) play virtually no role at all, only being referred to once in the concrete recommendations, with Germany being called on to encourage wage growth. Even so, this call is justified more on economic grounds, being stated in connection with the MIP procedure. This result confirms two already known criticisms: that recommendations in the social field, even when issued specifically, generally refer primarily to the MIP procedure or to the SGP (Dawson 2018: 204), and that explicitly social recommendations are often “hidden” in the background explanations (Clauwaert 2018: 10).

No references were found to the following four principles: Principle 7 on information about employment conditions and protection in case of dismissals, Principle 10 on a healthy, safe and well-adapted work environment and data protection, Principle 18 on long-term care (reference in the Belgian CSRs to potential savings in this field) and Principle 19 on housing and assistance for the homeless. It is quite possible that the last two topics mentioned have little role to play in all four countries or are considered as non-critical in relation to social rights. The missing references to Principles 7 and 10 come as no surprise, as they come under EPSR Chapter 2 on fair working conditions, a generally neglected subject (cf. Table 9). One reason for this could be that these six principles all relate to a basic conflict between employee rights and employer freedoms, a conflict which the Commission is unable to solve. This is already seen in the wording of Principle 5 of the EPSR which speaks of reducing fixed-term employment relationships and atypical contracts, but which also calls for workplace flexibility and mobility.

The fewest conflicts between social and economic objectives are to be found in countries well-placed with regard to the SGP and/or MIP criteria. For example, the recommendations for Germany and Lithuania are compatible with the EPSR principles, with financial space for higher social spending seen in Lithuania; in Germany, the macroeconomic imbalance could be reduced through higher wages and investment in education. On the other hand, Belgium and Italy are faced with a conflict between cutting spending to comply with the SGP and calls for more efforts in the fields of education and social protection (Italy) or education and the expansion of public transport (Belgium).

Table 9 **Overview of CSRs for Member States with reference to EPSR principles**

Countries studied	Chapter 1 Equal opportunities and access to the labour market	Chapter 2 Fair working conditions	Chapter 3 Social protection and inclusion	Total
1. Germany	4 (4)	2 (1)	2 (1)	8 (6)
2. Belgium	4 (4)	1 (0)	1 (1)	6 (5)
3. Lithuania	3 (2)	2 (0)	7 (3)	12 (5)
4. Italy	4 (4)	3 (0)	7 (5)	14 (8)

Note: In accordance with Member State's Social Scoreboard ranking (cf. Chapter 3.1.4). Outside the brackets, the recommendations "hidden" in the CSR background explanations; inside the brackets, the concrete recommendations.
Source: cf. Tables 5 - 8

Conflicts between the social aspects and the primary budgetary, macroeconomic and competition-related aspects are also evidenced by the fact that several items are recognised as serious problems in the background explanations without being reflected in the concrete recommendations. In the cases studied here, this applies to such topics as atypical and fixed-term employment, in-work poverty and minimum wages, redistribution via the tax and social system, access to public services, social protection for groups particularly affected by the risk of poverty, and the adequacy of old-age pensions. Discriminated groups in the education system or on the labour market are only specifically referred to in the concrete recommendations for Belgium (low-skilled workers, people with a migration background, older workers). Similarly, the subject of gender equality is only explicitly mentioned in the concrete recommendations for Italy, even though a great need for changes is seen in Germany and Belgium. In the field of pensions, we clearly see the extent to which EPSR Principle 15 on adequate old-age income conflicts with achieving the SGP budgetary targets, but also other social objectives. The recommendations vary greatly, without any common denominator becoming visible: While Italy is supposed to cut its pensions spending in favour of other forms of social spending, Lithuania is called on to ensure the balance between financial sustainability and pension adequacy. The Belgian CSRs refer solely to potential savings in pensions spending, while the German CSRs call for longer working lives to be fostered to counter the forecast increase in old-age poverty.

4. Conclusion

The EPSR is not included in EU primary legislation and the social rights defined in its 20 principles are not actionable for EU citizens. Except for the few aspects codified in the Treaties, such as gender equality and anti-discrimination, there is no compulsion – beyond self-commitments – for either the Member States or the European institutions to respect and implement the EPSR. Its influence on secondary legislation is still not clear: on the one hand, the European Commission (2017c; 2018c; 2018d; 2018e) is using the EPSR as a reference in certain social policy-related regulatory initiatives. It remains to be seen whether this will help assert the potential of the social acquis set forth in the Treaties, such as the mentioning of social progress as an aim of the EU in Article 3 (3) TEU (Garben 2018: 222ff.). A number of these initiatives, for instance the creation of a harmonised concept of 'employee', 'employment relationship' and 'employment contract' (European Commission 2017c), or a regulation on work-life balance for parents and carers (European Commission 2017d), were rejected by the Council. In both these points, the Member States upheld their right to define the rules themselves (cf. EPSCO 2018), revealing how difficult it is likely to be to get the EPSR enshrined in EU secondary legislation. On the other hand, the EPSR could influence the European Court of Justice in its rulings, thereby correcting the imbalance between economic and social integration. Yet this could be a vain hope, as witnessed by the use of exactly the same arguments on the proclamation of the EU Charter of Fundamental Rights: Over the last 20 years, the fundamental social rights declared therein have been neither any great help in extending the EU's social dimension nor have they been able to prevent the decline of social rights through the austerity-driven management of the euro crisis (Busch *et al.* 2018: 40).

For both these reasons, we can only see the EPSR as being used as a soft instrument of EU governance. Managed and supervised by the Commission, it does however have great potential within the now well-developed policy coordination between Member States, though this is dependent on the Council approving the proposals put forward by the Commission. Checking the extent of this first use of the EPSR in the 2018 European Semester was the subject of this study. It has revealed that the Commission's intensive embedding of the EPSR in its policy coordination procedure has met with Member State reservations. Despite its great potential for highlighting social shortcomings in the EU, as yet insufficient use has been made of the Social Scoreboard. The EPSR is moreover not the right vehicle for overcoming the dominance of budgetary and competition-related priorities over social ones. The latter are most likely to be included in recommendations when they are compatible with economic coordination goals. As a result, most references to the EPSR are to be found in the fields of education, anti-discrimination and active labour market policy. Chapter 4.1 will now summarise the key findings of the study, with Chapter 4.2 using these to come up with proposals for reforms.

4.1 First lessons learned from the role of the EPSR in the European Semester

There can be no doubt that the European Commission is intent on promoting the use of the EPSR in the European Semester. While the declarations of Commission President Jean-Claude Juncker and Social Affairs Commissioner Marianne Thyssen upholding the importance of the social dimension in Europe may be seen as pretentious ("social Triple-A", a "milestone", etc.), they have certainly increased the pressure on the need to "deliver" in the course of this legislative period. The mere proclamation of the EPSR with its only vaguely enforceable principles would not have been enough for the social players in DG EMPL, the European Parliament's Employment and Social Affairs Committee, the unions and welfare organisations, and for Member State ministers of labour and social affairs. Yet the danger of the announcements remaining paper tigers exists, as reflected by the behaviour of the European Council. Drawn up by Council President, Donald Tusk, and adopted in October 2017, the "Leaders' Agenda" lists the major challenges facing European integration up to mid-2019 (European Council 2017b), without any mention of the EPSR. Is this a case of "proclaimed and forgotten"?

For the Commission, the process of strengthening the EU's social dimension has by no means come to an end. It is quite clear that it has been driving the use of the EPSR in the European Semester, and is praised by the European Parliament (2018b: §§ 1, 8, 9) for doing so. The Annual Growth Survey (European Commission 2017h) refers to 15 of the 20 EPSR principles, focusing on education, social, labour and employment policies. In a Commission proposal on new employment guidelines (European Commission 2017f; 2017g), reference is made to 11 of the 20 principles. In the draft Joint Employment Report (European Commission 2017k), all 14 Social Scoreboard indicators were originally taken up, though – at the request of the Member States – 2 were later deleted. As a result, the Joint Employment Report adopted by the EPSCO Council and the European Commission (2018g) refers only to twelve indicators. The promising kick-off in the Commission's so-called Autumn Package at the beginning of the European Semester reveals a broad observance of the EPSR principles for the primarily economic governance of the EU. These "positive developments" (EESC 2018: 37) are however overshadowed by a certain relativisation of social targets in the Annual Growth Survey and in the draft new employment guidelines, especially in the field of old-age pensions, where the Commission interprets EPSR Principle 15 from a primarily labour market perspective: longer working lives are seen as a social measure aimed at providing for adequate retirement income. Moreover, the Annual Growth Survey also shows that the inclusion of several social targets took place to a large extent independently of economic priorities and that many EPSR principles are interpreted solely from a production factor perspective. The focus here is not on a decommodification in the sense of "politics against markets" (Esping-Andersen 1985) but in the use of social policy to "make individuals fit for the market" (Dawson 2018: 206f.).

This understanding of the EPSR as a mere addendum to economic and financial policy, as openly seen in the attitude of the ECOFIN Council to the Country Reports published by the Commission in March 2018 (ECOFIN 2018) is relativised by the use of the Social Scoreboard. The Employment Report shows to what extent the methodology for ranking Member States can be used. Although specific indicators could be improved and others need to be added to adequately reflect all EPSR principles, and although the Social Scoreboard sets no concrete target values or minimum standards, it does allow us to gain an overall picture of the social situation of the EU. The clarity of the ratings for each of the twelve primary indicators in relation to the respective EU averages is a novelty compared to the OMC and the SPPM. With its seven rating categories, the Commission thus not only highlights the relative social performance of Member States in the short and medium term, but also relates the individual ratings to each other. Though both the 2015 and 2016 Employment Reports contained comparisons with a European average, this system has been comprehensively used for the first time in the 2017/2018 European Semester, with a large number of indicators being covered. The key results of the Social Scoreboard are systematically specified in the Country Reports and in the so-called "Country Cards", with needs for action in respect of the EPSR highlighted.

The rankings show that there is still a long way to go to achieve a Social Europe: below-average values were recorded 119 times for 27 Member States, corresponding to one third of all indicators checked (European Commission 2018g: 17). But not all Member States have large numbers of bad ratings. The negative overall picture is caused by the large number of Member States performing badly on the social front, while there are also several states performing well. This can be seen in the geographic distribution of the two bottom rating categories ("critical situation" and "to watch"): South and South-East Europe perform badly, West and North Europe perform well, and many CEE countries sit in the middle (cf. Diagram 1). This clearly shows the division running through Europe. While it was clear that it would take a long time for the Central and Eastern European countries to catch up economically and socially with the western EU-15, the euro area crisis and its management with its neglect of the social dimension means that Italy, Greece, Spain, Portugal and Cyprus are now bad performers with regard to social convergence and promise of progress.

"It takes two to tango" is an expression also applying to the use of the EPSR in the EU's governance structure. Through giving its approval to the Employment Report, the EPSCO Council can be seen as backing the methodology proposed by the Commission and its Member State rankings. But despite this acknowledgement, Member States seem very reticent with regard to the use of the EPSR, with only eleven of them making any reference to it in their National Reform Programmes. Of these, just Bulgaria, Germany, France and Luxembourg make concrete references to it not just marking their basic approval or including the comments of national interest groups. This also shows that the EPSR is apparently being used independently of the Social Scoreboard and its rankings. Just one country – a country with a very good

Scoreboard ranking – uses the EPSR in the sense meant by the Commission: The French government uses the Scoreboard results to create its own ranking, comparing the position of France for each of the 14 existing indicators with the five best and five worst ranked Member States. On this basis, it identifies a significant need for action, reflected in its respective reform plans and explained in its NRP in reference to six of the 20 EPSR principles. Whereas Édouard Philippe, the French prime minister responsible for the NRP, is trying to skilfully lever the EPSR as a catalyst emphasising the urgency of national reforms in the social field[13], most other EU Member States seem to be ignoring the EPSR. Obviously, Member States only need to say that the new employment guidelines with their references to the EPSR are not yet in force, that the whole framework for drawing up NRPs was formalised several years ago and that they are concentrating on the targets set in the Europe 2020 strategy. But on the other hand, this lack of commitment on the part of the Member States can be seen as a sign of their unwillingness to use the EPSR to specifically further social progress in their countries. The support given to the EPSR by the heads of state and government leaders thus turns out to be lip service. At the same time – as already seen in the Annual Growth Survey –, the discussed prioritisation of economic goals over social ones in the EU's governance structure is very much evident. In most cases, the NRPs are compiled by the economics and finance ministers, all of whom have priorities other than that of reviving Social Europe and who prefer to focus on topics associated with the SGP and the MIP. Decisions reached by fellow ministers in the EPSCO Council (decisions which they would like to see used in the European Semester) seem to take second place. Nevertheless, the example of France shows that this doesn't have to be the case.

The conflict between budgetary and competition-oriented policies on the one hand and a desire to strengthen the social dimension on the other hand seems to run through all CSRs. In the CSRs published in May 2018 by the European Commission in draft form (European Commission 2018j) and approved by the ECOFIN Council in July 2018, 63% of the recommendations relate to social, labour market, education and employment policies (Clauwaert 2018: 12). But this high percentage is primarily attributable to the general decrease in the number of recommendations issued. Looked at in absolute terms, the total of 46 recommendations in the social field constitutes the lowest number since the start of the European Semester (ibid: 9). A more detailed interpretation of these percentages is provided by Amadine Crespy and Vivien A. Schmidt (2017: 103). In their view, previous CRPs successfully called for so many reforms to boost competitiveness and consolidate budgets that today's CSRs almost automatically accord "greater salience to social investment solutions". Looked at this way, the high number of recommendations in the social field could also indicate that the agenda for budgetary and competition policy coordination is now completed.

13. Such behaviour of national governments could already be observed in studies looking at the effectiveness of the OMC (cf. Visser 2005; Erhel *et al.* 2005; Hacker 2011).

The exemplary analysis of the CSRs of Belgium, Germany, Italy and Lithuania shows that reference is made to 16 of the 20 EPSR principles, even if some of the references are not translated into concrete recommendations but remain hidden in the background explanations. The intensity at which certain topics are discussed also varies: While comprehensive use is made of EPSR Chapter 1 on "Equal opportunities and access to the labour market" in the cases studied, Chapter 3 on "Social protection and inclusion" is only referenced by States with grave problems in the field of social benefits and poverty rates. The principles enshrined in Chapter 2 on "Fair working conditions" are hardly referenced at all in the CSRs. In their opinions on the CSRs in the 2018 European Semester, the Employment Committee highlights the "strong focus on education, skills, and training", while the Social Protection Committee criticises the recommendations for reforming pension and healthcare systems to ensure their financial sustainability, as well as the relatively little account taken of in-work and child poverty, the adequacy of social benefits and the issue of long-term care (Council of the European Union 2018: 3; 20f.).

There is a tendency for states with worse Social Scoreboard ratings to be given more recommendations than better-performing ones. It quickly becomes clear that the reason for the focus on EPSR Chapter 1 principles in all four countries studied is that the policy fields dealt with are all compatible with market priorities, i.e. corresponding not only to social goals but also to such goals as achieving fair competition on the labour market, increasing labour productivity and promoting flexicurity. Recommendations in this area are nearly all compatible with the advice and recommendations set forth in the SGP and MIP. However, a conflict with these two dominant economic policy coordination instruments could arise in connection with Chapter 2 with its focus on workers' rights, and also with Chapter 3, the principles of which all involve the – in most cases expensive – extension and/or expansion of social benefits. The Commission is by no means silent on the need for reforms in the social field, as seen in the CSRs for Italy and Lithuania. In some cases, it even resorts to drastic wordings, calling for a much more comprehensive social commitment in both States. In both cases, it concludes that social shortcomings are putting the brakes on economic growth. Nevertheless, the recommendations for the two countries differ. The recommendation for Lithuania, a top SGP performer, is for it to completely redesign its tax and social security system, with the aim to reduce poverty and social inequality (European Commission 2018q). Greatly criticised for its insufficient efforts to bring down debt and improve its competitiveness, Italy is given recommendations to implement measures aimed at increasing labour market participation, as well as pruning pensions to release resources for other social fields (European Commission 2018s). An expansion of social security in line with the EPSR principles is thus – despite the identified social problems – only recommended when it does not provoke a conflict with the higher-priority budgetary and competition policy goals. Like Italy, Belgium has a sovereign debt problem. In the view of the Commission, this calls for cuts in pensions and long-term care, without any attention being paid to Belgium's social situation (European Commission 2018o). Germany is the only one of the four countries studied to be given a recommendation relating to EPSR Chapter 2, being called on to encourage wage growth – a recommendation compatible with the MIP recommendation to boost domestic demand (European Commission 2018m).

Generally speaking, the application of the EPSR in the 2018 European Semester is leading to a stronger focus on social objectives. The hypothesis of a "socialisation" of EU governance (Zeitlin and Vanhercke 2018) is therefore to a certain extent substantiated, as well as being shared by the Employment Committee and the Social Protection Committee (Council of the European Union 2018: 12, 20). But even so, the mere evocation of social principles is no substitute for a programme of social policy action boosting the social dimension. Despite the Commission's intense efforts, it is quite clear that the EPSR in its current form and application is not in a position to overcome the prioritisation of economic aspects over social ones. With the dominance of budgetary and competition policy governance cast in concrete, any conflict with social goals will always end with the economic side winning. In this respect, it is little consolation that the EPSR is making a significant contribution to strengthening education, anti-discrimination and active labour market policies. At the end of the day, such a focus reconfirms the recommodifying orientation of the European social model already revealed in the analysis of the OMC and the structural reforms made during the euro crisis (Scharpf 2002; Degryse *et al.* 2014; Hacker 2010).

4.2 Reform proposals for strengthening the EPSR

Given its limited effectiveness – discussed above – in strengthening Europe's social dimension, the question arises as to whether the EPSR is an heir to the OMC which, in the words of Claus Offe (2003), can be considered as a Trojan Horse of a purely economic European Union, with the help of which the established welfare arrangements of the Member States are to be demolished. If current application of the EPSR stays at its current level, there is a danger – at least in comparison to the high hopes initially placed in it – of a significant drop in its relevance, with it only being able to develop any influence in areas where its principles are congruent with those of the dynamics of market integration.

Speaking against such a pessimistic outlook are the several positive policy interactions with the EPSR revealed in this study and the identification of several options for improving it (cf. also EESC 2018). There can be no denying that the EPSR, right from its very start, has contributed to taking the EU's social dimension off the back burner, to where it was banished many years ago. The many references to its principles in the 2018 European Semester as well as the motives for the new initiatives in social regulation are all helping to keep the social dimension in the spotlight. Alongside the European Parliament and the European Economic and Social Committee, the Commission has taken on a decisive role. While back in the old OMC days the Member States were able to successfully oppose social policy rankings, the Social Scoreboard now allows very comprehensive and useful rankings. For all social policy players at both European and national level, the basis for policy discussions and campaigns has been handed to them on a silver platter. Moreover, in its NRP the French government is demonstrating how an administration can take up the ball passed to it, using it to further its own goals. This is taking place in a way different to that which could have been expected by the analysis carried out in this study, especially with regard to EPSR Chapter 3 with all its financial implications.

To make the EPSR a success, the following policy measures should be considered to restore the balance between the EU's economic and social dimensions:

1. *Adopt a social protocol putting economic freedoms and social rights on the same footing*: The EPSR will not be fully effective until its rights become actionable for EU citizens. They should therefore be incorporated in the Treaties as soon as possible. Should the approval of certain Member States not be forthcoming, the prototype already used successfully in the Treaty of Maastricht with its Social Protocol (European Parliament 2017: § 31) should be applied to a smaller group of states. Incorporation into EU primary law would a) support secondary law initiatives in the social field; and b) would put economic and social policy goals on the same footing. In addition, this would give a boost to democratisation, as the European Parliament would be able to become more involved in developing the social dimension.

2. *Assign greater weight to social policymakers, thereby establishing a balance in policy coordination.* The backbench place assigned to the EPSCO Council in the EU's governance structure could be overcome without needing to change the Treaties. To achieve the declared goal of better coordinating economic and social aspects, the dominance of the ECOFIN Council in the European Semester needs to be overcome. Joint meetings of both councils (European Parliament 2017: § 39) are needed to solve the conflicts between economic and social considerations (Garben 2018: 230). This would also include a more intensive use of Social Scoreboard rankings, using them to overcome the division running through the middle of Europe. In the national parliaments in particular, such rankings should be regularly put on the agenda, with the goal of complementing economic recommendations with social impact assessments. Alongside the work done in parliamentary committees, a special role in raising the public visibility of the EPSR could be played by the trade unions, welfare associations and further civil society interest groups.

3. *Use joint minimum standards and objectives to ensure a minimum degree of social cohesion:* The EPSR needs clearly-defined objectives in its Social Scoreboard. The Member States should reach agreement on the step-by-step replacement of the EU average as a benchmark by quantifiable targets and minimum standards. These should not involve a "one-size-fits-all" solution as used in the past in the OMC; instead they should take account of institutional and socio-economic differences

among Member States, providing for fulfilment percentages reflecting national circumstances. For example, a minimum wage standard reflecting EPSR Principle 6b could state that the respective minimum wage should be 60% of the national median wage (Schulten *et al.* 2016; Aumayr-Pintar *et al.* 2014), a minimum income standard reflecting EPSR Principle 14 could state that benefits should take account of the respective national poverty rate (Kingreen 2017), or social protection spending under EPSR Principle 12 should reflect the long-term development of a Member State's GDP (Busch 2011). Such a grid of social targets and minimum standards could be introduced as the successor to the Europe 2020 strategy, with it being preferably drawn up in the context of the European social dialogue under Art. 155 TFEU. Funding should be earmarked for it within the EU's Multiannual Financial Framework.

4. *Adopt a Social Stability Pact to contain imbalances and prevent crises in the euro area*: One lesson to be learned from the crisis in the euro area is that deflationary policy is not the right way to fight an economic downturn and that, in the future, an eye needs to be kept on the social consequences of any such crisis and how it is managed. To contain the threat of asymmetric shocks, not only should the spending policies of Member States be coordinated, but also fiscal, social and wage policies in the EMU (De Grauwe 2006: 721). The euro area states need to reach agreement on a Social Stability Pact, in which the EPSR goals relevant for the EMU are linked to a "Social Imbalance Procedure" (Andor 2013), to be invoked immediately certain parameters fall below/exceed politically-set thresholds in the Social Scoreboard. Equivalent to the deficit procedures of the SGP and the MIP, this would create a mechanism able to strongly recommend, and even demand, social reforms in the Member States (EESC 2017: §§ 5.2, 6.5). To implement such a mechanism, the SGP would need to be given a further Golden Rule, allowing social investments to be exempted from the deficit procedure (EESC 2018: 34). Similarly, mechanisms currently in the planning phase – such as the Reform Support Programme or the European Investment Stabilisation Function (European Commission 2017a) – need to be aligned with EPSR goals. The core element of any macrosocial governance of the EMU would be a newly-formed Macroeconomic Dialogue (European Parliament 2017: § 35; Koll/Watt 2018). Moreover, a certain coordination of the work of employment and social affairs ministers within a specific euro area group would also be needed (Rodrigues 2014: 186).

The proposed creation of a European Stability Pact would be in line with the original goal of the EPSR to give the EMU – especially in light of the shift away from the socio-economic convergence path as a result of austerity policies – a social dimension. Generally speaking, all stakeholders interested in the further construction of the European social model should pay greater attention to the interlinkage between economic and social integration. There is little use in just adding a few nice sentences to the EU governance framework as long as no corrective action is taken to rectify the neoliberal orientation of major integration projects. The EESC (2017: § 1.10) puts it in a nutshell: "To improve the social dimension action is especially needed in two main areas – EMU and the single market. Social policy has to be embedded in a different EU economic policy with a good macroeconomic policy mix and progress towards deepening EMU."

The EPSR charts ways for making Europe more social. But the decisive debate on whether the European social model follows a neo-liberal or a solidarity principle is taking place in the highly controversial issues of limiting tax competition, wage dumping, the cross-border protection of workers and the transformation of the euro area from a stability to a fiscal union (Hacker/Koch 2017). Any reform of the EMU (cf. Watt and Watzka 2018) needs elements of transnational liability in the event of a crisis (or better the avoidance of such through a fully-implemented Banking Union), an automatic stabiliser – for example a European unemployment insurance or a euro area budget – as well as the closer coordination of economic policies by a "European Economic Government". The focus of the latter would shift from the "one-size-fits-all" fixation on public deficits and debt levels (Crespy and Schmidt 2017: 111) towards a comprehensive coordination of the macroeconomic decisions of Member States, taking account of their specific developments, as well as the coordination of employment and social policies. This last aspect could be supported by the EPSR.

Annex I
European Pillar of Social Rights – Principles

Chapter I: Equal opportunities and access to the labour market

1. Education, training and life-long learning

Everyone has the right to quality and inclusive education, training and life-long learning in order to maintain and acquire skills that enable them to participate fully in society and manage successfully transitions in the labour market.

2. Gender equality

a. Equality of treatment and opportunities between women and men must be ensured and fostered in all areas, including regarding participation in the labour market, terms and conditions of employment and career progression.
b. Women and men have the right to equal pay for work of equal value.

3. Equal opportunities

Regardless of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation, everyone has the right to equal treatment and opportunities regarding employment, social protection, education, and access to goods and services available to the public. Equal opportunities of under-represented groups shall be fostered.

4. Active support to employment

a. Everyone has the right to timely and tailor-made assistance to improve employment or self-employment prospects. This includes the right to receive support for job search, training and re-qualification. Everyone has the right to transfer social protection and training entitlements during professional transitions.
b. Young people have the right to continued education, apprenticeship, traineeship or a job offer of good standing within 4 months of becoming unemployed or leaving education.
c. People unemployed have the right to personalised, continuous and consistent support. The long-term unemployed have the right to an in-depth individual assessment at the latest at 18 months of unemployment.

Chapter II: Fair working conditions

5. Secure and adaptable employment

a. Regardless of the type and duration of the employment relationship, workers have the right to fair and equal treatment regarding working conditions, access to social protection and training. The transition towards open-ended forms of employment shall be fostered.

b. In accordance with legislation and collective agreements, the necessary flexibility for employers to adapt swiftly to changes in the economic context shall be ensured.

c. Innovative forms of work that ensure quality working conditions shall be fostered. Entrepreneurship and self-employment shall be encouraged. Occupational mobility shall be facilitated.

d. Employment relationships that lead to precarious working conditions shall be prevented, including by prohibiting abuse of atypical contracts. Any probation period should be of reasonable duration.

6. Wages

a. Workers have the right to fair wages that provide for a decent standard of living.

b. Adequate minimum wages shall be ensured, in a way that provide for the satisfaction of the needs of the worker and his / her family in the light of national economic and social conditions, whilst safeguarding access to employment and incentives to seek work. In-work poverty shall be prevented.

c. All wages shall be set in a transparent and predictable way according to national practices and respecting the autonomy of the social partners.

7. Information about employment conditions and protection in case of dismissals

a. Workers have the right to be informed in writing at the start of employment about their rights and obligations resulting from the employment relationship, including on probation period.

b. Prior to any dismissal, workers have the right to be informed of the reasons and be granted a reasonable period of notice. They have the right to access to effective and impartial dispute resolution and, in case of unjustified dismissal, a right to redress, including adequate compensation.

8. Social dialogue and involvement of workers

a. The social partners shall be consulted on the design and implementation of economic, employment and social policies according to national practices. They shall be encouraged to negotiate and conclude collective agreements in matters relevant to them, while respecting their autonomy and the right to collective action. Where appropriate, agreements concluded between the social partners shall be implemented at the level of the Union and its Member States.

b. Workers or their representatives have the right to be informed and consulted in good time on matters relevant to them, in particular on the transfer, restructuring and merger of undertakings and on collective redundancies.

c. Support for increased capacity of social partners to promote social dialogue shall be encouraged.

9. Work-life balance

Parents and people with caring responsibilities have the right to suitable leave, flexible working arrangements and access to care services. Women and men shall have equal access to special leaves of absence in order to fulfil their caring responsibilities and be encouraged to use them in a balanced way.

10. Healthy, safe and well-adapted work environment and data protection

a. Workers have the right to a high level of protection of their health and safety at work.
b. Workers have the right to a working environment adapted to their professional needs and which enables them to prolong their participation in the labour market.
c. Workers have the right to have their personal data protected in the employment context.

Chapter III: Social protection and inclusion

11. Childcare and support to children

a. Children have the right to affordable early childhood education and care of good quality.
b. Children have the right to protection from poverty. Children from disadvantaged backgrounds have the right to specific measures to enhance equal opportunities.

12. Social protection

Regardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, have the right to adequate social protection.

13. Unemployment benefits

The unemployed have the right to adequate activation support from public employment services to (re)integrate in the labour market and adequate unemployment benefits of reasonable duration, in line with their contributions and national eligibility rules. Such benefits shall not constitute a disincentive for a quick return to employment.

14. Minimum income

Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market.

15. Old age income and pensions

a. Workers and the self-employed in retirement have the right to a pension commensurate to their contributions and ensuring an adequate income. Women and men shall have equal opportunities to acquire pension rights.
b. Everyone in old age has the right to resources that ensure living in dignity.

16. Health care

Everyone has the right to timely access to affordable, preventive and curative health care of good quality.

17. Inclusion of people with disabilities

People with disabilities have the right to income support that ensures living in dignity, services that enable them to participate in the labour market and in society, and a work environment adapted to their needs.

18. Long-term care

Everyone has the right to affordable long-term care services of good quality, in particular home-care and community-based services.

19. Housing and assistance for the homeless

a. Access to social housing or housing assistance of good quality shall be provided for those in need.
b. Vulnerable people have the right to appropriate assistance and protection against forced eviction.
c. Adequate shelter and services shall be provided to the homeless in order to promote their social inclusion.

20. Access to essential services

Everyone has the right to access essential services of good quality, including water, sanitation, energy, transport, financial services and digital communications. Support for access to such services shall be available for those in need.

Source: EPSR 2017

Annex II
Social Scoreboard – Primary indicators

Equal opportunities and access to the labour market		
Education, skills and lifelong learning	1.	Early leavers from education and training *(Share of early leavers aged 18-24 from education and training, by gender)*
Gender equality in the labour market	2.	Gender employment gap *(Gender gap in employment rate)*
Inequality and upward mobility	3.	Income inequality *(Measured as quintile share ratio - S80/S20)*
Living conditions and poverty	4.	At-risk-of-poverty or social exclusion rate (AROPE) *(% of total population at risk of poverty or social exclusion, by gender)*
Youth	5.	Young people neither in employment nor in education and training, age group 15-24 *(NEET rate, by gender)*
Dynamic labour markets and fair working conditions		
Labour force structure	6.	Employment rate *(20-64, by gender, age, and educational attainment)*
	7.	Unemployment rate *(15-74, by gender, age and educational attainment)*
Labour market dynamics	8.	Activation measures –labour market policies participants per 100 persons wanting to work (total)
Income, including employment-related	9.	Adjusted gross disposable income of households in real terms (PPS per capita: Index 2008=100)
	10.	Compensation of employees per hour worked
Public support / Social protection and inclusion		
Impact of public policies on reducing poverty	11.	Impact of social transfers (other than pensions) on poverty reduction *(Difference, among total population, between the share of people at risk of poverty rate before and after social transfers, by gender)*
Early childhood care	12.	Children aged less than 3 years in formal childcare *(Children in formal childcare (proportion of children in same age group - age 0 – 3))*
Healthcare	13.	Self-reported unmet need for medical care (EU SILC) *(% of total population who reported unmet need for medical care, by gender)*
Digital access	14.	Individuals’ level of digital skills *(Share of population with basic overall digital skills or above basic overall digital skills by gender)*

Source: European Commission 2017e

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List of abbreviations

AGS	Annual Growth Survey
CSR	Country-Specific Recommendations
DG ECFIN	Directorate-General for Economic and Financial Affairs
DG EMPL	Directorate-General for Employment, Social Affairs and Inclusion
ECB	European Central Bank
ECOFIN	Economic and Financial Affairs Council
ECSC	European Coal and Steel Community
EEC	European Economic Community
EES	European Employment Strategy
EESC	European Economic and Social Committee
EFSF	European Financial Stability Facility
EMCO	Employment Committee
EMU	Economic and Monetary Union
EPSCO	Employment, Social Policy, Health and Consumer Affairs Council
EPSR	European Pillar of Social Rights
ESM	European Stability Mechanism
ETUI	European Trade Union Institute
IMF	International Monetary Fund
MIP	Macroeconomic imbalance procedure
NRP	National Reform Programme
OMC	Open Method of Coordination
OPZZ	Ogólnopolskie Porozumienie Związków Zawodowych / All-Poland Alliance of Trade Unions
SALAR	Swedish Association of Local **Authorities** and Regions
SGP	Stability and Growth Pact
SPPM	Social Protection Performance Monitor
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union

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