



The European Semester

– an analysis of the
2017-2018 cycle

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Introduction

The following provides an analysis of the 2017-2018 European Semester cycle. The Semester has been constantly evolving since its inception and in 2017-18 further change was experienced, most obviously in the integration of the European Pillar of Social Rights (EPSR) into the Semester process.

The Report is presented in four parts. The first three address sequentially the key stages of the Semester process – the Autumn package (overall assessment, including Annual Growth Survey), the Winter package (Country Reports) and a content analysis of the Country Specific Recommendations (CSRs). In the final section, the CSRs are linked to the European Pillar of Social Rights Scoreboard in an effort to trace the influence of the Pillar on the recommendations for individual Member States.

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Public service trade unions – effective intervention in the European Semester is a project running from January 2018 to December 2019 co-ordinated by EPSU (European Federation of Public Service Unions) with partner organisations – University of Nottingham and European Social Observatory – and supported by the ETUCE (European Trade Union Committee for Education). This project is funded by the European Commission’s Directorate-General for Employment, Social Affairs and Inclusion (VS/2017/0436).

The Autumn Package

The 'Autumn Package' represents the first key stage in the European Semester cycle. It comprises a number of different elements.

- The State of the European Union speech delivered by President Juncker to the European Parliament on 13 September 2017
- Annual Growth Survey
- Recommendation for a Council Recommendation on the economic policy of the Euro area
- Alert Mechanism Reports
- Communication on draft budgetary plans submitted by Euro area states
- A proposal to amend the Employment Guidelines to ensure consistency with the European Pillar of Social Rights
- Draft Joint Employment Report

In relation to the aims of the research project *Public Service Trade Unions – Effective Intervention in the European Semester* (EFISTU) some of these elements are more significant than others and in the following section an analysis is provided of the key issues raised by the Autumn package, with a specific focus on two key documents – the Annual Growth Survey (European Commission, 2017a) and the draft Joint Employment Report (European Commission, 2017b).

Annual Growth Survey

The Annual Growth Survey (AGS) sets out “the economic and social priorities for the European Union and its Member States for the year ahead” (European Commission 2017, p.2). It commits to the ‘virtuous triangle’ of increasing investment, structural reform and ensuring responsible fiscal policies. The 2018 AGS represents a generally positive picture of recovery from crisis, with growth across the EU increasing and unemployment decreasing. Investment is presented as ‘recovering’ and public finances are ‘improving’. The theme of ‘recovery’ is central to President Juncker’s ‘State of the EU’ speech in which he asserts *‘we are now in the fifth year of a recovery that really reaches every Member State’* (Juncker, 2017). However, across a range of sources it is important to highlight the significant variations in experience *between* Member States. Economic crisis reversed the trend towards greater equality between EU countries, and as the recovery continues significant inequalities have emerged.

The AGS sets out a number of priorities to support enhanced investment, structural reform and fiscal responsibility. Some of these priorities with a particular relevance to public services are highlighted below.

With regard to investment the AGS acknowledges the importance of strong and efficient public institutions. It recognises for example that *“the use of EU funds is more effective in Member States with strong coordination and planning structures”* (European Commission, 2017a, p. 4). The AGS makes the case for investment in a range of public services, although the commitment is presented with significant caveats relating to sustainability and affordability. The AGS argues for investment in

high quality education, training, labour productivity growth and active labour market policies are ‘crucial’ and that *‘empowering people and integrating them in the labour market . . . remains the best vehicle out of poverty and social exclusion’* (European Commission, 2017a, p. 6). The report reiterates that *‘Europeans need affordable, accessible and quality services’* (p. 6) and identifies childcare, education, training, health, housing and long-term care as essential to securing equality of opportunity.

Structural reforms are identified as ‘essential’ (p. 6) if EU economies are to develop resilience in the face of exogenous shocks and to be able to adapt to long-term structural changes. Developing ‘resilience’ is a recurring theme and seen as pivotal to avoiding negative performance in one Member State adversely impacting other economies. This is recognised as a significant issue in the Euro zone where levels of interdependence are inevitably higher.

Recent years have shown how the lack of resilience in one or several euro area economies can have significant and persistent effects on income and employment in the countries concerned, in other countries and in the euro area as a whole.

(European Commission, 2017a, p. 7)

Much of the emphasis on structural reforms is about developing more efficient and flexible markets although there is a significant focus on the social dimension especially in relation to the labour market. Recommendations relating to structural reforms are arranged under five main categories:

- Promoting well-functioning labour markets and modern welfare systems
- Equal opportunities and access to the labour market
- Job creation and fair working conditions
- Social protection and inclusion to tackle inequality and poverty
- Innovation and competitiveness

(European Commission, 2017a, pp. 8-12)

The focus on social dimensions reflects in part the increased priority that is reflected in the establishment of the European Pillar of Social Rights (indeed some of the language used is the same) and the Commission’s commitment to a ‘Triple A’ social rating (European Commission 2016). However, the detail developed within each category often provides interesting insights into how ‘problems’ are framed, and therefore what solutions might be considered appropriate.

The report argues that *‘Member States should ensure the sustainability and adequacy of pensions systems for all’* (European Commission, 2017a, p. 11) and this is clearly a priority. However, the focus on ‘sustainability’ results in several references to ensuring that pension commitments are considered manageable. Member States are urged to *‘put in place measures to ensure the sustainability of public pension systems, even under adverse conditions’* (p. 11) and the report cites raising retirement ages, reducing early retirement options and *‘supporting other complementary means of retirement incomes’* (p. 11) as examples of policies that enhance sustainability. The report goes on to assert that where policies such as

those cited have already been introduced '*Flanking policies should be adopted to ensure that reforms were not reversed.*' (p. 11)¹.

Similar issues are raised in relation to health and long-term care where exhortations to provide equal access to quality services are often accompanied by commitments to '*enhance their cost-effectiveness, enhance their fiscal sustainability and ensure quality affordable access.*' (p. 11)

In relation to 'responsible fiscal policies' the AGS notes that the fiscal situation faced by different Member States can vary appreciably and that, for example, '*persisting high levels of public debt in several Member States have not yet been resolved*' (European Commission, 2017a, p. 12). The report notes the following, suggesting continued emphasis on a restrictive fiscal policy in many Member States:

Affected Member States are likely to face higher financing costs once monetary policy accommodation is reduced, especially in the euro area. These higher financing costs would require additional fiscal efforts to contain an increase in debt ratios. It is time to take action to prevent even higher debt financing costs in the future and to build up fiscal buffers to help our economies to be more resilient to shocks and to create space for increased investment. The EU economic governance framework provides clear rules for the Member States, while at the same time allowing for flexibility where it is needed and justified. (European Commission, 2017a, p. 12)

This illustrates the continued focus on tight public money as fiscal responsibility and, in turn, the role of the European Semester in reinforcing this.

The AGS recognises that low financing costs may make it appropriate to 'front load' public investment projects, but argues that across the euro area as whole '*a broadly neutral fiscal stance would be appropriate*' (European Commission, 2017a, p. 13) for 2018. So-called 'highly indebted countries' are urged to further reduce public debt and 'rebuild [...] fiscal buffers' (p. 13) but it is also recognised that in some Member States public investment should be 'safeguarded and even increased' in order to strengthen growth potential across the euro area.

The Survey makes frequent references to improving the 'quality', 'efficiency' and 'composition' of public spending in order to secure value for money. It argues that this process is supported by formal Spending Reviews conducted in some Member States and this model is recommended for use more widely in order to drive value for money and efficiency in public expenditure.

In assessing the Annual Growth Survey there is no doubt that social priorities feature prominently, and this was also reflected in President Juncker's 'State of the European Union' address (Juncker, 2017). As has been pointed out elsewhere (Wilkinson, 2019), the relationship between the social and the economic is complex in the European Union as social policy is seen as integral to economic policy. This

¹ Further details of the Commission's assessment of issues of pension system sustainability can be found in the European Semester Thematic Factsheet on '*Adequacy and Sustainability of Pensions*' - https://ec.europa.eu/info/sites/info/files/european-semester_thematic-factsheet_adequacy-sustainability-pensions_en.pdf

therefore is not a simple question of ‘rebalancing’ the zero-sum approach that this implies, but rather it requires a more detailed analysis of what ‘the social’ in EU policy looks like and what forms it takes. Within the AGS social priorities do receive prominence, as does a commitment to developing social dialogue as necessary for the effective implementation of recommendations.

Social partners are essential stakeholders in the reform process. The timely and meaningful involvement of social partners in the design, sequencing and implementation of reforms can improve ownership, impact and delivery. New forms of social dialogue, collective organisation and bargaining need to be developed to meet the challenges posed by new forms of work.

(European Commission, 2017a, p. 9)

The AGS concludes that given the formal proclamation of 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*’ (European Commission, 2017a, p.14) and which should be reflected in policies adopted by all Member States.

Draft Joint Employment Report

The draft Joint Employment Report (JER) (European Commission, 2017b) has for some time been a key element of the European Semester Autumn Package but it has assumed increased significance from 2018 as it represents the principal mechanism by which the European Pillar of Social Rights (EPSR) (European Commission, 2017c) is embedded within EU governance. In November 2017 the European Commission proposed an amendment to the *Employment Guidelines* which shape the content of the JER and ensured that the revised guidelines aligned the principles underpinning the Guidelines and those contained in the EPSR.

Given the relevance of these principles for the coordination of structural policies, the employment guidelines are [to be] aligned with the European Pillar of Social Rights principles.

(European Commission, 2017d, p. 4)

The Joint Employment Report provides an annual overview of the main employment and social developments in the EU and is presented in draft form as part of the Autumn Package. It is discussed by the European Council’s Employment and Social Protection Committees with an expectation that a final version is adopted by EPSCO (Employment Social Policy, Health and Consumer Affairs) Council in March of the following year. The analysis presented here is based on the draft report that was published as part of the Autumn Package in November 2017.

The 2018 JER provides the same broadly positive analysis that underpins the Annual Growth Survey. In relation to employment it points out that job creation has ‘picked up’ and that employment is expanding. The report points out that on 11 of the 14 EU-wide indicators of the Social Scoreboard the trend had been an improving one and that in two areas, the data had been stable. Only one (impact of social transfers on poverty reduction) had deteriorated. However, it is important to note that these are average figures and that they conceal significant differences between Member

States. For example, unemployment in 2017 in the Czech Republic was 3.1% and 3.8% in Germany, but in Greece it was 21.6%. The report further reveals that striking inequalities persist, for example in relation to young people and unemployment, or in relation to women and pay and pension equity.

The report also highlights that participation in social dialogue by social partners is also uneven across the Member States:

The degree and impact of social partners' involvement in the design and implementation of relevant reforms varies considerably among EU countries. This is largely due to a diversity of practices and institutional settings in the different Member States, and to varying social partners' capacities and contributions. Whereas there is no single model that serves as a reference, it is important that social partners are actively involved at all stages of policy making and implementation, in line with the European Pillar of Social Rights.

(European Commission, 2017b, p. 10)

For the first time in 2018, the Joint Employment Report includes an assessment of Member States in relation to the European Pillar of Social Rights (which replaces the economic and social indicators that were agreed in 2013).

The Scoreboard acts as a monitoring mechanism for assessing Member State 'convergence towards better working and living conditions'. Scores relate to the three key themes of the EPSR, and within them, the list of 14 separate 'headline indicators'. Levels, and changes, in the Scoreboard are based on (unweighted) EU averages after which levels and changes are combined (using a pre-determined matrix) so that each Member State can be allocated to one of seven categories for each indicator. The scores range from 'best performers' to 'critical situations' (a full list is provided in the Joint Employment Report, European Commission, 2017b, p. 20) The JER provides a summary of the outcomes in Table 1 (European Commission, 2017b, p. 25).

The Joint Employment Report asserts that '*The Scoreboard depicts an improving labour market situation for the EU as a whole*' (European Commission, 2017b, p. 21), but it also states '*The situation of Member States remains scattered and the severity of challenges varies widely across Member States*' (p. 22). Seventeen Member States have at least one 'critical situation' and across the 14 headline indicators 50 'critical situations' are identified (13% of all assessments). If 'problem' categories are defined as the lowest three assessments ('critical situation', 'to watch' or 'weak but improving') then approximately one-third of all assessments (129 in total) are in these three categories.

Across the three main themes of the EPSR the theme identified as 'Public support/Social Protection and Inclusion' is identified as facing the most difficulties with an average of 11.8 'problems' for each area. The single area identified as most problematic is 'Impact of social transfers on poverty reduction' with this being identified 13 times and five countries being 'critical'. The other two dimensions of the EPSR flag problems less frequently, although scores remain high ('Equal opportunities and access to the labour market' averages 9.0 problem flags per indicator and 'Dynamic labour markets and fair working conditions' averages 8.8). The single most problematic indicator against each of these dimensions is the

‘gender employment gap’ (Equal opportunities and access to the labour market) and ‘compensation of employees per hour worked’ (Dynamic labour markets and fair working conditions).

As indicated, the Scoreboard points to a broad improvement across the EU, as the economic situation improves, but significant differences remain between countries. Only six Member States avoid being flagged as problematic across all headline indicators (Denmark, Germany, France, the Netherlands, Sweden and the United Kingdom), while Bulgaria, Greece, Italy and Romania receive the lowest three assessments against at least 10 indicators.

These assessments are significant as they feed directly into later stages of the European Semester, initially through the Country Reports, and then potentially into Country Specific Recommendations. This relationship is described in the Joint Employment Report.

the forthcoming country reports will provide an in-depth analysis of all ‘critical situations’ and additional socio- economic background to better qualify country-specific challenges in the context of the European Semester. This will provide an analytical basis for the subsequent Commission proposals for Country Specific Recommendations where appropriate.

(European Commission, 2017b, p. 21)

Public service trade unions’ response to the Autumn Package

Much of the trade union response to the Annual Growth Survey and the Autumn Package is co-ordinated through the European Trade Union Confederation (ETUC). Prior to the commencement of the Autumn Package process the ETUC had already identified two areas it considered problematic (ETUC, 2017a). The first concern was that levels of investment continued to be inadequate and that this impacted on key issues such as growth, employment and wages. The second was that social dialogue in relation to the European Semester remained inadequate. This had already been identified as a major issue in a motion passed by ETUC in 2016 (ETUC, 2016).

Following publication of the AGS documents the ETUC Deputy General Secretary Katja Lehto-Komulainen reiterated ETUC’s concerns about inadequate levels of investment:

There is a need for fiscal space to boost investment – precisely in the areas that the Commission correctly identified to implement the European Pillar of Social Rights, to tackle poverty, improve skills, and reduce inequalities including the gender pay gap. (ETUC, 2017b)

Concerns about investment were echoed by both the major trade union organisations representing public service and education workers in the European Union – the European Public Service Union (EPSU) and the European Trade Union Committee for Education (ETUCE) respectively. EPSU recognised and welcomed the increased focus on the social dimension in the European Semester, however in its response to the AGS it asserted that ‘the Commission fails to understand the need, more urgent than ever, to boost public investment’ (EPSU, 2017). It pointed out

that public investment stood at 2.7% of GDP across the EU – the lowest level for ten years.

ETUCE similarly welcomed the focus on social commitments and the key role of education within that. ETUCE's response highlighted the centrality of education for boosting skills and enhancing fairness, but pointed out that education expenditure had been disproportionately impacted after the crisis and that there was evidence that any improvement in education investment was lagging behind other sectors of the economy. ETUCE's response stated 'the case for investing in universal, free, high-quality education could not be more compelling' (ETUCE, 2017).

The Winter Package

The European Semester's 'Winter Package' includes the Country Reports (published on 7 March 2018). These also contain, where relevant, In-Depth Reviews (IDRs) which are a direct consequence of decisions, and categorisations, made in the Alert Mechanism Report from the Autumn Package.

Echoing themes presented in the Autumn Package (including President Juncker's 'State of the European Union' address) the Commission makes the case for a 'positive economic outlook' in which the EU economy is 'expanding robustly' (European Commission, 2018), although it acknowledges that benefits are being experienced 'unequally'. It also argues that 'structural weaknesses' in some Member State economies continue to act as a brake on progress.

The 2018 Country Reports are the first opportunity to integrate the aims of the European Pillar of Social Rights fully into the European Semester. The Commission asserts '*For the first time, the Country Reports are mainstreaming the priorities of the European Pillar of Social Rights*' (European Commission, 2018). Within the overall ambitions of the EPSR a number of specific priorities are identified. The Commission's own press release states:

A specific focus is put this year on analysing skills challenges and how safety nets operate at national level.

At the same time Commissioner Thyssen, in charge of Employment, Social Affairs, Skills and Labour Mobility asserted (from European Commission, 2018):

We have put investing in skills, reducing inequalities, social fairness and inclusive growth on top of the agenda.

Given these priorities the Commission concludes that 'areas of particular concerns in some Member States' include:

- Provision of adequate skills
- Persistent gender employment gap
- High labour market segmentation and risk of in-work poverty
- Low impact of transfers on poverty reduction
- Sluggish wage growth
- Ineffective social dialogue

One of the functions of the Country Reports is to monitor the progress of Member States when implementing previous Country Specific Recommendations. In the Winter Package 2018 the Commission states that 'some progress' has been made by Member States in relation to two-thirds of CSRs.

The central importance of the Macroeconomic Imbalance Procedure within the European Semester is highlighted by the focus in the process on those countries identified in the Alert Mechanism Report (AMR) as requiring In-Depth Reviews (IDRs). The November AMR had identified 12 countries for IDRs (i.e. has having imbalances or excessive imbalances), and within the Winter Package the country

categorisations are re-assessed. As a result of this process the following assessments were made.

| Assessment | Member States |
|----------------------|--|
| Excessive Imbalances | Croatia, Cyprus, Italy |
| Imbalances | Bulgaria, France, Germany, Ireland, the Netherlands, Portugal, Spain and Sweden [Bulgaria, France and Portugal re-categorised from 'excessive imbalances'] |
| No imbalances | Slovenia [re-categorised from having 'imbalances'] |

Country Specific Recommendations 2018 – analysis

The 2017-2018 Country Specific Recommendations (CSRs) were first published as drafts on 23 May 2018 and then in final form on 15 June 2018. The recommendations follow a similar format to previous years although the Commission's commitment to present fewer recommendations per country, in order to aid prioritisation, is clearly visible. CSRs are provided for 27 countries (Greece remained outside of the Semester process and was subject to separate arrangements). Across the 27 Member States there were 71 recommendations (average per country = 2.6). One country received five recommendations (Cyprus) and two countries received four (Croatia and Italy), while two countries (Denmark and Sweden) received only a single recommendation.

The focus on fewer CSRs is also reflected in a simpler format with CSRs typically being shorter and more focused than previous years. However, there continue to be 'omnibus' CSRs which can be deceptively short, while urging actions in relation to some significant, and sometimes diverse, issues.

What follows is a thematic analysis of the 2018 CSRs, based on identifying issues relevant to public services and the wider notion of the European 'social model' (Scharpf, 2002). Any such analysis inevitably encounters a number of methodological difficulties when it comes to identifying particular themes and seeking to attach suitable descriptors. CSRs are not automatically attached to particular Directorates of the European Commission and can be problematic to label in any formal sense. Nor are CSRs attached, in any direct way, to the EPSR Scoreboard. Any attempt to categorise CSRs therefore inevitably involves judgements that may be contested and this caveat needs to be borne in mind when assessing the following analysis.

Given the European Semester's concern with economic governance and the maintenance of 'fiscal responsibility' a significant number of countries receive an opening CSR focused on ensuring tight budgetary control and fidelity to EU fiscal rules. For example, 11 of the 27 reports containing the CSRs identify limits for the nominal growth rates for net government expenditure, corresponding to annual structural adjustments of between 0.5% (Slovakia) and 0.75% (Hungary) of GDP. Other countries receive recommendations in a similar vein, although not all Member States receive any recommendations relating to fiscal management. Two Member States (Germany and the Netherlands) are encouraged to increase public spending on education, research and innovation (Germany) and research and development and innovation (the Netherlands). Such exhortations are couched with clear expectations that any such expenditure will stay within EU rules (*'While respecting the medium-term objective, use fiscal and structural policies to achieve a sustained upward trend in public and private investment'*² is the wording common to both reports).

² In the following sections direct quotes are from the Country Specific Recommendations of the relevant country. CSRs for all countries can be downloaded from https://ec.europa.eu/info/publications/2018-european-semester-country-specific-recommendations-council-recommendations_en

Pensions and retirement

In the 2017-2018 Semester cycle the clear stand out issue is pension policy, and the potential need for reform to ensure pension 'sustainability' and 'resilience' (an issue identified by the European Commission within the Semester as one requiring particular attention – European Commission, n.d.). Sixteen Member States received recommendations about pensions policy with only two countries (Estonia and Latvia) being urged to improve provision but without any reference to wider questions of sustainability. Pension sustainability clearly emerges as a priority issue with recommendations frequently highlighting the need to raise the age of retirement and/or limit access to early retirement schemes. Typical CSRs of this type include the following:

...discourage early retirement, accelerate the transition to a higher statutory retirement age and align pension provisions for specific categories with the rules of the general scheme

(Croatia, Recommendation 2)

...improve long-term fiscal sustainability, in particular of the pension system

(Czech Republic, Recommendation 1)

...reduce the share of old-age pensions in public spending to create space for other social spending

(Italy, Recommendation 1)

In some instances, pension recommendations make reference to remedying inadequate provision, but these are also tied to issues of sustainability. For example, Lithuania is recommended to '*address the adequacy of the pension system*' while also ensuring its long- term sustainability (Lithuania, Recommendation 1).

Health and long-term care

Recommendations that raise concerns about the impact of public services on public expenditure and long-term sustainability are also evident in CSRs focused on health services and long-term care, although in these areas the details of the CSRs are more diverse. For example, 12 countries receive recommendations relating to health services, with half of these raising issues of sustainability. Latvia received a recommendation to improve the '*accessibility, quality and cost-effectiveness*' of its health care system, while Ireland was recommended to:

...address the expected increase in age-related expenditure by increasing the cost-effectiveness of the health care system and by pursuing the envisaged pension reforms.

(Ireland, Recommendation 1)

The linking of health care sustainability with pensions (and sometimes long-term care) is not unique to Ireland but features in relation to other countries too, for example Austria and Malta.

In most health care related CSRs the recommendation can be described as open and general. Countries are encouraged to improve 'access' or 'cost effectiveness'. The mechanisms to achieve such goals are rarely specified. However, in two cases in 2018 countries received health care related CSRs providing quite specific details. For

example, Lithuania was recommended to improve the performance of its health care system (in terms of quality and affordability) to be achieved in part by shifting hospital to outpatient care and also improving disease prevention programmes. Romania was similarly recommended to expand its outpatient care as a means to improve health care access. In two other cases (Bulgaria's *National Health Strategy* and Slovenia's *Healthcare and Health Insurance Act*), countries are recommended to fully implement existing reforms programmes, while in Bulgaria and Slovakia specific recommendations are made in relation to the health care workforce (address staff shortages in the former and '*develop a more effective healthcare workforce strategy*' in the latter).

The issue of long-term care features less prominently than health care (three countries), with two countries receiving recommendations that focus on questions of long term care and financial sustainability. The presence of this issue reflects concerns raised in several elements of the Autumn package about demographic shifts, the consequences of ageing populations and, in a related context, the growing possibility of inter-generational unfairness.

Education and training

As in previous years education-related CSRs feature prominently, although the frequency and form of such CSRs has shifted somewhat to simpler, and often more general, recommendations. By far the highest priority can be considered vocational education reform and the commitment to increase 'labour market relevance' (which has an obvious implication for technical and vocational education and training (TVET) sector but is not exclusive to it).

Fourteen countries received recommendations broadly relating to vocational education and these align with the EU's stated commitment to focus on skills development as a key priority within the EPSR – the word 'upskilling' is used in several recommendations. Latvia's recommendation to '*increase the labour-market relevance of vocational education and training*' can be considered typical of recommendations of this type. Poland for example is recommended to '*foster labour market relevant skills*' through adult learning, while Portugal receives a recommendation to improve skills by strengthening the training component in adult qualifications. Cyprus is urged to:

Complete the reform of the education and training system, including teacher evaluation and actions to increase the capacity of vocational education and training.
(Cyprus, Recommendation 5)

Rather fewer recommendations are focused on general education (seven countries) with the range of issues being quite diverse. Concerns about quality of outcomes and equity are identified in some cases. For example, Spain receives a recommendation as follows:

Reduce early school leaving and regional disparities in educational outcomes, in particular by better supporting students and teachers.'
(Spain, Recommendation 2)

Concerns relating to equity issues are identified in particular in relation to the needs of migrant and Roma children although the ‘slimming down’ of CSRs may account for why these issues feature less prominently than in recent years. Bulgaria, Hungary, Romania and Slovakia all receive recommendations (similarly worded) relating to the inclusion of Roma children into mainstream education. The recommendation received by Slovakia can be considered typical:

Improve the quality and inclusiveness of education, including by increasing the participation of Roma children in mainstream education from early childhood onwards.
(Slovakia, Recommendation 2)

As with health care a small number of education-related CSRs are focused specifically on the sector’s workforce. Cyprus provides one example (relating to teacher evaluation, see above), while the Czech Republic offers another:

Strengthen the capacity of the education system to deliver quality, inclusive education, including by promoting the teaching profession.
(Czech Republic, Recommendation 2)

Early childhood education and care

Four countries receive CSRs focused on the development of early childhood education and care (ECEC). In three of these instances (Italy, Poland, Slovakia) the recommendations are clearly linked to improving women’s participation in the labour market. For example, Italy is encouraged to increase female participation in the labour market by ‘*rationalising family support services and increasing the coverage of childcare facilities*’ (Italy, Recommendation 4), while Slovakia receives a recommendation to ‘*Foster women’s employment, especially by extending affordable, quality childcare*’ (Slovakia Recommendation 2). Only the Republic of Ireland’s implementation of its existing commitment to improve childcare provision is not explicitly linked to increasing women’s labour market participation.

Higher education and research

Similar to some other areas identified above, recommendations focused specifically on universities and higher education are less common than in previous years. Several countries receive general recommendations urging increases in research, although universities are typically not mentioned directly. A number of recommendations refer to improving ‘knowledge transfer’ with universities appearing to be the implicit target. Strengthening links between public universities and private business has been a strong message in recent Semester cycles and is reflected in the 17-18 process although less prominently. For example, France is urged to strengthen the knowledge transfer between ‘*public research institutions and firms*’, while Ireland received the following recommendation:

Foster the productivity growth of Irish firms, and of small and medium enterprises in particular, by stimulating research and innovation with targeted policies, more direct forms of funding and more strategic cooperation with foreign multinationals, public research centres and universities.
(Republic of Ireland, Recommendation 3)

Belgium and Portugal receive specific recommendations urging them to increase the throughput of graduates studying science, technology, engineering and maths (STEM) subjects.

Other public service issues

The issues identified above can be considered the ‘dominant themes’ of the European Semester in relation to public services and the social dimension of the European Semester. However, a significant number of other issues are raised through CSRs, although with less frequency.

Several countries receive generic recommendations to improve the efficiency of public services and public administration. These include Austria, Belgium, Bulgaria, Croatia, Cyprus, Italy, Latvia, Poland and Spain. In several cases the CSRs are often quite general: for example; Austria received a recommendation to ‘*Make public services more efficient, including through aligning financing and spending responsibilities*’. In contrast, Belgium is specifically urged to adopt a system of spending reviews, which the Commission has discussed approvingly elsewhere in the European Semester process (see the Annual Growth Survey):

Improve the efficiency and composition of public spending at all levels of government to create room for public investment, in particular by carrying out spending reviews.
(Belgium, Recommendation 1)

Bulgaria, Croatia, Cyprus, Italy, Latvia, Poland and Spain are also countries that receive CSRs recommending improvements in public sector efficiency. In some countries (Cyprus, Portugal, Slovakia) there are linked recommendations relating to reforms of judicial processes and the perceived need to rationalise and expedite aspects of the legal system seen as unnecessarily bureaucratic. For example, Portugal is urged to ‘*increase the efficiency of administrative courts, inter alia, by decreasing the length of proceedings*’ (Portugal, Recommendation 3).

As a system of economic governance, the European Semester does not explicitly aim to balance public and private sectors in any specific way, but rather it seeks to ensure that Member States’ public finances function within the parameters determined by the Stability and Growth Pact. It may be argued, however, that in acting as the compliance mechanism of the SGP the European Semester acts to curb public spending and investment, which then, *ipso facto*, encourages the displacement of public sector activity by private sector activity. This is a complex issue that requires detailed analysis. However, at this stage it is important to highlight that three countries receive CSRs directly relating to the privatisation of public assets.

Intensify the sale of state-owned enterprises
(Croatia, Recommendation 4)
Resume the implementation of privatisation projects
(Cyprus, Recommendation 4)
Carry out the privatisations in line with existing plans
(Slovenia, Recommendation 2)

In all these instances the recommendations can be seen as exhortations to pursue policies already commenced by Member States. As such they exemplify how CSRs rarely impose recommendations crudely on Member States, but rather policies at national level emerge as a complex mix of both EU and national level influence.

Other areas of public service provision feature only intermittently in the 17-18 Semester recommendations. For example, four countries receive recommendations relating to housing policy (Ireland, the Netherlands, Sweden and UK) but in all cases the recommendations focus on liberalising the regulatory frameworks in order to enhance private sector provision of new housing and expand the private rented market. There are no recommendations relating to the expansion of public sector and social housing, or to directly address issues such as homelessness. Housing is one of the 20 principles underpinning the EPSR, but is not listed in the 14 headline indicators used to assess Member States' performance on the EPSR Scoreboard.

Issues such as energy, transport, water and waste management feature in isolated instances, often part of recommendations focused on particular priorities of individual countries – see for example Ireland's recommendation to:

...ensure the timely and effective implementation of the National Development Plan, including in terms of clean energy, transport, housing, water services and affordable, quality child care.
(Republic of Ireland, Recommendation 2).

Social partners and social dialogue

Most of the above recommendations relate to 'outcome recommendations' in that they encourage courses of action intended to secure improved results in a given area (improved quality education or access to health care). In contrast, and less common, some recommendations might be categorised as 'process recommendations' as they refer to *how* changes might be affected. For example, several recommendations relate to governance procedures in public services while others make reference to the need to involve social partners and develop social dialogue.

Germany and the Netherlands are recommended to '*create conditions to promote higher wage growth*', but it is recognised that social partners need to be part of that conversation as wage determination is legitimately an outcome of social dialogue within the relevant Member States. Croatia and Portugal are both recommended to engage social partners in discussions about proposed changes to harmonise public sector wage setting frameworks (Croatia) and potential changes in labour law frameworks (Portugal). In two countries, Hungary and Romania, recommendations refer to a general need to improve the quality of social dialogue:

Improve the quality and transparency of the decision-making process through effective social dialogue and engagement with other stakeholders and by regular, adequate impact assessments.
(Hungary, Recommendation 2)

Improve the functioning of social dialogue.
(Romania, Recommendation 2)

The 2017-2018 European Semester and the European Pillar of Social Rights

The claim of the European Commission is that where countries are identified as facing a 'critical situation' in relation to any of the 14 headline indicators in the EPSR Scoreboard a Member State is likely (but not inevitably) to receive a Country Specific Recommendation in relation to that area. Tracing CSRs back to the EPSR Scoreboard cannot be a simple process as there is no formal means by which any CSR is explicitly linked to the EPSR Scoreboard, but in the table below there is an attempt to identify links where they exist. In the table where the response is 'None' the judgement is that there is no CSR that directly or closely corresponds to that headline indicator for that country – it is not claiming that there are no CSRs that may have some impact on the relevant headline indicator. These results are an attempt to provide a 'best match' recognising this requires a significant element of judgement involved.

The data are presented in three tables, each relating to the three key social domains in the EPSR and the 'headline indicators' that sit within them.

Table 1 Labour market equal opportunities

| Headline indicators | 'Critical situations' | CSR(s) |
|--|-----------------------|---|
| Share of early leavers from education and training, age 18-24 | ES | Reduce early school leaving and regional disparities in educational outcomes, in particular by better supporting students and teachers. |
| | MT | None |
| | PT | None |
| | RO | Improve upskilling and the provision of quality mainstream education, in particular for Roma and children in rural areas. |
| Gender gap in employment rate, age 20-64 | IT | Encourage labour market participation of women through a comprehensive strategy, rationalising family-support policies and increasing the coverage of childcare facilities. Increase participation in vocational- oriented tertiary education. |
| | MT | None |
| | RO | None |
| Income inequality measured as quintile share ratio S80/S20 | BG | Introduce a regular and transparent revision scheme for the minimum income and improve its coverage and adequacy. |
| | ES | Improve family support and increase the effectiveness of income guarantee schemes, by addressing coverage gaps, simplifying the system of national schemes and reducing disparities in access conditions to regional ones. |
| | LT | Reduce taxation for low-income earners by shifting it to other sources, particularly capital and property, and by improving tax compliance. Improve the adequacy of minimum income benefits, minimum old-age pensions and income support for people with disabilities. |
| At risk of poverty or social exclusion (AROPE) | BG | Introduce a regular and transparent revision scheme for the minimum income and improve its coverage and adequacy. |
| | RO | Complete the minimum inclusion income reform. Ensure minimum wage setting based on objective criteria. |
| Young people neither in employment nor in education or training (NEET) age 15-24 | BG | Improve the provision of quality inclusive mainstream education, particularly for Roma and other disadvantaged groups. |
| | CY | Complete reforms aimed at increasing the capacity and effectiveness of the public employment services and reinforce outreach and activation support for young people who are not in employment education or training. |
| | HR | Deliver on the reform of the education and training system to improve its quality and labour market relevance for both young people and adults. |
| | RO | Improve upskilling and the provision of quality mainstream education, in particular for Roma and children in rural areas. |

Table 2 Fair working practices

| Headline indicators | 'Critical situations' | CSR(s) |
|--|-----------------------|--|
| Employment rate, age 20-64 | HR | Deliver on the reform of the education and training system to improve its quality and labour market relevance for both young people and adults. Discourage early retirement, accelerate the transition to a higher statutory retirement age |
| | IT | Step up implementation of the reform of active labour market policies to ensure equal access to effective job-search assistance and training. Increase participation in vocational- oriented tertiary education. |
| Unemployment rate, age 15-74 | None | |
| Participants in active labour market policies per 100 persons wanting work | BG | Increase the employability of disadvantaged groups by upskilling and strengthening activation measures. |
| | EE | None |
| | HR | None |
| | LU | Improve the quality, efficiency and labour market relevance of education and training, including adult learning. |
| | RO | None |
| | SI | Increase the employability of low-skilled and older workers through lifelong learning and activation measures. |
| Gross disposable income of households in real terms, per capita | CY | None |
| Compensation of employees per hour worked, in euro | HU | None |
| | PL | remove remaining obstacles to more permanent types of employment. |

Table 3 Social protection and inclusion

| Headline indicators | 'Critical situations' | CSR(s) |
|---|-----------------------|---|
| Impact of social transfers (other than pensions) on poverty reduction | BG | Introduce a regular and transparent revision scheme for the minimum income and improve its coverage and adequacy. |
| | IT | Encourage labour market participation of women through a comprehensive strategy, rationalising family-support policies and increasing the coverage of childcare facilities. |
| | LT | Improve the adequacy of minimum income benefits, minimum old-age pensions and income support for people with disabilities. |
| | RO | Complete the minimum inclusion income reform. |
| Children aged less than 3 years in formal childcare | CZ | None |
| | PL | Take steps to increase labour market participation, including by improving access to childcare |
| | SK | Foster women's employment, especially by extending affordable, quality childcare. |
| Self-reported unmet need for medical care | EE | None |
| | IT | None |
| | PL | None |
| | RO | Improve access to healthcare, including through the shift to outpatient care. |
| Share of population with basic overall digital skills or above | BG | Improve the provision of quality inclusive mainstream education, particularly for Roma and other disadvantaged groups. [no specific reference to digital skills] |
| | RO | Improve upskilling and the provision of quality mainstream education, in particular for Roma and children in rural areas. [no specific reference to digital skills] |

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