



closing gaps in European social citizenship

***Analysing the Implementation of the EPSR Through
the European Semester***

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- i) to advance the knowledge base that underpins the formulation and implementation of relevant policies in Europe with the aim of exercising the EU social rights as an integral part of EU citizenship and promoting upward convergence, and
- ii) to engage with relevant communities, stakeholders and practitioners in the research with a view to supporting social protection policies in Europe. Contributions to a dialogue about these results can be made through the project website euroship-research.eu, or by following us on Twitter: @EUROSHIP_EU.

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Table of Contents

List of Tables	4
Abbreviations	5
1. Introduction	6
2. Assessing the Relevance of the Pillar in the European Semester	8
2.1. The European Semester in brief	8
2.2. Assessing the relevance of the Pillar in the Annual Growth Survey.....	10
2.3. Assessing the relevance of the Pillar in the CSRs.....	14
3. Assessing the Relevance of the Pillar at the National Level	23
3.1. Estonia	23
3.2. Germany	27
3.3. Hungary	31
3.4. Italy.....	35
3.5. Spain	41
4. Conclusions	46
References	49

List of tables

Table 1. References to the EPSR in the Annual Growth Survey	13
Table 2. The 2018 Social Scoreboard	16
Table 3. The 2019 Social Scoreboard	16
Table 4. The 2020 Social Scoreboard	20
Table 5. The 2022 Social Scoreboard	20
Table 6. Principles of the EPSR in the CSRs	21
Table 7. Estonia's progress in implementing the social CSRs	25
Table 8. Germany's progress in implementing the social CSRs	29
Table 9. Hungary's progress in implementing the social CSRs	33
Table 10. Italy's progress in implementing the social CSRs	38
Table 11. Spain's progress in implementing the social CSRs	44

Abbreviations

AGS	Annual Growth Survey
AT	Austria
BE	Belgium
BG	Bulgaria
CR	Country Reports
CSR	Country Specific Recommendations
CY	Cyprus
CZ	Czechia
DE	Germany
DK	Denmark
EC	European Commission
EE	Estonia
EL	Greece
EP	European Parliament
EPSR	European Pillar of Social Rights
ES	Spain
EU	European Union
FI	Finland
FR	France
HR	Croatia
HU	Hungary
IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MEP	Member of the European Parliament
MP	Member of the Parliament
MS	Member States
MT	Malta
NL	Netherlands
PL	Poland
PT	Portugal
RO	Romania
RRF	Resilience and Recovery Fund
RRP	Resilience and Recovery Plan
SE	Sweden
SK	Slovakia
SL	Slovenia
SURE	European Unemployment Benefit Reinsurance Scheme

1. Introduction

Launched in 2010 within the framework of the Europe 2020 strategy, the European Semester constituted the new EU's governance tool aimed at promoting a stronger socio-economic coordination. However, more than a decade later, the literature remains divided on whether and to what extent the Semester has strengthened the EU social dimension and favoured upward social convergence across MS.

On the one hand, some scholars argued that the Semester has reinforced the structural bias towards the subordination of social to economic governance (Copeland and James 2013, Degryse *et al.* 2014; Dawson, 2018; Costamagna 2018; Jordan *et al.* 2020), in fact pointing to the prevalence of austerity-oriented structural reforms and a limited focus on social policies especially before the launch of the European Pillar of Social Rights in 2017.

On the other, several contributions actually pointed at partial and gradual “socialization” of the Semester (Zeitlin and Vanhercke 2014; 2017; Jessoula 2015; Sabato *et al.* 2018; Verdun and Zeitlin 2018; Vanhercke *et al.* 2021): after the neglect of the social dimension in the first Semester cycles, the new governance mechanism has contributed to raise attention on the social dimension and, some scholars argue, it has also promoted upward social convergence among MS - thus leading to more balanced mix between social investment and social protection prescriptions, on the one hand, and economic integration on the other. At the same time, this strand of literature observes an increase in the share of social CSR and a greater involvement and influence of social actors in the European Semester process (Bekker 2018; Vanhercke *et al.* 2021; Vesan *et al.*, 2021), and a more visible and authoritative role of EU institutions in monitoring, evaluating and guiding national social policies (Jessoula and Madama 2018; Verdun and Zeitlin 2018).

Yet, some scholars raise concerns about the effectiveness of these “soft” policy coordination, arguing that since they hardly produce any binding commitments, their successful implementation also depends on domestic political feasibility (cf. Copeland and Daly 2014; Jessoula and Madama 2018; Vanhercke *et al.* 2020; Brooks *et al.* 2021; Raitano *et al.* 2021; Bekker 2021).

More recent contributions show that the EPSR represented a major shift in EU's priorities and governance framework in the social sphere, contributing to the rebalancing of the Semester towards social policy objectives (Vanhercke *et al.* 2018; 2020; Sabato and Corti 2018; Adranghi *et al.* 2019; Pochet 2020; Garben 2020). These scholars see the EPSR as a new attempt to promote social integration, given that since its launch in 2017, the Pillar has changed the nature of policy initiatives in the field of healthcare, social inclusion and poverty, as well as minimum wage and reconciliation policies. In fact, Panaro *et al.* 2022 show that in line with the twenty principles set by the EPSR a series of “hard” initiatives have paved the way for a stronger EU social dimension, including the directive on the work-life balance (Principle 9), the directive on access to social services for posted workers (principle 20), the Directive on the protection of workers from carcinogenic chemicals (Principle 10). Importantly, the Action Plan to bring the EPSR to life sets up three headline targets for the EU to reach by 2030, among which the provision of “*more*

and better jobs that pay an adequate wage in order to guarantee adequate working and living conditions” and reduction of “the number of people at risk of poverty or social exclusion by at least 15 million by 2030, of which at least 5 million should be children” which both ranked high on the Commission agenda in recent years (von den-Leyen 2019; European Commission 2021d). Major steps in this direction were taken in 2022 with the adoption of a Directive on adequate minimum wages (principle 6) and the adoption of a Recommendation on minimum income (principle 14). Thus, the authors argue that differently from the pre-Pillar phase, during which policy initiatives mostly relied on “soft” mechanisms of policy coordination and mutual learning, the EPSR and more recently its Action Plan have contributed to the proliferation of “hard” initiatives in the field of protection against poverty and social exclusion.

Following a similar line of reasoning, Vanhercke *et al.* 2020 add that the launch of the EPSR not only led to a revival of Social Europe, but at the same time to an empowerment of social actors, who in turn saw the Pillar as an opportunity to strengthen the European social dimension. Importantly, Sabato and Corti (2018) see the Pillar as a truly ‘political’ instrument, which introduced a ‘rights-based’ conceptualisation of protection against social risks, in contrast to previous, mostly ‘technical’, EU social policy frameworks such as the Social OMC and the SIP.

Building on this, Shahini *et al.* (2022) showed how the Pillar’s ‘rights-based’ language was used by the more socially-oriented stakeholders to call for more binding initiatives in the field of anti-poverty and social exclusion policies. Nevertheless, the authors conclude that despite increased relevance and stakeholder mobilisation, the formulation of a directive was not feasible because – in line with previous literature Jessoula 2015; Jessoula and Madama 2018) - MS in the Council played a strong “gatekeeping” role against what was perceived as a potentially dangerous ‘intrusion’ of the EU in domestic social policy-making

Similarly, other authors point at the imbalance between the economic and the social dimension in EU governance, with the current framework of primary and secondary EU law heavily focused on economic aspects (Rasnača 2017; Hacker 2019). In more details, Rasnača (2017) argues that neither the Commission Recommendation nor the Interinstitutional Proclamation of the European Parliament, the Council and the Commission of the Pillar have any legally-binding effect. In fact, she sees the Pillar more of a “promise” than a “binding pledge” (Rasnača 2017) for achieving a stronger social Europe. This means that the EPSR would need to be incorporated into the primary law of the EU, such as the TFEU, for it to become a legally binding set of principles that all MS would be required to follow (Rasnača 2017). In a similar vein, Hacker (2019) points out that the EPSR may not be sufficiently effective in overcoming the dominance of economic aspects in EU governance. In fact, to fully realize its potential in promoting greater social protection and rights across the EU, the author argues that changes to the current framework of primary and secondary EU law may be necessary (Hacker 2019).

From a different angle, other scholars have assessed whether MS commitment to structural reforms increases in case the social CSRs implementation are supported by EU funds (Vanhercke and Verdun 2022; Bokhorst 2023). In this regard, Vanhercke and Verdun (2022) examine the extent to which embedding the Resilience and Recovery Fund

(RRF) into the Semester increases the potential of the latter in translating the principles of the EPSR into national agendas. Seeing the Semester as a ‘Goldilocks’, the authors conclude that it strikes a balance between providing sufficient constraints, while leaving considerable room for manoeuvre to the MS to choose and implement their preferred domestic policy options, since social policy reforms remain in fact national competence.

Against such a backdrop, this paper aims at assessing whether the EPSR has been streamlined in the European Semester process and to what extent the main principles of the EPSR – especially those related to the initiatives in the fields of minimum wage (principle 6) and minimum income protection (principle 14) – shape inputs by supranational institutions to national governments.

The rest of this paper is organised as follows. Section 2 assesses the extent to which the 20 principles of the EPSR have been reflected in the Annual Growth Surveys (AGS) and whether these AGS priorities have been translated into Country Specific Recommendations (CSR) issued to the Member States (MS). Considering that the EPSR was used by the European Commission (EC) for the first time starting from the 2018 European Semester, the analysis covers the period between 2018 and 2022. Section 3 instead first analyses whether the EU has influenced social and employment reforms in Estonia, Germany, Hungary, Italy and Spain through the Semester, by assessing the degree of fit between the National Reform Plans (NRPs) and the CSRs and the extent of implementation of each CSR as assessed by the EC through its Country Reports (CRs). Second, it assesses the potential relevance and interaction between the EU and MS on minimum wage and collective bargaining (principle 6) and minimum income protection (principle 14).

2. Assessing the Relevance of the Pillar in the European Semester

As anticipated above, this paragraph assesses the relevance of the EPSR in the European Semester by looking at the extent to which the principles of the EPSR and its associated Social Scoreboard are reflected in AGSs and CSRs. The rest of this paragraph is organised as follows. Section one provides a brief overview on the European Semester process. Section two assesses the relevance of the Pillar in the AGS from 2018 until 2022. Section three instead assesses whether and to what extent the priorities reported in the AGS are translated in CSRs.

2.1 The European Semester in brief

The European Semester is the governance framework for policy coordination among EU Member States that was introduced in 2011 as part of the EU2020 strategy. It is an annual cycle of economic and social policy coordination that starts with the publication of the Annual Growth Survey (AGS) in November, in which the Commission identifies the key budgetary and structural policy challenges and suggests priorities for action.

Building on the AGS, the EC publishes Country Reports (CRs), which assess the economic and social situation in each EU Member State and evaluate progress made in implementing the previous year’s Country Specific Recommendations (CSRs). The CRs

also include an assessment of each country's performance in relation to the Macroeconomic Imbalances Procedure (MIP), which evaluates a range of indicators, such as current account balances, household debt and real estate prices, to identify potential imbalances and risks. Based on the assessment in the CRs, the Commission proposes an updated status for each country in the MIP, which can range from no imbalances to excessive imbalances. This status determines the level of monitoring and scrutiny that each country will be subject to under the MIP.

MS are then expected to submit their National Reform Programs (NRPs) by the end of April. These programs outline the actions that each country will undertake to boost jobs, growth, and investment while ensuring macroeconomic stability and social cohesion, in line with the priorities set out in the AGS (European Commission 2010). In addition to the NRPs, MS also submit Stability or Convergence Programs, depending on whether they are part of the Eurozone or not. The Stability Program is submitted by Eurozone countries and outlines their plans to ensure fiscal stability, while the Convergence Program is submitted by non-Eurozone countries and outlines their plans to meet the conditions for joining the Eurozone.

The NRPs and Stability/Convergence Programs provide the basis for the Commission's assessment of each country's progress in meeting the objectives set out in the AGS and the Country-Specific Recommendations (CSRs). The Commission evaluates each country's programs and in July it issues CSRs to each MS on economic and social policy reforms to be considered in the following national budget and policy plans.

It is important to note that the European Semester has undergone some relevant changes in recent years, particularly starting from 2017. Important changes include:

- **In 2017:** the European Pillar of Social Rights (EPSR) was officially proclaimed by the European Parliament, the Council and the Commission in November 2017.
- **In 2018:** the inclusion of the EPSR and its accompanying Social Scoreboard into the Semester. The Social Scoreboard is a tool for monitoring and assessing the implementation of the EPSR at the national level and for identifying areas where additional action may be needed. It includes a set of 14 indicators that are grouped into three categories: employment; education and training; and, social protection and inclusion. The scores of each country on these indicators are used to identify areas where improvements can be made in terms of implementing the principles of the EPSR. The scores also provide a basis for monitoring and evaluating the progress of Member States in achieving these goals (European Commission 2017).
- **In 2021:** the Recovery and Resilience Facility (RRF) was adopted as a temporary instrument to support the economic and social recovery of EU MS following the COVID-19 pandemic. It was part of the larger Next Generation EU recovery plan, which promotes economic and social recovery and resilience across the EU and prepares MS for the challenges and opportunities of the green and digital transition. To access the RRF funding, each MS must submit a national recovery and resilience plan (NRRP), outlining their reforms and investment priorities in

six key areas: green transition; digital transition; smart sustainable and inclusive growth; social and territorial cohesion; health, economic, social and institutional resilience; policies for the next generation (European Commission 2020; European Commission 2021a).

- In addition, in 2021, the EC did not issue CSRs as part of the European Semester process. Instead, member states were asked to focus on implementing the measures and reforms outlined in their NRRPs. The absence of CSRs in 2021 was a departure from previous years, but reflected the EU's response to the economic and social challenges of the COVID-19 pandemic.
- **In 2022:** the RRF was integrated into the European Semester.

2.2 Assessing the relevance of the Pillar in the Annual Growth Surveys

In this paragraph we assess the extent to which the 20 principles of the Pillar figure in the AGS. We include in our analysis AGS from the 2018 cycle – the first European Semester process since the proclamation of the EPSR in November 2017 – until the 2022 cycle. A summary is then provided in table 1.

The 2018 AGS

Kicking off the 2018 Semester process, the AGS published in November 2017 makes explicit reference to the EPSR and its priorities reflect the 20 principles of the EPSR, along its main areas: equal opportunities and access to the labour market; fair working conditions; social protection and inclusion.

Regarding the first, the 2018 AGS prioritises investment in high quality education, training and development of digital skills (principle 1), labour productivity growth and active labour market policies (principle 4), affordable, accessible and quality services to ensure equal opportunities for all (principle 3) and gender equality and increased female labour market participation (principle 2).

In terms of fair working conditions, the 2018 AGS recommends MS to ensure fair and equal treatment regarding working conditions and an appropriate balance between flexibility and security in the labour markets (principle 5). Involvement of social partners in the design, sequencing and implementation of reforms is considered crucial (principle 8). In addition, AGS supports growth in real wages, as a result of increased productivity, to reduce inequalities and ensure high standards of living (principle 6). In line with principle 7 of the EPSR, AGS highlights the necessity of having in place labour and social protection legislation that responds to the issues of job security, earnings and working conditions, along with the removal of obstacles such as discrimination on the labour market, especially for disadvantaged groups. Finally, it promotes work-life balance, by ensuring access to quality services for all and providing suitable family leave and flexible working arrangements for parents and carers (principle 9).

Turning to social protection and inclusion, the AGS recommend MS to ensure adequate and well-targeted income support (principle 12) and equal access to quality services (principle 20). Member States should provide adequate unemployment benefits for a reasonable duration that does not constitute a disincentive to work (principle 13) and should ensure the right to minimum income benefits for people lacking sufficient resources (principle 14). Affordable, accessible and quality childcare (principle 11), health services (principle 16) and long-term care (principle 18) should be guaranteed for all. In addition, AGS promotes adequate social housing, also by protecting vulnerable people against unjustified forced eviction and foreclosures, as well as tackling homelessness (principle 19). Finally, it highlights the importance of ensuring the sustainability and adequacy of pension systems for all (principle 15).

Despite making explicit reference to most of the principles of the EPSR, stability and growth remain dominant priorities and social priorities “*are still bound to the so-called ‘virtuous triangle’: boosting investment, pursuing structural reforms and ensuring responsible fiscal policies*” (Sabato *et al.* 2018: 23). In fact, in its introduction, the 2018 AGS promotes further economic, financial and fiscal policies to make Europe’s economy more stable, inclusive productive and resilient. To this end, the Commission recommends measures aimed at ensuring efficient and flexible labour market to boost productivity, whereas reforms in pension and healthcare systems to ensure fiscal sustainability.

The 2019 AGS

The 2019 AGS highlights the importance of turning the principles of the EPSR into action in order to reinforce the social dimension of the EU and foster upward convergence towards better living and working conditions. In more detail, it calls for more investment and reforms on education, training and skills that are relevant to labour market needs, while enabling and encouraging lifelong learning (principle 1). It emphasises the necessity of striking the right balance between flexibility and security on the labour market (principle 5) and ensuring that labour legislation and social systems provide security to all types of workers (principle 3 & 12). The 2019 AGS pushes for more effective active labour market policies and public employment services (principle 4) as well as tax and policy incentives aimed at broadening participation of women in the labour market (principle 2), in particular through wider access to high-quality care services. It adds that policy action is also needed to foster participation by non-standard workers and the self-employed in social security schemes as well as to integrate migrants in the labour market and society. Importantly, AGS recommends MS to promote inclusiveness at the core of these reform efforts, ensuring that productivity gains benefit all citizens (principle 3). Moreover, the AGS supports wage growth (principle 6) and policies enhancing the institutional capacity of social partners (principle 8).

In terms of social protection and fight against poverty and social exclusion, the 2019 AGS highlights the necessity of continued or improved access to quality healthcare (principle 16), childcare (principle 11) and long-term care services (principle 18). It pushes for pension reforms aimed at adapting the balance between working life and retirement and supporting complementary retirement savings (principle 15). Finally, it encourages MS to promote targeted investments in residential construction to make housing more

affordable (principle 19) as well as universal access to affordable and quality care services (principle 20).

Compared to the 2018 AGS, in 2019 not all the EPSR principles are considered a priority in the Annual Growth Survey. In particular, there is no reference to principle 7 (information about employment conditions and protection in case of dismissals), principle 9 (work-life balance), principle 10 (healthy, safe and well adapted work environment and data protection), principle 13 (unemployment benefit) and principle 14 (minimum income). In addition, while most priorities on employment and social protection remain linked to reforms that would create important avenues for productivity gains, others focus on cost-effectiveness. More specifically, the Commission recommends MS to ensure the long-term fiscal sustainability of their healthcare and pension systems, arguing that *“implementing such reforms is often politically difficult and their reversal should be avoided, as this could jeopardise fiscal sustainability, reduce growth potential and intergenerational fairness”* (European Commission 2018: 13).

The 2020 AGS

In the midst of the Covid-19 pandemic, the 2020 AGS highlights the importance of delivering on the principles of the EPSR in order to strengthen the economic and social performance in the EU. Prioritising fair working conditions, it promotes fair wages to every worker (principle 6), transitions towards open-ended full-time contracts and a stronger involvement of social partners and more support for building their capacities in countries where social dialogue is weak (principle 8). In addition, the Commission supports workers in case of a strong economic shock through a European Unemployment Benefit Reinsurance Scheme (SURE), which can complement the national action (principle 13). In terms of gender equality, the 2020 AGS recommends MS to close the gaps in employment and pay (principle 2) through effective work-life balance policies (principle 9), ensuring access to quality childcare (principle 11) and tackling tax and benefit disincentives to working.

In addition, it promotes investment in education and skills (principle 1) and adequate and sustainable social protection systems (principle 12). In more detail, it highlights the importance of improving the inclusiveness and quality of education and training systems to foster social integration and adapting social protection systems to protect all those in need, irrespective of their working status (principle 3). It recommends MS to ensure that groups at risk of exclusion, including persons with a disability (principle 17), Roma and migrants, make full use of their potential to contribute to the economy, social protection systems and society. Finally, considering the trends in population ageing, the AGS encourages investment in healthcare (principle 16) and long-term care (principle 18), while ensuring the sustainability of the social protection system in order to ensure intergenerational fairness.

Importantly, compared to previous AGSs, the social issues in the 2020 AGS are not bound to economic productivity or cost-effectiveness, but to the priority of promoting fairness. In fact, in its introduction, the AGS state that economic growth is not an end in itself and that an economy must work for the people and the planet (European Commission 2019). Nevertheless, it is worth mentioning that the 2020 AGS makes reference only to 12 out

of 20 principles of the EPSR. Moreover, starting from the 2020 cycle, we observe a stronger focus on climate and environmental policies in the European Semester.

The 2022 AGS

Launched at the start of the current Commission's term of office, the four complementary dimensions of EU's competitive sustainability agenda – i.e. environmental sustainability, productivity, fairness and macroeconomic stability - are more relevant than ever. These dimensions, which are closely interrelated and should be mutually reinforcing, have guided Member States' reform and investment agendas over the past years and feature prominently among the objectives of the Recovery and Resilience Facility.

In light of the negative economic and social consequences of the pandemic, the 2022 AGS recommends MS to improve the capacity of labour markets to anticipate and adapt to changes (principle 5), while leaving no one behind (principle 3). The Commission asks MS to reinforce their education and training systems (principle 1), trying to tackle the COVID-19 crisis disruptions on basic skills and educational outcomes, also related to an uneven access to online learning. In particular, the Commission recommends reforms to reduce educational inequalities, address the urban-rural divide, including on digital connectivity, reduce the risk of early-school leaving and underachievement and ensure skills development opportunities for all adults, regardless of their level of qualification (principle 3). In addition, the 2022 AGS promotes well-designed and effective active labour market policies (principle 4) and public employment services and social protection systems (principle 12), as crucial in supporting workers during the green and digital transitions. More specifically, it highlights the necessity of addressing the long-standing challenges in relation to labour market participation of women (principle 2) and persons with disabilities (principle 17). Importantly, the 2022 AGS supports the systematic and active involvement of social partners and other relevant stakeholders for the success of the economic, employment and social policy coordination and implementation (principle 8).

Finally, the AGS emphasises the importance of implementing the recovery and resilience plans aimed at enhancing social resilience by investing in healthcare (principle 16) and better access to services (principle 20), including early childhood education and care (principle 11), long-term care (principle 18) and social housing (principle 19). In this way, according to the Commission, these plans – together with cohesion policy funds – are concretely supporting a fair and inclusive recovery in the EU, which will translate into tangible effects for the European citizens (European Commission 2021a).

Table 1. References to the EPSR in the Annual Growth Survey

Principles of the EPSR	2017	2018	2019	2020	2022	2023
Education, training and life-long learning	X	X	X	X	X	X
Gender equality	X	X	X	X	X	X
Equal opportunities	X	X	X	X	X	X
Active support to employment	X	X	X	-	X	X
Secure and adaptable employment	X	X	X	-	X	X
Wages	X	X	X	X	-	X
Information about employment conditions and protection in case of dismissals	-	-	-	-	-	-
Social dialogue and involvement of workers	X	X	X	X	X	X
Work-life balance	X	X	-	X	-	-
Healthy, safe and well-adapted work environment and data protection	X	-	-	-	-	-
Childcare and support to children	X	X	X	X	X	X
Social protection	X	X	X	X	X	X
Unemployment benefits	X	X	-	X	-	-
Minimum income	X	X	-	-	-	-
Old age income and pensions	X	X	X	-	-	X
Health care	X	X	X	X	X	X
Inclusion of people with disabilities	X	X	-	X	X	X
Long-term care	X	X	X	X	X	X
Housing and assistance for the homeless	X	X	X	-	X	X
Access to essential services	X	X	X	-	X	-

Source: Authors' elaboration based on AGSs 2017-2022

Nevertheless, it is worth mentioning that the 2022 AGS makes reference only to 13 out of 20 principles of the EPSR. Moreover, as argued above, starting from the 2020 cycle we observe a stronger focus on climate and environmental policies in the European Semester. In fact, in the 2022 AGS the Commission states that “Economic activity needs to be increasingly aligned with the four dimensions of competitive sustainability, i.e. environmental sustainability, productivity, fairness, and macroeconomic stability” (European Commission 2021a). However, analysing the structure of the RRF and the NRRPs in, Rainone (2022) argues that a subalternity between green transition policies and the social dimension is emerging, which is in turn reflected in the 2022 CSRs.

2.3 Assessing the relevance of the Pillar in the Country Specific Recommendations

In order to understand whether the 20 principles of the Pillar are being streamlined in the European Semester processes, in this section we assess to what extent social issues prioritised by the Commission in the AGS have been translated into CSRs, from 2018 until 2022. As anticipated above, the EC did not issue CSRs in 2021.

The 2018 CSRs

In the 2018 cycle of the European Semester, the Commission for the first time made explicit reference to the EPSR and its 20 principles in its CSRs to MS. The CSRs included specific policy guidance and targets related to the EPSR, such as improving access to affordable childcare and promoting social inclusion. As shown in table 2, all MS with the

exception of Greece¹ and Denmark, received at least one recommendation in line with the 20 principles of the EPSR, along its three main areas: equal opportunities, fair working conditions and social protection and inclusion.

With regard to social protection and inclusion, the majority of MS received a CSRs on pensions (16 MS) and healthcare (12 MS). Importantly, six MS received CSRs on minimum income – Bulgaria, *Hungary*, Latvia, Romania and *Spain*, related to improving the adequacy and coverage of minimum income schemes in these countries. Whereas, Croatia, *Estonia*, France, *Germany*, Latvia, the Netherlands and Romania received CSRs related to wages, mostly focusing on creating conditions to promote higher wage growth.

Nevertheless, it is worth mentioning that not every principle of the EPSR received equal attention. For instance, no country received a CSR on principles 7 (information about employment conditions and protection in case of dismissals), principle 9 (work-life balance) and 10 (Healthy, safe and well-adapted work environment and data protection). Moreover, the majority of CSRs on pensions focused on improving the cost-effectiveness of existing schemes, either by increasing the statutory retirement age and/or by restricting early retirement (AT, BE, CZ, *DE*, FR, HR, IE, *IT*, LU, LT, MT, PL, SL). In addition, many countries were faced with a conflict between cutting spending to achieve their budgetary objectives and recommendation to invest in the field of education, employment and social protection (BE, CZ, *ES*, FI, FR, HR, *HU*, IE, *IT*, LV, NL, PT, RO). Besides, there was a significant variation in the distribution of CSRs across countries, with Austria and *Italy* (8 CSRs each), receiving the highest number of social recommendations, while Denmark (0 CSR), Luxembourg and Sweden (1 CSR each) received the lowest.

On the latter, it is important to note the extent to which social CSRs are based on an assessment of member states performance, taking into account the Social Scoreboard rating. We would expect that MS with worse Social Scoreboard ratings are given more social CSRs than better-performing ones, considering that the former might need more urgent attention and support to address the social and economic challenges they face.

According to the 2018 Social Scoreboard indicators, most MS were flagged at least once with a challenge on headline social scoreboard indicators. In fact, the three worst evaluations of the Social Scoreboard – “weak but improving”, “to watch” and “critical situation” – were assigned 97 times. In particular, *Italy* and Romania had the highest number of challenges on headline social scoreboard indicators, with ten or more challenges each. Bulgaria, Cyprus, and *Spain* followed closely behind, with eight challenges each. Croatia had seven challenges, while Latvia and Portugal had six challenges each. These countries faced significant challenges in ensuring that their citizens had access to adequate social protection, education, employment opportunities and healthcare care.

When looking by indicator, Bulgaria, *Italy*, Lithuania, and Romania faced a critical situation when it comes to the ability of their social transfers to reduce the poverty risk, suggesting that despite the presence of social safety nets, these countries still struggled to effectively reduce poverty and promote social inclusion for their citizens. The Czech

¹ Greece was still under a stability support program at the time which included its own set of policy conditions and recommendations from the European Commission

Republic, Poland, and Slovakia reported a critical situation on the availability of formal childcare, suggesting that many children in these countries lack access to affordable and high-quality formal childcare. Finally, *Estonia, Italy*, Poland and Romania scored critical in terms of self-reported unmet need for medical care.

Table 2. The 2018 Social Scoreboard

	Equal opportunities and access to the labour market					Dynamic labour markets and fair working conditions			Public support/ social protection and inclusion			
	Early leavers from education and training	Gender employment gap	Income quintile ratio	At risk of poverty and social exclusion rate	Youth NEET rate	Employment rate	Unemployment rate	GDHI per capita growth	Impact of social transfer on poverty reduction	Children aged less than 3 years in formal childcare	Self-reported unmet need for medical care	Individuals' level of digital skills
Year	2016	2016	2016	2016	2016	2016	2016	2015	2016	2015	2015	2017
Weak but improving			RO	LV	IT	ES	CY, ES, HR		EE, LV	RO	LV	CY
To watch	BG, CY, HU, IT	BE, CY, CZ, HU, PL, SK	LU, LV, PT	CY, ES, HR, IT, LT	ES, LT, LV	BE, BG, LU, RO	EE, IT, PT	ES, IT, AT, PT, SI	ES, HR, LU, PL, PT, SK	BG, CY, HR, HU, LT, MT	FI	HU, IE, LV, PL, PT
Critical situation	ES, MT, PT, RO	IT, MT, RO	BG, ES, IT, LT	BG, RO	BG, CY, HR, RO	HR, IT		CY	BG, IT, LT, RO	CZ, PL, SK	EE, IT, PL, RO	BG, HR, RO

Source: Authors' elaboration based on JER 2018

Note: highlighted in green countries that have received a CSR on that indicator.

In italic: EUROSHIP countries

Table 3. The 2019 Social Scoreboard

	Equal opportunities and access to the labour market					Dynamic labour markets and fair working conditions				Public support/ social protection and inclusion				
	Early leavers from education and training	Gender employment gap	Income quintile ratio	At risk of poverty and social exclusion rate	Youth NEET rate	Employment rate	Unemployment rate	Long-term unemployment rate	GDHI per capita growth	Net earnings of a full-time single worker earning AW	Impact of social transfer on poverty reduction	Children aged less than 3 years in formal childcare	Self-reported unmet need for medical care	Individuals' level of digital skills
Year	2017	2017	2017	2017	2017	2017	2017	2017	2017	2016	2017	2017	2017	2017
Weak but improving	BG, MT, PT	MT	EL, IT, RO	RO	BG, RO	RO	CY, EL, ES, HR	EL, ES		LT, EE, RO, BG, LV		EL	EE, EL	CY
To watch	CY, DK, HU, SK	CZ, HR, HU, PL	IE, PT	ES, HR, IT, LU, LV	EE, ES	BE	IT	SK	AT, BE, ES	PT, PL, CZ, HR, SL	ES, HR, LT, LU	AT, DE, EE, HR, IT, LT, RO	RO, SI	EL, HU, IE, LV, PL, PT
Critical situation	ES, IT, RO	EL, IT, RO	BG, ES, LT, LV	BG, EL, LT	CY, EL, HR, IT	EL, ES, HR, IT		IT	CY, EL, IT	HU, SK	BG, EL, IT, LV, PT, RO	BG, CZ, PL, SK	LV	BG, HR, RO

Source: Authors' elaboration based on JER 2019

Note: highlighted in green countries that have received a CSR on that indicator.

In italic: EUROSHIP countries

Only 22 MS received at least a CSR addressing their social issues (AT, BE, BG, CY, CZ, FI, *EE*, *ES*, HR, *HU*, IE, *IT*, LT, LV, MT, NL, PL, PT, RO, SK, SL, SE). Importantly, however, as observed from table 2, it is concerning that most of the worst performing countries in the Social Scoreboard did not receive CSRs to address their social and employment challenges. In fact, despite scoring a critical situation in at least one of the indicators of the social scoreboard for 2018, the Commission did not issue social CSRs to Bulgaria, Croatia, Cyprus, Czechia, *Estonia*, *Italy*, Malta, Poland, Portugal, Romania and *Spain*. This, in turn, could lead to a lack of progress in improving social outcomes and reducing inequality and poverty in these countries.

The 2019 CSRs

In 2019, the EC continued to emphasize the importance of implementing the EPSR principles in its CSRs for EU member states, providing guidance on a range of social issues, such as improving access to education, training and lifelong learning (25 MS), addressing equal opportunities (10 MS) and active support to employment (10 MS) and ensuring adequate social protection systems (10 MS). As we can see from table 6 there is a significant increase from the previous cycle, with 143 CSRs assigned in line with the 20 principles of the EPSR, as compared to 119 in 2018.

Looking at the social protection and inclusion dimension, we observe an increase in the number of CSRs concerning childcare, social protection, unemployment benefits, pensions, healthcare, long-term care, housing and access to essential services. Interestingly, Bulgaria, *Spain*, Latvia and Romania continued to receive a recommendation on minimum income schemes, with a particular focus on addressing the accessibility and adequacy of their existing schemes. However, only *Germany*, Croatia, *Italy*, Netherlands and Romania received a CSR on wages.

Nevertheless, similar to the previous cycles, pension and healthcare dominated the social CSRs and their main focus remained on ensuring the fiscal sustainability of the schemes (AT, BE, CZ, *DE*, *ES*, FI, FR, IE, *IT*, MT, PL, RO, SK). Even in 2019, many countries were faced with the dilemma between rationalising spending to achieve their budgetary objectives and calls to invest in education, employment and/ or social protection systems (AT, BE, *EE*, *ES*, FI, FR, HR, *HU*, IE, *IT*, LV, PL, RO, SK).

Moreover, in 2019, the Social Scoreboard reported an increase in its three worst evaluations – “weak but improving”, “to watch” and “critical situation” – which were assigned 114 times. In more detail, poverty and social exclusion remained high in some MS, particularly among children (12 MS), single-parent households (12 MS), and people with disabilities. Rather problematic remain also the issues of early leavers from education and training (10 MS) as well as income inequalities (10 MS). Greece, Romania and *Italy* still present “critical”, “to watch”, or “weak but improving” assessments on ten or more indicators, followed by Croatia and *Spain* on 9 indicators each, Bulgaria on 8 indicators and Latvia on 6 indicators.

However, not every MS reporting a critical situation was issued a CSR to address those social challenges. As reported in table 3, even though the three worst evaluations were

assigned 114 times, these challenges were addressed only in 42 cases. In particular, looking at public support to social protection and inclusion, the situation remained critical for Greece and *Italy* in terms of impact of social transfer on poverty reduction, Bulgaria related to childcare and Croatia concerning digital skills. However, none of these countries received a CSR to address these issues.

The 2020 CSRs

The 2020 cycle of the European Semester was heavily influenced by the COVID-19 pandemic and the need to address its economic, employment and social impacts. As a result, the EU continued to provide guidance on social challenges and reforms that reflected the EPSR principles. Importantly, we observe a shift from addressing the fiscal sustainability of the existing social protection schemes to improving their accessibility and adequacy. The main focus of the 2020 CSRs was on job security and adaptable employment (13 CSRs), reducing poverty and inequality (15 CSRs) and improving access to healthcare (27 CSRs). Importantly, 13 MS received recommendation in strengthening access to their social protection systems and 10 CSRs were issued to improve the adequacy of national unemployment benefits (*EE, ES, HR, HU, MT*) and minimum income schemes (*BG, ES, HR, HU, IT*). Differently from the previous cycles, in 2020 no recommendations were issued on pensions, wages, gender equality or childcare.

Overall, in the 2020 CSRs we observe a stronger focus on employment and social challenges also connected to COVID-19 crisis, which since March 2020 strongly influenced EU policymaking (Rainone 2020). However, not all the principles of the EPSR are reflected in the CSRs. In particular, there is no reference to gender equality (principle 2), wages (principle 6), work-life balance (principle 9), healthy, safe and well-adapted work environment and data protection (principle 10), childcare (principle 11), old age income and pensions (principle 15) and inclusion of people with disabilities (principle 17). Moreover, there continues to be a variation between MS in the distribution of CSRs, with *Hungary, Italy*, Poland and Romania (7 CSRs each) receiving the highest number, while Denmark (1 CSR) receiving the lowest.

To understand the distribution of social CSRs we look at the Social Scoreboard and assess to what extent there is a correlation with MS low rating and receiving CSRs to address those social challenges.

According to the 2020 Social Scoreboard indicators the three worst evaluations of the Social Scoreboard – “weak but improving”, “to watch” and “critical situation” – were assigned 114 times, however, only 33 challenges were addressed by CSRs. As observed from table 4, most of the worst performing countries in the Social Scoreboard did not receive CSRs to address their social and employment challenges. In particular, Bulgaria, Greece, *Italy* and Romania scored a critical situation in youth not in employment, education or training (NEET) rate, whereas the Czech Republic, Poland, Romania and Slovakia in childcare. However, the Commission did not issue a recommendation to these countries.

The 2022 CSRs

The 2022 CSRs continue to reflect the principles of the EPSR along its three main areas: equal opportunities, fair working conditions and social protection and inclusion. Particular attention was paid to investment in education and training (7 CSRs), social protection (8 CSRs) and housing and assistance for the homeless (7 CSRs). However, as observed in table 6, there is a significant drop compared to previous years, with only 66 CSRs addressing employment and social issues.

In fact, there is no reference to four principles of the EPSR: active support to employment (principle 4), work-life balance (principle 9), health, safe and well-adapted work environment and data protection (principle 10) and inclusion of people with disabilities (principle 17). While pensions (re-)gained prominence, their main focus was in achieving fiscal sustainability. Moreover, the 2022 CSRs were mostly concerned with the energy crisis and the decarbonisation process. In fact, the EC has increasingly focused on climate and environmental issues in recent years, particularly since the launch of the European Green Deal in 2019. This has been reflected in the Commission's policy recommendations and the issuing of CSRs to MS, which increasingly emphasized the need to transition to a sustainable and low-carbon economy.

In addition, the fiscal and macroeconomic situation of each MS regained dominance over social challenges, with only 16 out of 27 EU MS receiving recommendations in the social field. In fact, the Commission did not issue any social CSRs to Bulgaria, Cyprus, *Italy*, Malta, Slovakia, Croatia and Romania, even though all these countries scored a critical situation in at least one of the indicators of the social scoreboard for 2022. Nevertheless, in order to capture a better picture, it is important to look at how these countries have prioritised spending of RRF and the extent these reforms have been implemented (cfr. next section).

Moreover, Rainone (2022) adds that the 2022 CSRs neither mentioned wage increases to deal with the high cost of living due to inflation nor they did establish a proper link between the energy crisis, the green transition and the social challenges that these may imply.

Table 4. The 2020 Social Scoreboard

	Equal opportunities and access to the labour market					Dynamic labour markets and fair working conditions					Public support/ social protection and inclusion			
	Early leavers from education and training	Gender employment gap	Income quintile ratio	At risk of poverty and social exclusion rate	Youth NEET rate	Employment rate	Unemployment rate	Long-term unemployment rate	GDHI per capita growth	Net earnings of a full-time single worker earning AW	Impact of social transfer on poverty reduction	Children aged less than 3 years in formal childcare	Self-reported unmet need for medical care	Individuals' level of digital skills
Year	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2019
Weak but improving	RO	MT	BG, ES	BG, EL, RO	CY, HR		CY, EL, ES, HR	EL, ES		BG, EE, HU, LT, LV	BG, EL	BG	EL	
To watch	BG, DK, EE, HU, PT, SE	AT, CY, CZ, HU, PL, SK	DE, IT, LU	EE, ES, HR, IT	EE, ES	BE, RO	FR		AT, BE, ES, FR	CZ, EL, ES, HR, PT, PL, SL	BE, CZ, EE, HR, PT	AT, HR, HU, LT, MT	FI, RO	HU, PL, CY
Critical situation	ES, IT, MT	EL, IT, RO	LT, LV, RO	LT, LV	BG, EL, IT, RO	EL, ES, HR, IT	IT	IT	CY, EL, IT	RO, SK	ES, IT, LV, LT, RO	CZ, PL, RO, SK	EE, LV	BG, LV, RO

Source: Authors' elaboration based on JER 2020

Note: highlighted in green countries that have received a CSR on that indicator.

In italic: EUROSHIP countries

Table 5. The 2022 Social Scoreboard

	Equal opportunities					Dynamic labour markets and fair working conditions				Public support/ social protection and inclusion						
	Early leavers from education and training	Individuals' level of digital skills	Youth NEET rate	Gender employment gap	Income quintile ratio	Employment rate	Unemployment rate	Long-term unemployment rate	GDHI per capita growth	AROPE rate	AROPE rate for children	Impact of social transfers on poverty reduction	Disability employment gap	Housing cost overburden	Children aged less than 3 years in formal childcare	Self-reported unmet need for medical care
Year	2020	2019	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
Weak but improving	ES, MT		RO	EL, MT	RO	HR	EL, IT	EL, IT		EL, LV			IE	EL	HR	EE, EL
To watch	CY, CZ, FI, LU, SE	CY, HU, PL	CY, HU, IE, LT, PT, SK	HR, SK	ES, MT	AT, BE, BG, IE, RO	EE, LT, LV	AT, LT, LU, SK	AT, BE	BE, DE, IE, LT	AT, DE	EL, LT, PT	HU, MT, PL, RO, SE	BG, DK, EE	AT, BG, CY, DE, EL, IE, LT	FI, LV, RO
Critical situation	BG, HU, IT, RO	BG, LV, RO	BG, EL, ES, IT	CZ, IT, PL, RO	BG, DE, LT, LV	EL, ES, IT	ES	ES	CY, EL, ES, IT	BG, ES, RO	BG, EL, ES, RO	BG, ES, HR, LV, MT, RO	BE, BG, DE, HR	DE	CZ, HU, PL, RO, SK	PL

Source: Authors' elaboration based on JER 2022

Note: highlighted in green countries that have received a CSR on that indicator.

In italic: EUROSHIP countries

Table 6. Principles of the EPSR in the CSRs

	Principles of the EPSR	2017	2018	2019	2020	2022
Equal opportunities	Education, training and life-long learning	AT, BE, BG, CY, DE , ES , FR, HR, HU , LT, LV, RO, SK, SL	AT, BE, BG, CY, CZ, DE , ES , FR, HR, HU , IE, IT , LT, LV, PL, PT, RO, SK, SL	AT, BE, BG, CY, CZ, DE , DK, EE , EL, ES , FR, HR, HU , IE, IT , LT, LV, MT, NL, PL, PT, RO, SE, SL, SK	AT, BE, BG, CY, CZ, DE , EL, ES , FR, HR, HU , IE, IT , LT, LV, MT, PL, PL, RO, SE, SK	BE, FR, HU , LU, NL, PL, SE
	Gender equality	AT, EE , PL, SK	AT, BE, CZ, EE , IT , PL, SK	AT, CZ, EE , IT , PL	-	AT
	Equal opportunities	AT, BE, BG, CZ, FR, HU , IE, PL, SK	AT, BE, BG, CZ, FR, HU , IT , RO, SK	BE, BG, CZ, FR, HU , IE, IT , NL, RO, SK	SK	AT, HU , NL, SE
	Active support to employment	BG, CY, ES , FI, HU , IE, IT , LT, PT, RO, SK, SL	BE, BG, CY, CZ, DE , ES , FI, HR, HU , IT , LT, SK, SL	BE, BG, CY, EL, ES , FI, HR, IE, IT , NL	BE, BG, CZ, EL, FI, FR, HU , IT , LT, LV, RO	-
Fair working conditions	Secure and adaptable employment	BG, CZ, DE , ES , FI, FR, HU , IE, IT , NL, PL	AT, DE , ES , PL	ES , FR, LU, PT, SL	CY, EL, ES , FI, IE, IT , LU, LV, MT, PL, PT, RO, SL	BE, SE
	Wages	BG, DE , EE , FI, FR, HR, LV, NL, PT, RO	DE , EE , FR, HR, LV, NL, RO	DE , HR, IT , NL, RO	-	BE
	Information about employment conditions and protection in case of dismissals	ES , NL, PL, PT	-	-	-	EL, FR, NL, PL
	Social dialogue and involvement of workers	BG, DE , FI, HR, IT , NL, PT, RO	DE , HR, HU , NL, PL, RO	AT, DE , HR, HU , NL, PL, RO	PL, RO	HU , PL
	Work-life balance	EE	-	-	-	-
	Healthy, safe and well-adapted work environment and data protection	-	-	-	-	-
Social protection and inclusion	Childcare and support to children	AT, ES , IE, SK	IE, IT , PL, SK	AT, CY, CZ, IE, IT , PL, SK	-	AT, PL
	Social protection	EE , FI, IT , LT, LV, NL	EE , ES , HR, LT, NL	EE , EL, ES , FI, HR, LT, NL, PT, RO	BG, CY, EE , ES , IT , LT, LV, NL, PL, PT, RO, SK, SL	EE , EL, FI, HU , LV, NL, PL, PT
	Unemployment benefits	HU	HU	ES , HU	EE , ES , HR, HU , MT	EE , HU , LT
	Minimum income	BG, ES , HU	BG, ES , HU , LV, RO	BG, ES , LV, RO	BG, ES , HR, HU , IT	HU , LT
	Old age income and pensions	AT, CY, HR, LT, LU, LV, NL, PL, PT, RO, SL	AT, BE, CY, CZ, DE , EE , FR, HR, IE, IT , LT, LU, LV, MT, NL, PL, SL	AT, BE, CY, CZ, DE , ES , FR, IE, IT , LU, LV, MT, NL, PL, RO, SL, SK	-	CZ, DE , FR, HU , IE, LU, NL, PL
	Health care	AT, BG, CY, FI, LT, LV, PT, RO, SK, SL	AT, BG, CY, FI, IE, LT, LV, MT, PT, RO, SK, SL	AT, BG, CY, CZ, EL, FI, HU , IE, LT, LV, MT, PL, PT, RO, SL, SK	AT, BE, BG, CY, CZ, DE , DK, EE , EL, ES , FI, FR, HU , HR, IE, IT , LT, LU, LV, MT, NL, PL, PT, RO, SK, SL, SE	EL, HU , LT, LV, NL, PL, SL
	Inclusion of people with disabilities	-	BG, CZ, EE , LV	LV	-	-
	Long-term care	AT, SL	AT, BE, SL	AT, BE, IT , PL, SL, SK	SL	AT, BE, EE , PL, SL
	Housing and assistance for the homeless	IE, NL, SE	IE, NL, SE	DE , IE, LU, LV, NL, SE, SK	DE , IE	CZ, DK, ES , HU , LT, NL, SE
	Access to essential services	-	AT, ES , FI, IT	BG, EE , FI, HR, IT , RO	BG, CY, HU , IT , PL, RO, SK	HU , LT, PL

Source: Authors' elaboration based on CSRs

3. Assessing the Relevance of the Pillar at the National Level

This section assesses whether the Pillar has been streamlined through the Semester at the national level, analysing the cases of Estonia, Germany, Hungary, Italy and Spain – i.e. the five EU countries selected in the EUROSHIP project. To evaluate the influence of the Pillar at the national level we first look at the extent to which social CSRs were prioritised by national governments in their NRPs and whether measures were adopted in accordance with the recommendations issued by the Commission. Second, we assess whether the adoption of the Recommendation on minimum income (principle 14) and the Directive on minimum wages (principle 6) have had an impact on the national debate and policymaking.

3.1 Estonia

Following the launch of the EU 2020 strategy, the Estonian government adopted a national strategy “Estonia 2020” aimed to reduce the AROP rate to 15%. However, neither the EU nor the Estonian targets were achieved by 2020. In fact, the high AROP rate among the total population, children or among elderly has been one of the issues that the EC has pointed out in its country-specific recommendations from 2017 until 2021. Attention has been paid to the need to improve safety nets for target groups, for older people (principle 15), people with disabilities (principle 17), unemployed persons (principle 13), or to the need to strengthen the social protection system for all (principle 12). Interestingly, however, no reference is made neither to wages (principle 6) nor to minimum income (principle 14).

The CSRs for Estonia also required increasing the efficiency and cost-effectiveness of family policies while improving the availability and accessibility of childcare (principle 11) and improving the efficiency of local governments, also ensuring the provision of quality social services complementing activation measures (principle 20).

During the years, the Estonian National Reform Programmes, the Government Action Plans and “Welfare Development Plan 2016–2023” have been in an accordance with the main recommendations in the field of social policy and social inclusion. Importantly, in line with the CSRs issued by the Commission, Estonia has implemented the Work Ability Reform in 2016, taking measures to reduce gender pay gap (2016–2022), improved the parental leave system (2018–2020; 2022), changed family benefits (2015; 2017), increased attention on social services and activation measures - including improving work incentives in the subsistence benefit system in 2018. Along with the changes in family benefits, child poverty has decreased. Over the years, attention has also been on elderly poverty – implementing the single pensioner’s allowance (2017) and additional pension increases (2020–2021). Latest data show that changes in the unemployment benefit replacement rates (2020–2021) helped to avoid poverty for unemployed persons in the times of COVID-19 pandemic.

In addition, to improve employment and other social issues the EU funds play an important role (REACT-EU, RRF and SF2021–2027 funds). RRF funds are used for the

development of skills related to the digital and green transition, labour market measures to reduce youth unemployment.

Finally, joint discussions and opinion gathering between non-governmental partners, experts, politicians, entrepreneurs, officials, and many other stakeholders are important part of national action plans. The implementation of the “Welfare Development Plan 2023–2030” is supported by the steering committee, which includes representatives from the different ministries and the Government Office, representative of organizations of municipalities, social partners and the target groups. A broad-based expert group including partners from different fields will also be involved in the implementation of the development plan. The task of the expert group is to provide feedback and input to the steering committee for the implementation of the Welfare Development Plan.

To sum up, CSRs have played an important role in supporting the implementation of various reforms and changes, including enabling the usage of various financial instruments. Over the years, the recommendations have emphasized the need to improve the social protection system in Estonia. However, although the economy has recovered and poverty rate has been reduced to some extent, there is still a need for additional measures. Overall, the social CSRs issued by the Commission are reflected in the Estonian government agenda, which has in turn taken action to address the social and employment challenges.

According to the Commission’s assessment the CSRs in line with the principles of the EPSR between 2018 and 2022 have recorded at least “some progress” (cfr. table 7) and additional progress in addressing structural CSRs is expected in the years to come with the further implementation of the RRP (European Commission 2022a). In fact, the EPSR and its principles are closely linked to the Estonian long-term strategy “Estonia 2035”, the “Welfare Development Plan 2023–2030” and to the implementation of the National Recovery and Resilience Plans. In line with the EPSR and its Action Plan, Estonia has set a goal to reduce the national AROPE rate by 39 thousand and the number of children by 13 thousand by 2030.

Impact of the MI recommendation and MW directive at the national level

The Estonian government has supported both the Minimum Income Recommendation and Minimum Wage Directive issued at the EU level and has adopted national plans reflecting both these principles of the EPSR.

Regarding the first, as anticipated above, minimum income and poverty reduction are important subtopics in the “Welfare Development Plan 2023–2030 and planned actions turn more attention to the need to develop support services (incl. improvement of the subsistence benefit system) (“Ministry of Social Affairs” 23 February 2023). Overall, goals and planned actions are in line with the Recommendation on Minimum Income. Thus, according to a representative of Ministry of Social Affairs “*There is a need to discuss what is adequate subsistence level for Estonia, and the recommendation on minimum income gives an additional argument to analyse and to update the existing subsistence minimum methodology*” (Interview representative of the Ministry of Social Affairs).

Nevertheless, it is important to note that evidence from the interviews conducted with the representatives of the Ministry of Social Affairs shows that soft governance modes such as analysis and exchange of the best practices are preferred to ensure the flexibility and effectiveness of social benefits. In the words of one of our interviewees, *“planning on the new actions it is important to consider differences in the structure of national social protection systems, and therefore the actions must be based on the certain country situations”* (Interview representative of the Ministry of Social Affairs).

Turning to the MW initiative, the new directive allows Estonia to continue with the current minimum wage design system, where the minimum wage is agreed upon by the social partners through an extended collective agreement, which applies to all persons working in Estonia under an employment contract. The national debate is in line with the new directive, but the agreement and intervention will be made based on the current socioeconomic situation in Estonia. Therefore, in 2021, the study “the impact of the minimum salary on the socioeconomic development of Estonia”² was conducted, which shows that there is a consistent need to evaluate the minimum wage level, because compared to the gross average and median wages it is one of the lowest in the EU. In addition, it also highlights the need to strengthen collective bargaining agreements, as only less than 20% of the workforce is covered. This in turn means that the European directive would represent a major challenge for Estonia.

² For further information report available: <https://www.sm.ee/media/2279/download>

Table 7. Estonia’s progress in implementing the social CSRs

2018	Progress	2019	Progress	2020	Progress
		Address skills shortages and foster innovation by improving the capacity and labour market relevance of the education and training system.	Some Progress, Relevant RRP measures planned as of 2022		
Take measures to reduce the gender pay gap, including by improving wage transparency in the private sector	Some progress	Take measures to reduce the gender pay gap, including by improving wage transparency	Some progress, Relevant RRP measures planned as of 2022		
Improve the adequacy of the social safety net, in particular for older people and people with disabilities	Some progress	Improve the adequacy of the social safety net and access to affordable and integrated social services.	Some progress, Relevant RRP measures planned as of 2022 and 2023	Strengthen the adequacy of the social safety net, including broadening the coverage of unemployment benefits	Some progress, Relevant RRP measures planned as of 2022 and 2023
				Improve the accessibility and resilience of the health system, including by addressing the shortages of health workers, strengthening primary care and ensuring the supply of critical medical products	Some progress, Relevant RRP measures planned as of 2021, 2022 and 2023

Source: Country Reports 2019-2022

3.2 Germany

Over the years, the CSRs issued to Germany have emphasized the need to improve educational outcomes, reduce disincentives to work, promote wage growth and focus investment on social housing. According to the Commission's assessment the CSRs in line with the principles of the EPSR between 2018 and 2022 have recorded at least "some progress" (40%), while others recorded "limited" (50%) or "substantial progress" (10%) (cfr. table 8). Additional progress in addressing structural CSRs is expected in the years to come with the further implementation of the RRP (European Commission 2022e).

In fact, according to Grages' (2023) assessment, the German Federal Government generally supports the concern to further develop and strengthen the social dimension of the EU by implementing the 20 principles of the EPSR. In its most recent social policy reforms, it has addressed various aspects of the CSRs issued by the European Commission and points out that the coalition agreement for the 20th legislative period contains a number of measures that contribute to the implementation of the EPSR like the reduction of disincentives to work more hours, in particular for low-wage and second earners, the strengthening of the conditions that support higher wage growth, and the improvement of educational outcomes and skills levels of disadvantaged groups (European Commission 2022f). Projects of particular importance are the increase in the minimum wage and the introduction of the citizen income (*Bürgergeld*) which reforms the system of minimum income (BMWK 2022; BMF 2023).

The current measures introduced by the Federal Government regarding the minimum wage were partly influenced by earlier introduced regulations. The minimum wage law introduced in 2015 stipulates that a minimum wage commission must decide on adjustments of the national minimum wage every two years. On October 1, 2022, the minimum wage was increased by law from 10.45 euros to 12 euros/hour. Accordingly, even before the economic situation of many households deteriorated due to the high rates of inflation - as a result of the most recent energy crisis - the Federal Government had planned to raise the statutory minimum wage. As part of the increase in the minimum wage, the wage limit for low-wage employment (*Geringfügigkeitsgrenze*) will also be raised to 520 euros and made dynamic, so that a weekly working time of 10 hours at the minimum wage will be possible in future. At the same time, measures were taken to promote employment subject to social security contributions. The upper limit on which contributions are paid will be raised to 1,600 euros in order to reduce the burden on low-paid employees who are subject to social security contributions. The previous leap in the burden of contribution law when transitioning from marginal employment to employment subject to social security contributions will be smoothed out. The increase in the mini-job and midi-job limit in the context of the increase in the minimum wage and the adjusted course of social security contributions in the transition from marginal to social security-related employment increase the incentive for low-income earners to take up and extend work. At the same time, it is emphasized that the increase in the minimum wage for some jobseekers should be accompanied by a generally stronger incentive to take up gainful employment. The current increase in the statutory minimum wage is nevertheless primarily justified with the current loss of purchasing power due to inflation (BMWK 2022).

Furthermore, the German Federal Government reformed its minimum income scheme (SGB II) with the Citizens Income Act (*Bürgergeld-Gesetz*) that came into force at the beginning of 2023. The reform of the minimum income system has been critically discussed since the introduction of the Hartz-4 laws in the early 2000s (Konle-Seidl 2021), but it was only tackled more seriously with the introduction of the citizen income around 20 years later. A more far-reaching proposal from the Federal Government was blocked by the conservative opposition party CDU in the Federal Council (*Bundesrat*) and was only passed after a mediation committee had been set up, which proposed tightening sanctions and the means-testing. The question of the transformative scope of minimum income reforms is thus discussed critically (Blömer et al. 2022; Butterwegge 2022; Falkenhain & Hirsland 2022; Opielka & Strengmann-Kuhn 2022; Schäfer 2022; Welti 2022). Part of the reform was an increase in requirements (*Regelbedarf*) and a stronger adjustment of these to current price developments. Specifically, for example, the standard requirement for an adult living alone in an apartment was increased from 449 to 502 euros; this corresponds to an increase of 11.8 percent. The Federal Government expects annual additional expenditure of around 3 billion euros for the increase in standard requirements. The increase also applies to social assistance (SGB XII).

In addition, the Citizens Income Act primarily aims to provide more effective support for employable persons entitled to citizen income in order to help them to enter the labor market by improving the legal framework for cooperative cooperation with the job centers by reducing sanctions and removing bureaucratic hurdles. The previous integration agreement (*Eingliederungsvereinbarung*) will be replaced by a cooperation plan. The so-called placement priority in work (*Vermittlungsvorrang*) – which is based on the principle that every job is better than no job - will be abolished or at least restricted. Instead, the low-skilled are given more support on their way to further vocational training in order to give them access to the skilled labor market. Comprehensive support (coaching) helps those entitled to benefits who have particular difficulties in taking up work due to individual problems.

During a waiting period in the first year of receiving the citizen's income, housing and savings should not or not fully be considered for means-testing, so that people who are receiving support for the first time can devote themselves entirely to looking for work or to (further) qualification. The costs for accommodation are recognized and paid at the actual level, the heating costs at a reasonable level. Assets are only touched during the waiting period from 40,000 euros, for each additional person in the benefit community from 15,000 euros. In addition, incentives for a combination of benefit receipt and gainful employment will be increased. Anyone earning between 520 and 1,000 euros can keep more of their income thanks to the reform. The allowances in this area will be raised to 30 percent. In addition, the allowances for the income of pupils and students will increase to 520 euros. Higher allowances for training allowances also apply to trainees.

The Federal Ministry for Economic Affairs and Climate currently is working on a draft for the National Reform Program for 2023, which is currently being discussed critically by national interest groups such as social partners and civil society organizations. There is a broad consensus that with the introduction of citizen income and the increase in the minimum wage, important points of the Country Specific Recommendation, such as more targeted support and further training offers, will be fulfilled. However, it is criticized that

the further development of the procedure for determining the standard requirement for minimum income, which would provide better protection for people on low incomes in particular, is not planned. Structural deficits in the determination of minimum income benefits continue to exist, so that the standard needs as a whole still cannot be regarded as sufficient to secure a living. There is also a lack of solutions to the monetary security of families and children that could eliminate existing inconsistencies in the interaction of social, tax and maintenance law. In particular with regard to the standard requirements for children and young people, the reform project of the Federal Government does not yet meet its own objectives set out in the coalition agreement (BAGFW 2023; Deutscher Verein 2023).

Table 8. Germany’s progress in implementing the social CSRs

2018	Progress	2019	Progress	2020	Progress
Improve educational outcomes and skills levels of disadvantaged groups.	Limited progress	Improve educational outcomes and skills levels of disadvantaged groups.	Limited Progress, Relevant RRP measures planned as of 2020, 2021 and 2022	Focus investment on education	Limited Progress, Relevant RRP measures planned as of 2020, 2021 and 2022
Reduce disincentives to work more hours, including the high tax wedge, in particular for low-wage earners.	Some progress	Reduce disincentives to work more hours, including the high tax wedge, in particular for low-wage earners.	Some Progress, Relevant RRP measures planned as of 2021.		
Create conditions to promote higher wage growth, while respecting the role of the social partners	Some progress	Strengthen the conditions that support higher wage growth,	Substantial Progress		
				Mobilise adequate resources and strengthen the resilience of the health system, including by deploying eHealth services	Some Progress, Relevant RRP measures planned as of 2020, 2021 and 2022
		Focus investment on affordable housing	Limited Progress, Relevant RRP measures planned as of 2021.	Focus investment on housing	Limited Progress, Relevant RRP measures planned as of 2021.

Source: Country Reports 2019-2022

3.3 Hungary

Between 2015 and 2022, the CSRs issued to Hungary outlined the following social issues related with the EPSR. The Commission has emphasised the need to take steps regarding public work schemes (principle 4). In 2015, the re-allocation of resources from these schemes to other ALMP programs was proposed, while this was gradually ‘softened’ in the subsequent years. In the beginning, better targeting was recommended, while at the end of the period in analysis, there is no direct mentions of public work schemes. As described by Gábos and Tomka (2022), the public work schemes have been at the heart of Orbán government’s employment and social policy since 2010, however there has been no change in this respect. With the improvements in the labour market, the role of these schemes decreased significantly. Some resources were dedicated to programs that provide stronger incentives to step further from public work to the primary labour market, in the form of services and training.

In addition, the Commission has called on the Hungarian government to improve the adequacy and coverage of minimum income and social benefits (principle 14) and improve the adequacy and extend the duration of unemployment benefits (principle 13). However, the government has not taken any action to address these issues. Moreover, no reference is made to principle 6 related to the adequacy of minimum wages.

Finally, the Commission has recommended to improve education outcomes and increase the participation of disadvantaged groups, in particular Roma, in quality and inclusive mainstream education (principle 1). The decrease of the compulsory age of kindergarten attendance from 5 to 3, was seen by the Commission as an important step in this direction. However, no relevant improvement in the public school system can be mentioned. While resources were spent from EU funds through the development programmes to deal with this issue, evaluations show mixed results: while some outcomes (e.g. competence in mathematics, the willingness to continue studying) improved, segregation did not drop (Kopint-TÁRKI 2022).

Overall, the social CSRs are usually not a part of the Hungarian government’s agenda, even though the Commission continues to address several ongoing social issues in Hungary (European Commission 2022b). According to the Commission assessment, only 13.3% of the CSRs in line with the principles of the EPSR between 2018 and 2022 have recorded at least “some progress”, while others recorded “limited” (33.3%) or “no progress” (53.4%).

Nevertheless, additional progress in addressing CSRs is expected in the years to come with the further implementation of the RRP, which according to the Commission’s assessment was in line with all relevant criteria and requirements of the RRF (European Commission 2022b). The Hungarian RRF sees investment in social inclusion as a way to counter the economic and social impacts of the coronavirus epidemic and to increase the resilience, sustainability and preparedness of the economy for the challenges and opportunities of the green and digital transition. The Facility includes nine components, according to which the Hungarian government plans to spend the funds. While all components contribute to cross-cutting policy aims, among which social and territorial cohesion; health and economic, social and institutional resilience and policies for the next

generation, children and youth, two of them are specifically related to fight poverty and social exclusion. First, the “Demography and public education” component which aims to expand and improve conditions for early education and care, both as a means to reduce social inequalities and to increase employment opportunities. Second, *“Catching-up settlements” component that aims at investing in the construction and renovation of social housing and the improvement of housing conditions to strengthen social inclusion, social work based on continuous presence, improving early childhood development, as well as the promotion and support of renewable energy production (e.g. social solar power plants) and use. In identifying the target groups, particular attention has been paid to ensuring that all interventions under each component are designed to deliver reforms and investments that are as inclusive as possible*” (Hungarian Government 2022: 33)

Nevertheless, it is important to note that neither of these components included in the Facility are related to minimum income, minimum wages or social dialogue. Importantly, while Hungarian government signed the proclamation of the EPSR, it has been very critical towards the influence of the Pillar at the national level.

At first, the government was very critical towards the establishment the Pillar, with Viktor Orbán claiming that *“This is blahblah talk, and behind it the real issue is that they want to take away the right from member states to decide upon tax regulations. Well now, if the rates, the methods, the structure of the Hungarian tax system are not decided in Budapest, but in Brussels, instead, then we can say one thing for sure: the multinational companies will win, but Hungarians will not. So, the question of one-speed/multi-speed Europe always has to be translated into Hungarian as well: what are the consequences of this debate for us? [...] So, behind these sublime debates on the future of Europe, if we translate it into the language of Hungarian reality, we find vital issues*” (“Miniszterelnök” 17 March 2017).

Table 9. Hungary’s progress in implementing the social CSRs

2018	Progress	2019	Progress	2020	Progress
Improve education outcomes and increase the participation of disadvantaged groups, in particular Roma, in quality and inclusive mainstream education	Limited progress	Improve education outcomes and increase the participation of disadvantaged groups, in particular Roma in quality mainstream education	No progress	Ensure access to quality education for all	No progress
Unlock labour reserves through improving the quality of active labour market policies	Some progress	Continue the labour market integration of the most vulnerable groups	Limited progress	Protect employment through enhanced short-time working arrangements and effective active labour market policies	Limited progress
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	No progress	Improve the quality and transparency of the decision-making process through effective social dialogue and engagement with other stakeholders and through regular, appropriate impact assessments.	No progress	Ensure effective involvement of social partners and stakeholders in the policy-making process.	No progress
Improve the adequacy and coverage of social assistance and unemployment benefits.	Limited progress	Improve the adequacy of social assistance and unemployment benefits	No progress	Extend the duration of unemployment benefits and improve the adequacy of social assistance	No progress
		Improve health outcomes by supporting preventive health measures and strengthening primary healthcare.	Limited progress	Address shortages of health workers and ensure an adequate supply of critical medical products and infrastructure to increase the resilience of the health system. Improve access to quality preventive and primary care services	Some progress
				Ensure access to essential services	No progress

Source: Country Reports 2019-2022

According to one of our interviewees *“every issue that can be related to national sovereignty will be framed in that way by the government, as this is an important identity-building element for their voting base. Thus, the prime minister, Viktor Orbán, will not publicly announce his support for any EU policy initiative, even if he or MEPs from his party do support the document with their vote in the Parliament or the Council in the end”* (Interview expert). The expert also mentioned the case of the Social Pillar, saying that *“during background negotiations, Orbán decided to sign the declaration establishing the Social Pillar, but publicly, he criticized it”*.

At a later stage in the negotiation process, however, Orbán stated that Hungary would support the Pillar with two conditions, the first being that the Commission takes into account the common stance of the Visegrad Four, the second that the 20 principles do not conflict with what member states had achieved up to that point (“Napi” 26 November 2017).

In fact, tracing the politicization of the EPSR, Gábos and Tomka (2023) argue that the pact of the Pillar at the national level varies along its three main areas. In particular, the influence of the EPSR can primarily be detected when it comes to labour regulations, while it is only limited when it comes to social protection.

Interestingly, the Recommendation on Minimum Income Scheme did not have a lot of media articles exposure, except the ones that simply state that the Recommendation was signed. When asked during the national Parliament whether the government was going to comply with it, the Minister for Interior Affairs Secretary, János Fónagy, answered that the government has established a work-based society in the past years, and therefore, does not support the introduction of a minimum income, as that would not take into account the individual characteristics of member states (Menedzsment Fórum 2023). It also does not make it possible for member states to decide on social protection for their citizens on their own (Menedzsment Fórum 2023). He added that therefore, the government *“does not share the left’s aid-based idea of society”*, so they are still not willing to comply with an *“irresponsible introduction of a minimum income”* (Menedzsment Fórum 2023).

Moreover, Gábos and Tomka (2023) add that the recommendation did not provide an argument for stakeholders to promote action at the national level.

Differently, however, the Directive on minimum wages has been a much more politicized issue in Hungary, widely discussed both in the media and parliamentary debate. When the Directive was still in the negotiation phase, the Hungarian government was strongly against it, arguing that the European Union does not have any competence to adopt regulations in this area (HVG 2021; “Kormány” 2021).

Following the adoption of the Directive, in October 2022, László Kordás, opposition politician from the DK party, argued during a plenary session *“because of this EU decision, the government has to agree with the social partners on what benchmark the minimum wage should be based on”* (Infostart 2022). He also stated that in line with the EU regulation, his party supports that the Hungarian minimum wage should be at least 50% of the national average income and 60% of the national median income. However, Zsófia Koncz, Secretary of Parliament of the Ministry for Technology and Industry at the

time, stated that the Directive is not a binding regulation on an EU minimum wage, it is only a framework formulating minimum requirements. *“Therefore, the Directive, in spite of leftist fake news, [...] does not make it compulsory for member states to determine the minimum wage based on a given formula”*, she added (Infostart 2022). She also stated that the minimum wage has been a more important issue for Fidesz governments than it was for leftist governments (Infostart 2022). In another debate, Orbán stated that he is in favour of the minimum wage being determined together by employers and workers, as they are the ones who have to face the economic consequences (Magyar Nemzet 2022).

In 2023, politicians from the party DK released further statements in support of an EU minimum wage: they stated that this is the only thing that can help Hungarian workers in the midst of inflation, as well as the increase in food and energy prices (“Dobrevarnyekkormany” 01 February 2023; 08 February 2023).

Turning to the role played by the social partners, although the influence of trade unions is very limited in Hungary, they did embrace the directive. Csaba Csóti, the president of the Cooperation Forum of Trade Unions (SZEF) said in an interview that it is an important step towards a more social European Union (Mérce 2022). He pointed out that every Hungarian MEP, including those from the Fidesz party, supported the Directive – even if they emphasize that decisions regarding the level of minimum wage remain in the hands of national governments (Mérce 2022). He added that it is likely that the contents of the Directive can be enforced, “even when it comes to the Hungarian government” (Mérce 2022). However, he noted that it is not clear what sanctions the EU could use to bring Hungary to comply (Mérce 2022).

Following the EP vote, Csóti received a letter from opposition politician (from the party DK), MEP, and former prime minister candidate in the 2022 elections, Klára Dobrev, in which she welcomed the adoption of the Directive which Csóti’s organization had strongly supported, and wrote that she is looking forward to further close cooperation with ETUC (the European Trade Union Confederation) and SZEF (SZEF 2022). Ádám Kósa, Fidesz MEP, also wrote Csóti a letter, in which he stated that his party had voted in favour of adopting the document, but he warned that wage regulations, thus, minimum wage, as well, are national competences, and the EU cannot interfere with these directly (SZEF 2022). Emphasized the importance of the principle of subsidiarity and proportionality, he noted that the Hungarian minimum wage system is already functioning adequately and efficiently (SZEF 2022).

3.4 Italy

The EU has an impact in Italy by providing recommendations for social policies at the national level. In fact, the European Commission has issued several CSRs after the launch of the Pillar, aimed at fostering upward convergence towards better living and working conditions.

More specifically, in 2018, the Commission’s CSRs to Italy reflected six principles of the EPSR. In terms of equal opportunities, the CSRs make specific reference to increase participation in vocational-oriented tertiary education (principle 1) and to strengthen active labour market policies to ensure equal access to effective job-search assistance and

training (principle 3 and 4). Moreover, the Commission called on Italy to improve labour market participation, particularly among women (principle 2), through a comprehensive strategy, rationalising family-support policies and increasing the coverage of childcare facilities (principle 11). With regard to social protection and inclusion, the Commission recommended to provide adequate income replacement and access to social protection, notably for atypical workers (principle 12). Reinforced digital infrastructure to ensure the provision of essential services (principle 20).

Even in 2019, the CSRs to Italy make explicit reference to six principles of the EPSR. Namely, improve educational outcomes, also through adequate and targeted investment, and foster upskilling, including by strengthening digital skills (principle 1). Support women's participation in the labour market (principle 2) through a comprehensive strategy, including through access to quality childcare (principle 11) and long-term care (principle 18). Ensure that active labour market and social policies are effectively integrated and reach out in particular to young people and vulnerable groups (principle 4). Increase the efficiency and quality of local public services (principle 20).

In 2020, six principles of the EPSR are reflected in the CSRs. Strengthen distance learning and skills, including digital ones (principle 1). Mitigate the employment impact of the crisis, including through flexible working arrangements and active support to employment (principle 4 and 5). Provide adequate income replacement and access to social protection, notably for atypical workers (principle 12). Strengthen the resilience and capacity of the health system, in the areas of health workers, critical medical products and infrastructure (principle 16). Reinforced digital infrastructure to ensure the provision of essential services (principle 20).

Differently, however, in 2022 Italy did not receive CSRs in the social field. Instead, the Commission recommended to focus on the implementation of the RRP.

Overall, from 2017, the CSRs to Italy reflect the Commission's commitment to address Italy's economic and social challenges and to promote sustainable and inclusive growth. However, no reference is made neither to principle 6 (adequate wages) nor to principle 14 (adequate minimum income), despite increasing poverty rates among working age population. Moreover, not all recommendations issued by the EC have become a priority for the Italian government and their implementation progress varies (cfr. table 10).

The existing literature shows that Italy has had a poor track record of implementing CSRs issued in line with the principles of the EPSR in the pre-pandemic period (Di Mascio and Piattoni 2020; Ongaro, Di Mascio, and Natalini 2022; Di Mascio et al 2022). In particular, since 2016, the weakness of Italy's Active Labour Market Policies (ALMPs) has been repeatedly criticized by the Commission in the CSRs (Tassinari 2022).

Italy's labour market has long been characterized by high unemployment, particularly among young people and women, as well as a large share of temporary and insecure jobs. The European Commission has repeatedly called on Italy to implement a comprehensive reform of its ALMPs to address these challenges. The CSRs have recommended measures such as improving the quality of vocational education and training, enhancing active labour market policies, and supporting female employment.

Starting from 2019, two important measures were adopted to deal with these challenges, namely the Citizenship Income and an Employment Protection Legislation reform (Bulfone and Tassinari 2021; Tassinari 2022). According to Tassinari's (2022) assessment, the focus on facilitating labour-market transitions and human capital acquisition was in continuity both with the recommendations issued to Italy by the European Commission in the context of the European Semester CSRs since 2016, and with the 'social investment' oriented vision of labour market governance already enshrined in the 2015 Jobs Act.

However, it is also important to note that scholars have found a limited involvement of the social partners in the governance of the ALMP and training system, arguing that the politics of LMP in Italy's NRRP are in continuity with pre-pandemic dynamics of union disempowerment and overall dominance of employer interests (Bitonti et al. 2021; Tassinari 2022). Therefore, these studies conclude that considering past policy failures, there are reasons to suspect that the pathbreaking shift in ALMP development might remain only on paper (Busilacchi et al. 2021; Tassinari 2022).

In fact, the effectiveness of the European Semester process, including the CSRs, has been a subject of debate and criticism in Italy (Domorenok and Guardiancich 2022). While the European Semester process was designed to improve coordination and promote economic reform across the EU, Domorenok and Guardiancich (2022) argue that it has faced challenges in terms of implementation and effectiveness.

The Commission assessment of the 2018-2022 country-specific recommendations (CSRs) addressed to Italy in the context of the European Semester are reported in table 10. The assessment takes into account the policy action taken by Italy to date, as well as the commitments in the Recovery and Resilience Plan (RRP). At this early stage of the RRP implementation, overall, 60% of the CSRs in line with the principles of the EPSR between 2018 and 2022 have recorded at least "some progress", while others recorded "limited" (26.7%) or "no progress" (13.3%). Considerable additional progress in addressing structural CSRs is expected in the years to come with the further implementation of the RRP (European Commission 2022).

Overall, Italy has made limited progress in meeting the targets on employment rate, R&D investment and poverty and social exclusion (European Commission 2019). Italy still faces several challenges with regards to a number of indicators of the Social Scoreboard supporting the European Pillar of Social Rights (table 10). In fact, in 2022, 12 out of 16 indicators scored critical and to watch, including Youth NEET, gender employment gap, employment rate, unemployment rate, long term unemployment, GDHI per capita growth, impact of social transfer on poverty reduction, AROPE rate and AROPE rate for children.

Differently, however, Domorenok and Guardiancich (2022) argue that the National Recovery and Resilience Plan (NRRP) represents a significant departure from the European Semester process in terms of its implementation and effectiveness, as it provides a comprehensive plan for investment and reform, covering many of the same themes and areas as the CSRs issued in 2019-2022. In fact, the NRRP includes not only

detailed implementation plans and targets, which are subject to ex-ante evaluation by the EC to ensure that they address the required recommendations, but at the same time it includes a new mechanism for ex-post evaluation, which links disbursement of funds to the implementation of reforms that address the 2019-2022 CSRs (Domorenok and Guardiancich 2022). This creates, according to the authors, a new incentive structure that may increase compliance and effectiveness in implementing reforms (Domorenok and Guardiancich 2022).

Table 10. Italy's progress in implementing the social CSRs

2018	Progress	2019	Progress	2020	Progress
Increase participation in vocational-oriented tertiary education	Limited progress	Improve educational outcomes, also through adequate and targeted investment, and foster upskilling, including by strengthening digital skills	Some progress, relevant RRP measure being implemented as of 2021 and planned as of 2022 and 2023	Strengthen distance learning and skills, including digital ones	Limited progress, relevant RRP measure being implemented as of 2021 and planned as of 2022 and 2023
Encourage labour market participation of women through a comprehensive strategy, rationalizing family-support policies and increasing the coverage of childcare facilities	Limited progress	Support women's participation in the labour market through a comprehensive strategy, including through access to quality childcare and long-term care	Some progress, relevant RRP measure being implemented as of 2021 and planned as of 2022 and 2023		
Step up implementation of the reform of active labour market policies to ensure equal access to effective job-search assistance and training.	Some progress	Ensure that active labour market and social policies are effectively integrated and reach out in particular to young people and vulnerable groups.	Some progress, relevant RRP measure being implemented as of 2021 and planned as of 2022 and 2023	Mitigate the employment impact of the crisis, including through flexible working arrangements and active support to employment	Some progress, relevant RRP measure being implemented as of 2021 and planned as of 2022
				Provide adequate income replacement and access to social protection, notably for atypical workers	Some progress, relevant RRP measure being implemented as of 2021 and planned as of 2022
				Strengthen the resilience and capacity of the health system, in the areas of health workers, critical medical products and infrastructure.	Some progress, relevant RRP measure being implemented as of 2021 and planned as of 2022
Increase the efficiency and quality of local public services.	Limited progress	Increase the efficiency and quality of local public services	Some progress, relevant RRP measure being implemented as of 2021 and planned as of 2022 and 2023	Reinforced digital infrastructure to ensure the provision of essential services	Some progress, relevant RRP measure being implemented as of 2021 and planned as of 2022

Source: Authors' elaboration based on Country Reports 2019-2022

The Recovery and Resilience Plan presented by Italy envisages investments and a consistent reform package, with €191.5 billion in resources being allocated through the Recovery and Resilience Facility and €30.6 billion being funded through the Complementary Fund established by Italian Decree-Law No. 59 of 6 May 2021, based on the multi-year budget variance approved by the Italian Council of Ministers on 15 April. The total amount of funds envisaged amounts to €222.1 billion. In addition, a further €26 billion has been earmarked for the implementation of specific works and for replenishing the resources of the Development and Cohesion Fund by 2032. A total of some €248 billion will thus be available. In addition to these resources, there are also those made available by the REACT-EU programme, which will be spent in the years 2021-2023 in accordance with EU regulations. These funds amount to a further €13 billion. The Plan allocates €22.4 billion to Inclusion and Cohesion with the aim to facilitate labour market participation, including through training, strengthen active labour market policies and foster social inclusion.

Impact of the MI recommendation and MW directive at the national level

Italy was among the countries in favour of a binding minimum income initiative, and together with Portugal, Spain, Belgium, France and Greece, the governments wrote a letter and published it together in the newspaper *Publico*. In the letter these governments claim that *“We have to ensure that all people are guaranteed the satisfaction of their basic needs, so we need a common minimum income system to combat poverty and social exclusion from an ambitious and integrated perspective”*.

In fact, at the national level, the M5S has used the EU involvement in support of the introduction of the scheme in 2018. The vice-president Luigi di Maio, one of the leaders of the M5S back then, argued that *“the EU is asking Italy to introduce a Citizenship Income”* (*“EuropaToday”* 04 October 2018). This position was supported by all the M5S which already in 2015 posted a short position paper in their blog arguing that *“it is Europe that is asking Italy to introduce a minimum income”* (*“Il Blog delle Stelle”* 21 May 2015). The same rhetoric is used by the current leader of the party, Giuseppe Conte, who in 2022 argues that *“The EU has expressed its opinion asking Italy to strengthen the RdC, not to abolish it”* (*“Pagella Politica”* 29 September 2022). More recently, in 2023 Conte also used the EU position on minimum income against the abolishment of RdC *“Italy is moving against the EU, as a recommendation on minimum income has been adopted at the EU-level while Italy is going to abolish the RdC”* (*“Ansa”* 24 January 2023).

At the EU-level, the government is playing a different game than on the national level. In December 2022 during the EPSCO Council, the current Minister for Labour, Marina Calderone, was in favour of a recommendation arguing that *“a minimum income is a fundamental element for a poverty strategy”* (*“Ansa”* 30 January 2023) while *“RdC does not have any significant negative impact for the probability for the beneficiaries to find a job”* (*“Huffington Post”* 30 January 2023), while nowadays, at the national level, the Ministry is pushing for the abolishment of the scheme.

Regarding the involvement of the social partners, one of our interviewees argued that since 2017 Italian social actors, such as Forum DD, have been involved by the European Commission in the consultations on the EU cohesion policy. Yet, according to him,

“despite involvements on several social meetings on the European planning, the impact of social partners has been quite limited since either there is no social dialogue or the consultations are not characterised by the same use of resources and shared programmatic visions between EU and social partners” (Interview Morniroli).

Interestingly, interview with representatives of trade union shows that the focus of CSRs for Italy has shifted significantly towards the field of social exclusion during the pandemic (Interview Pallone) and since 2018 CSRs have been more focused on reforms against poverty and social exclusion. In fact, according to Giordana Pallone, director of welfare of the CGIL, *“since the launch of the ESPR, the involvement of the social partners in the consultations with the European Commission has increased because of the beginning of the Social Dialogue as a shared practice within the European Semester”*. Both Forum DD and CGIL have high expectations on a major involvement of the EU in the national issue concerning the reforms in the field of poverty and social exclusion.

Importantly, in February 2023 the EU Commission has launched an infringement procedure against the last reform introduced by the Meloni-led government because *“the reform is not in line with the EU law”*, as the 10-year residence access requirement is *“discriminatory”* (“Ansa” 15 February 2023; “Rai News” 15 February 2023; “ASGI” 17 February 2023). According to the Nicolas Schmidt, EU Commissioner for Jobs and Social Rights, the *“RdC cannot be abolished”* but *“it needs to be linked to ALMPs”*. He continues by saying that the last CSRs provides exactly the direction that the government should follow with *“a more flexible approach to the labour market: providing a wage supplement for short period can help the employees dealing with the lack of workers, while giving incentivize the beneficiaries of the RdC to accept a new job”* (“Open” 29 September 2022).

3.5 Spain

In Spain, the convergence towards European socioeconomic indicators and the recommendations and principles from the European Union institutions have had a central place in Spanish political discourses since before joining the European Union, almost 40 years ago. Different political parties actually mobilized European references in tune with their preferences. The centre-left, left parties, and employee representatives have defended social improvements putting at the centre of their arguments the main European documents’ social goals on reducing inequality, often referring to Scandinavian countries’ best practices. For their part, centre-right parties and employer representatives have supported their economic and social policies pointing at the EU’s emphasis on public deficit and debt control (usually, with a preference for the German or Anglo-Saxon models).

When most European countries had recovered from the 2008-2012 financial crisis in terms of poverty and employment indicators, around the mid-2010s, Spain still suffered higher inequality and poverty rates than in 2008. By the end of the decade, Spain had received successive CSRs from the EC to act on its poor performance in terms of poverty reduction and employment outcomes (European Commission 2020, Hernández *et al.* 2022).

In terms of fighting poverty and social exclusion, the 2015 Commission assessment found limited progress in this respect: *“income support schemes and social services are scattered across many institutions and levels of government that limit the portability and mobility of the beneficiaries”* (European Council 2017: 44). As a result, the 2015 CSR requested Spain to streamline minimum income and family support schemes.

In the 2016 assessment, the European Council stated that Spain was facing trouble in addressing gaps and disparities in minimum income schemes, emphasizing the need to take further steps in this policy field. Thus, the 2017 CSR asked Spain to *“address regional disparities and fragmentation in income guarantee schemes and improve family support, including access to quality childcare”* (European Council 2018). The next assessment on policy improvements based on the CSR highlighted that initiatives to tackle the limited effectiveness in national income guarantee schemes were still insufficient. The 2018 CSR insisted again on the need to improve coverage gaps by simplifying the national minimum income scheme system and by reducing disparities in accessibility with regards to RMIS. These CSR seem to have played a role in putting pressure on Spanish political parties to implement a national floor. In fact, a high ranking official of the Ministry of Inclusion, Social Security and Migration points out that the role of Europe *“was very important for us. It was clear within our party already - the need to implement a national minimum income - (...) but the constant appeals from the EU close the circle”*. This fact is clearly illustrated in the preamble of the law, which states as a reason to implement a national model is that *“the weaknesses of the Spanish income guarantee system have been repeatedly highlighted in reports and recommendations from the European institutions”*, referring mainly to the CSRs. accordingly, the new 2019 PSOE-PODEMOS coalition government included a nationwide MIS in their program.

Regarding employment indicators, a key area where EU’s policies have been crucial is the 2021/2022 Spanish Labour Reform (Royal Decree-Law 32/2021), whose main objectives were reducing the high temporality of employment, recovering the role of collective agreements in wages, advocate for worker training and intensify internal business flexibility. All of them seem in tune with the European *Flexicurity* paradigm (Lahera 2022).

In the months prior to the approval of the reform, some representatives of the unions and political parties to the left of the PSOE (centre-left) criticized the use of the European agenda and the linking of the reform orientation to the reception of the Next Generation European funds by some Spanish actors, as ways to condition the main contents of the reform (*“El Diario”* 25 October 2021). In the end, the Labour Market Reform was approved in Parliament (the 3rd of February 2022), thanks to the favourable vote by mistake of a PP deputy (the PP, centre-right, opposed the reform), and this was the main Spanish commitment to receive the second payment of the recovery plan in 2022, after the EC authorized the disbursement of 12,000 million (in line with the possible new conditionality approach of the EU in its recommendations, Guillén *et al.* 2022).

To sum up, according to the Commission’s assessment, 58.8% of the social CSRs issued between 2018 and 2022 have recorded at least *“some progress”* in being implementing, 11.7% showed *“substantial progress”*, while others recorded *“limited progress”* (29.5%). Considerable additional progress in addressing CSRs is expected in the years to come with the further implementation of the RRP (European Commission 2022d).

Nevertheless, some scholars have pointed out that the social and economic recommendations in the successive CSRs are obviously indeterminate, and the social and economic goals within the country reports and specific recommendations may enter into contradictions (Elomaki and Gaweda 2022, D’Erman *et al.* 2022), thus, left-leaning and right-leaning political parties and social actors use these recommendations in line with their domestic views.

This has been the case of the European Minimum Income Recommendation as well, which various actors have interpreted from their own political agendas. Therefore, while the new 2019 PSOE-PODEMOS coalition government included a nationwide MIS in their program, the decisive impulse may have been the COVID-19 crisis (see D4.5). At that point, the co-influence of several key factors explains the fast design and implementation of the new national MIS program, which in many ways represents a departure from previous social protection logics. Until June 2020, MIS in Spain was only managed by the regions, with great heterogeneity and inequalities in coverage and adequacy across regions. The most important factors underpinning the new national MI were: the emergency situation, the awareness among main political parties and social partners of the Spanish gaps in poverty indicators and its reduction efforts in relation to Europe, the new political dynamics introduced by new political parties since 2015 who questioned the previous institutional path, the insufficiency of existing regional schemes, and the normative legitimation provided by the EU iterative recommendations and the EPSR.

All these factors have been, and still are important, although it is not easy to estimate their relative incidence. As put by a PSOE Government representative when explaining the origin of the 2020 national minimum income scheme:

“Those of us who supported this type of policy (MIS) were clear about it internally, but the European legitimacy, the constant European calls for attention, end up closing the circle. And then, well, we entered 2020, with a new legislature and a government program where the PSOE wanted to develop this vital minimum income. The pandemic arrives in months... But the truth is that the 2020 legislature is reached with a government (PSOE-Podemos) program that wants to promote that vital minimum income, what comes close to the coverage network recommended by Europe, and that develops an entire inclusion policy with a national perspective, like it hadn't been done before. Putting poverty and income inequality in the focus of the political board that until now had not been... Then, the pandemic, and so I believe that in that catharsis something happened that caused this to develop more quickly. It is the fact that the need for this instrument to exist, which those of us who had been very involved in Europe insisted on, was not something so necessary for the general population (other actors), because there is a lot of controversy about whether such an instrument or not, but the pandemic brought unity around the need... But in general, it is born on May 29, it is approved by the Council of Ministers, and it does not have a single parliamentary vote against it. Only the abstention of VOX (extreme-right), but it does not have a single vote against.” (Interview Government representative).

In addition, a representative of the PP (centre-right party) made in general terms explicit references to European recommendations, framing their assessment of the scheme using the similar criteria to the EU recommendations such as insufficient coverage and regional disparities.

Importantly, Spanish NGOs who have long been supportive of MIS have also strengthened their claims using the successive CSRs recommendations asking Spain to improve the coverage and adequacy of the MI schemes and family support.

Based on this evidence, Ibáñez *et al.* (2023) conclude that the EU recommendations and the EPSR have been and remain a main reference in the political debates around MIS. They were used by the PSOE-PODEMOS government to favour their program, as they were also used in some previous regional MIS. In fact, the goals and principles of the EPSR appear in the preamble of the national and several regional laws establishing the national and respective regional MIS (Tomás Mallén 2023).

The EPSR is mentioned in several national and regional laws, if only in the preambles and never in the articles. Still, these national and regional laws have translated elements of the soft law of the EPSR into binding regional and national legislation (Tomás Mallén 2023). But the soft-law character of the EPSR (not legally binding) and its open-ended suggestions dilute their impact, give margin for divergent political and national interpretations, and accommodate to contradictory balances between European economic and social goals.

However, in a non-COVID scenario of economic recovery and employment growth, it is difficult to know what would have happened in Spain with the minimum vital income initiative. The COVID socioeconomic emergency, if not completely determinant, catalysed it.

Table 11. Spain's progress in implementing the social CSRs

2018	Progress	2019	Progress	2020	Progress
Reduce early school leaving and regional disparities in educational outcomes, in particular by better supporting students and teachers	Limited progress	Reduce early school leaving	Some Progress, Relevant RRP measures being implemented as of 2021	Improve access to digital learning	Some Progress, Relevant RRP measures being implemented as of 2021
Ensure that employment and social services have the capacity to provide effective support for jobseekers	Some progress	Ensure that employment and social services have the capacity to provide effective support	Some Progress, Relevant RRP measures being implemented as of 2022		
Foster transitions towards open-ended contracts	Some progress	Foster transitions towards open-ended contracts	Substantial Progress, Relevant RRP measures being implemented as of 2022	Support employment through arrangements to preserve jobs	Substantial Progress, Relevant RRP measures being implemented as of 2021
Improve coverage and adequacy of family support	Limited progress	Improve coverage and adequacy of family support	Some Progress, Relevant RRP measures being implemented as of 2021	Improve coverage and adequacy of family support	Some Progress, Relevant RRP measures being implemented as of 2021
		Reduce fragmentation of national unemployment assistance	Limited Progress, Relevant RRP measures planned as of 2022	Reinforce unemployment protection, notably for atypical workers	Limited Progress, Relevant RRP measures planned as of 2022
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	Limited progress	address coverage gaps in regional minimum income schemes	Some Progress, Relevant RRP measures being implemented as of 2021	Improve coverage and adequacy of minimum income schemes	Some Progress, Relevant RRP measures being implemented as of 2021
				Strengthen the health system's resilience and capacity, as regards health workers, critical medical products and infrastructure	Some Progress, Relevant RRP measures being

Source: Country Reports 2019-2022

In relation to the minimum wage, centre-left, left parties, and trade-unions, in their claims for higher minimum wages, repeatedly argued that the Spanish minimum wage was traditionally much lower than those of several of our European neighbours, but they departed from the vigilant caution of the European institutions when it comes to raising wages in Southern Europe (D’Erman *et al.* 2022, Canalda Criado 2019). By 2022, the EC CR reported a minimum wage increase since 2019 with a footnote reference to the Bank of Spain (2021) study (*Los efectos del salario mínimo interprofesional en el empleo: nueva evidencia para España - The effects of the interprofessional minimum wage on employment: new evidence for Spain*). This study originated an important political and media debate, and it received criticism for stressing some issues (employment creation) more than others (wage redistribution) (De la Rica *et al.* 2021, Dolado 2021). The Bank of Spain’s study concluded that the minimum wage increase had “a limited impact on overall employment but a negative one for young and low-skilled workers”. A conclusion that coincides with the pre-2019 CSRs cautious European recommendations. By 2018, the EC CR, when considering future plans for minimum wage increases, argued that “*this may put pressure on the lower part of the wage structure and thus have a more noticeable negative effect on employment, notably for young and low-skilled workers.*” This has also been a usual point in the employers and centre-right political party PP’s arguments, even though data shows that employment is on the rise in Spain (Eurostat online).

Recently, with the approval of the 2022 European Directive on minimum wage, the Spanish government understood this directive as a main support of their own minimum wage policy. María Eugenia Rodríguez Palop, MEP of *Unidas-Podemos*, said that “*The EU is now working on the minimum wage directive and the wage transparency directive along the same lines that it is working on in Spain. The Employment Commission of the European Parliament has recently approved the report on the minimum wage directive, which It proposes that the minimum wage be 50% of the average salary and 60% of the median. Europe is more demanding than Spain.*” (“El Confidencial” 19 November 2021).

However, between 2020 and 2022, employer associations and the trade unions have had serious troubles to find common grounds on raising the minimum wage, and there have also been significant divergencies between the Spanish governing collation. The last rise in 2023 was agreed between the Government and the trade unions but actively opposed by the employers’ organizations, which is not the situation expected by the 2022 European Directive on minimum wages.

4. Conclusions

This paper aimed at assessing whether the main principles of the EPSR – especially those related to the initiatives in the fields of minimum wage (principle 6) and minimum income protection (principle 14) – have been prioritised in the Annual Growth Survey and Country Specific Recommendations since its launch in 2017 until 2022. In addition, it evaluates the extent to which social CSRs have been prioritised by national governments in their NRPs.

Overall, we observed that AGS made explicit reference to most of the principles of the EPSR since its launch in 2017. Importantly, starting from 2020, the AGS are not bound

anymore to economic productivity or cost-effectiveness, but to the priority of promoting fairness. Nevertheless, it is important to note that from 2019 not all the EPSR principles were considered a priority in the AGS. In fact, in 2020 AGS only 12 out of 20 principles of the EPSR were mentioned by the Commission. Moreover, starting from the 2020 cycle, we observe a stronger focus on climate and environmental policies in the European Semester, which in turn has led to a subalternity between green transition policies and the social dimension (Rainone 2022).

Regarding the extent to which the AGS priorities have been translated into CSRs, over the years, the Commission has continued to emphasize the importance of implementing the EPSR principles in its CSRs for EU member states, providing guidance on a range of social issues, such as improving access to education, training and lifelong learning, addressing equal opportunities, active support to employment and ensuring adequate social protection systems. Nevertheless, not every principle of the EPSR has received equal attention. For instance, no country received a CSR on information about employment conditions and protection in case of dismissals (2018-2020); work-life balance (2018-2022); healthy, safe and well-adapted work environment and data protection (2018-2022); wages (2020); childcare (2020); inclusion of people with disabilities (2020-2022); and active support to employment (2022). In addition, we argue that many countries were faced with a conflict between cutting spending to achieve their budgetary objectives and recommendation to invest in the field of education, employment and social protection. In fact, in 2022 the fiscal and macroeconomic situation of each MS regained dominance over social challenges, with only 16 out of 27 EU MS receiving recommendations in the social field. Interestingly, over the years, not all the worst performing countries in the Social Scoreboard received CSRs to address their social and employment challenges. Moreover, reflecting the AGS priorities, starting from 2020 the CSRs as well were mostly concerned with the energy crisis and the decarbonisation process.

Finally, focusing on the cases of Estonia, Germany, Hungary, Italy and Spain, this paper assessed the degree of fit between the National Reform Plans (NRPs) and the CSRs and the potential relevance and interaction between the EU and MS on minimum wage and collective bargaining (principle 6) and minimum income protection (principle 14).

Regarding the first, we observe variation among countries in terms of prioritising social CSRs in their NRPs. Overall, while Estonia, Germany and Spain show some progress, in Hungary and Italy we observe only limited progress in implementing policy reforms to address employment and social challenges.

Turning to the second, while the Pillar seems to be influential in the national debate on certain issues, most actors have used it to advance their own political agendas, and this is visible in both the cases of the minimum income recommendation and minimum wage directive. In Estonia, targets and action plans set at the national level are in line with the recommendation on adequate minimum income, however, the Estonian government prefers soft governance modes in order to ensure flexibility and effectiveness. In Germany, reforms in the national MIS and wage policy are in line with the criteria set by the EU recommendation and directive. However, existing literature (Natili and Ronchi 2022) shows that the German wage policy in 2015 has anticipated the EMW: “*we want*

to develop a framework for minimum wage regulations in EU countries” (coalition agreement in Germany (CSU & SPD)). In fact, Germany, Italy and Spain were among the countries in favour of the proposal for a directive, considering it as an important step to deliver on principle 6 of the European pillar of social rights (Natili and Ronchi 2022). Differently however, Hungary is resistant towards the EU intrusion at the national level. In particular, the Hungarian government was strongly against the directive on minimum wages, arguing that in line with the subsidiarity principle the European Union does not have any competence to adopt regulations in this area. In Italy, some actors (M5S, but also some social actors) have used the EU involvement in support of the introduction (and strengthening) of the minimum income scheme. Finally, in Spain, normative legitimation provided by the EU recommendations and the EPSR have played a role in the design and implementation of the new national MIS and has fostered debate on the minimum wage policy.

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