

The European Semester: A literature review

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THE EFISTU PROJECT

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



Introduction

This literature review seeks to provide a summary of relevant research in relation to the European Semester and related industrial relations issues. It informs the research project *Public service trade unions: Effective intervention in the European Semester* which seeks to understand the significance of public services within the European Semester and the role played by public service unions in shaping the outcomes of this process. 'Public services' are here broadly defined to include central and local government provision, health, social services, housing, public utilities and education. This notion extends beyond the public sector recognising that some public services are privately provided and that in some cases public/private distinctions have become increasingly blurred in recent years.

This review opens with a brief overview of the European Semester as part of the European Union's (EU) 'governance architecture' and its development since its inception. The Semester remains relatively new, but has also changed considerably since it was established and this section seeks to convey a sense of that historical context. The following section discusses the 'social dimension' of the Semester and the extent to which it has helped or hindered the development of a European 'social model'. This remains a contentious aspect of the Semester's development and the progression of these issues over time is discussed here.

There is then an overview of industrial relations in Europe, with a particular focus on the role of public service unions and industrial relations. An assessment of industrial relations models across Europe is presented with discussion of the impact of the crisis on these models, together with a discussion of future strategies and possibilities for unions. This latter analysis draws on the work of Richard Hyman and has a particular relevance to public service unions. The final section there is a focus on three studies that examine the place of social dialogue generally, and trade unions particularly, in the European Semester.

The literature included in this review was identified using established academic databases. Given the focus of the work there are inevitably references to 'grey literature' sources such as European Union policy documents. However, the intention here is to identify and review relevant research and academic resources, most commonly published papers in peer-reviewed journals but also research reports, monographs and books. The timeframe for including publications was largely determined by the history of the Semester itself, so from 2010 onwards. Priority has inevitably been given to more recent sources, seen as particularly important given the Semester's tendency to continually develop and change. However, we have also sought to capture and present the Semester's historical development in order to convey a sense of 'trajectory'. This is central to understanding the European Semester as a 'policy space' in which a range of influences and policy actors seek to shape its outcomes and which continues to evolve in response to political influences and economic developments.

The European Semester remains a relatively under-researched area of European Union policy development and our hope is that the outcomes of the project, *Public service trade unions: Effective intervention in the European Semester*, will contribute to an expanded knowledge base in relation to this important aspect of EU governance.



European Union policy and governance: the importance of the European Semester

This section provides a brief summary of EU governance arrangements combined with an analysis of more recent developments, specifically in relation to the continuing evolution of the European Semester.

Any such analysis usefully starts in 2000 when EU leaders committed themselves to the 'Lisbon agenda' and the goal of making the EU the most dynamic and competitive knowledge based economy in world. The Lisbon agenda also committed the EU to achieving 'greater social cohesion' (European Council, 2000) and thereby encapsulated what has been a constantly shifting, and often uneasy, tension between the EU's aspirations to deepen the single market and its goals of promoting a 'social model' that emphasises social solidarity and security (Daly, 2006). The social aspirations of the EU in the Lisbon agenda can be considered as a further reiteration, in a different form, of the commitment to a 'Social Europe' which had emerged in the 1980s and 1990s when Jacques Delors was Commission President, and which had secured significant support from many social partners and civil society organisations (Mitchell, 2012).

Borras and Radaelli (2011), refer to both the Lisbon agenda, and the later Europe 2020 10-year plan (European Commission 2010), as providing a 'governance architecture', defined as 'address[ing] complex problems in a strategic, holistic, long-term perspective; they set substantive output-oriented goals; and they are implemented through combinations of old and new organisational structures' (Borras and Radaelli, 2011, p. 464). Conceived in these terms governance architecture is presented as a combination of ideational and organisational components. The former is concerned with the 'paradigms and discourses' (Armstrong 2012, p. 287) that shape policy, while the latter refers to the formal structures and processes through which policy change is implemented.

As a 'governance architecture' Lisbon 2000 soon emerged as problematic, facing criticisms that it was over-ambitious and insufficiently focused (Armstrong, 2012). A mid-term review sought to re-focus the project following which jobs and growth were identified as they key priorities (with a corresponding diminution in the significance of social goals). Armstrong argues that at this point EU governance structures began to diverge. On the one hand there existed an 'architectural core' (Zeitlin, 2008) focused on guidance to member states on macro and micro economic policies, labour market reforms and individual country reporting but this was distinct from the Open Method of Coordination (OMC) which was the principal mechanism for securing social policy co-ordination with regard to social inclusion and social protection goals (Radaelli, 2003; Regent, 2003).

As part of the process of divergence the ‘architectural core’ assumed increased significance, whilst the OMC became increasingly marginalised (Barcevičius *et al*, 2014). Dissatisfaction with the development of the Lisbon agenda, and its linked governance architecture, was always a possibility given the apparent downgrading of the EU’s social goals. However, it became more explicit when the economic crisis posed a major challenge to countries across the EU (now increasingly interdependent as a result of the single market and specifically the single currency) and highlighted weaknesses in the governance structures at the time. The consequence was a ‘relaunching’ of the EU’s strategic vision, presented as a 10-year Plan, *Europe 2020* or *EU2020* (European Commission, 2010).

Europe 2020 represented an attempt to both ensure a tighter focus on core priorities, while also maintaining a balance between the economic and social goals of the European Union. *EU2020* identified high-level targets in five key areas covering the economy, poverty, education and the environment. These targets were underpinned by flagship initiatives based on seven themes and eight headline indicators of performance. In Armstrong’s (2012) assessment *EU2020* represented a return to the Lisbon 2000 ‘balance’ of economic and social goals but which had been displaced following the mid-term review.

Alongside the *EU2020* project new governance structures were introduced, that built on those of the Lisbon agenda but which were intended to be much more robust. This was based on the European Commission’s own admission (European Commission, 2015) that before the crisis budgetary policy and planning had been left largely to Member States ‘with only a limited coordinated overview at EU level of the national efforts’. Given the scale of the economic crisis and its consequences this had clearly been perceived as inadequate. The European Semester, established in 2011, provides the ‘economic governance and social policy coordination’ function of the *EU2020* project, involving an annual cycle of monitoring, surveillance and reporting of Member States combined with the publication of Country Specific Recommendations (CSRs) by the European Commission for implementation in individual countries.

While arguing that *EU2020* represented a ‘rebalancing’ of economic and social priorities for the EU in favour of the latter, Armstrong (writing in the earliest days of the Semester) sounds a note of caution as to whether, in practice, the European Semester would be able to maintain that balance:

As for the social dimension of Europe 2020, this new coordination framework creates both opportunities and challenges/threats. On the one hand, the apparently enduring relevance of policy coordination as a tool of European governance might suggest a potential role for social policy coordination within the new structures of the European Semester. On the other hand, there are political and legal challenges inherent in seeking to fit Europe 2020’s social dimension within the treaty-based economic and employment coordination processes. Moreover, the focus of the European Semester on reinforcing economic governance could marginalize whatever social policy messages might emerge through the reporting and monitoring of Member States’ NRPs [National Reform Programmes]. (Armstrong, 2012, p290)

What is clear is that since this analysis the European Semester has been in a constant state of change with each year involving some adjustment to the cycle. Crespy and Schmidt (2017) argue '*Since the first reforms from 2010, economic governance of the EU has been – and still is – very much in flux*' (p. 110). These changes are quite often technical adjustments as particular elements of the governance architecture are revised, but in some cases they represent more fundamental changes to the way the Semester functions as a process and its overall 'trajectory'.

In the following section we discuss more fully the extent to which the European Semester can be considered to have helped or hindered the development of a more 'social Europe' but in offering some insight into way the Semester has developed since 2011 it is important to acknowledge the widely shared view that in the early years the Semester played a key role in enforcing the EU's rules on fiscal management of public finances, and was therefore inextricably bound up with the enactment of austerity policies across the vast majority of EU Member States. For Crespy and Schmidt (2017) this has contributed to the European Semester lacking legitimacy in several respects. They distinguish between three types of legitimacy and assert that the Semester has faced problems in all aspects.

- Output legitimacy – does the process 'deliver' strong results?
- Input legitimacy – is the process underpinned by democratic participation?
- Throughput legitimacy – is the process seen as open, transparent and accountable?

Crespy and Schmidt (2017) assert that many of the changes to the Semester process have been introduced precisely to address the issue of legitimacy deficits. For example, changes to the cycle of meetings to allow for more consultation with Member States regarding the drafting of Country-Specific Recommendations (CSRs) is intended to address concerns of throughput legitimacy, whilst more recent steps to increase the involvement of social partners, for example, is intended to address questions of input legitimacy. The possibility of a 'social turn' in CSRs in recent years might reasonably be argued to respond to concerns about output legitimacy.



European Union policy, the European Semester and a ‘Social Europe’?

Much of the scholarly debate about the EU’s new ‘economic governance’ architecture has focused on the relative balance between the EU’s economic and social objectives and the ways in which this balance is reproduced or transformed within and through the Semester. In reality this debate about the Semester is rooted in a wider debate about the purpose and future of the EU, which is not new, but which can be traced back to the earliest days of the European Community and the Treaty of Rome and which has been reflected most recently in the *White Paper on the Future of Europe: Five Scenarios* (European Commission, 2017). In this sense the question of ‘balance’ between economic and social goals, or between the EU as a single market and a social vision of Europe must be seen as located in a continuing political struggle over the purposes and future trajectory of the EU (Bieler, 2006).

Costamagna (2013) argues that the original Treaty of Rome (1957) sought to ‘decouple’ the economic and the social in order to allay the concerns of Member States that economic co-operation would lead inexorably to a diminution of national sovereignty in relation to social matters. Costamagna goes on to assert that this settlement became increasingly untenable when global economic crisis spread in the 1970s. Recession placed considerable pressure on public sector finances while economic liberalism also posed a threat to traditional welfare state organisation. At the same time, the tidy separation between economic and social policy appeared to become increasingly blurred. In the 1990s the commitment, explicitly, to a ‘social Europe’ became more significant and articulated in clearer terms, although it also showed early signs of fragmentation (Grahl and Teague, 1997). Subsequent developments, in terms of the push for, and the push against, the goal of a social Europe serve to reinforce the political nature of these issues, or what Crespy and Vanheuverzwijn (2017) have described as the ‘*asymmetric ongoing battle of ideas within the EU*’ (p. 1).

It is widely recognised by researchers that the European Semester has significantly expanded the scope of the EU’s activity in relation to social policy (Bekker, 2015 and 2016; Zeitlin and Vanhercke, 2015). However, there is rather less agreement about the relative power balance between the European Commission and Member States or between those who see the Semester as reinforcing fundamentally neoliberal economic orthodoxies and those who see more progressive possibilities in which social goals feature prominently. In presenting a number of contributions to this debate, which reflect varying levels of optimism (or otherwise) in relation to the European Semester it is important to recognise the importance of change over time (and therefore when some studies

were published) as almost all contributors accept that the issue of balance between economic and social objectives is not one that has been static but rather one that has been evolving from the outset (Grahl, 2012).

All the analyses recognise that the European Semester provides a powerful framework for the EU to exert influence over both economic and social issues and that the governance architecture involves a complex weave of legal powers in which both ‘hard’ and ‘soft’ power processes are evident (see for example, Lawn, 2006).

Writing in the earliest days of the Semester, Costamagna (2013) argued that the principal function of the European Semester was to ensure that the budgets of Member States, and in particular members of the Eurozone, were managed in a way that protected the stability of the currency. The implication was that the need to insulate national economies from ‘rogue’ behaviour by other Member States was the key priority. This analysis is borne out by the EU’s own explanation of Semester reforms introduced in 2013, in which the Commission recognised *‘the higher potential for spillover effects of budgetary policies in a common currency’* and therefore the *‘clear need for still stronger mechanisms specifically for the euro area’* (European Commission, 2013). Costamagna described the Semester as ‘a mechanism that has been created with the primary aim of remedying the structural defects of the EMU’ (Costamagna, 2013, p. 15) and which inevitably reduced social goals to ‘second tier’ objectives (which feature largely in terms of their potential impact of public finances). He went further and argued:

...the European Semester codifies and makes permanent the approach that characterized, even more intensely, the financial assistance packages devised to rescue EU States that have been hard hit by the financial crisis. In all these cases, recipient States have been required to adopt a set of fiscal consolidation measures aimed at halting and reverting the deterioration of their public finance position. Adjustment programmes invariably rested upon draconian measures, all entailing severe cuts to public spending and, in particular, to social expenditure. In keeping with this evolution, which goes to the core of the European social model, it can be argued that the new coordination mechanism contributes to what Joerges has defined the transformation of the European economic constitution into “a general mandatory commitment to budgetary discipline” (Costamagna, 2013, p. 17).

In setting out this argument, and writing about the early stages of the Semester, Costamagna argued that the Semester played a key role in policing the fiscal policies of Member States and that all other considerations were subjugated to this objective. The perceived importance of budget management in terms of Eurozone stability, and the ‘mission critical’ status of Euro stability ensures that economic considerations triumph over social objectives. Writing in 2013 Costamagna acknowledged that the ‘one size fits all’ approach he described was showing signs of softening, most obviously in the inclusion of more socially oriented Country Specific Recommendations (CSRs), but that *‘these signs cannot be taken as a proof of the reversal of the one-sided approach that characterised the EU early response to the crisis.’* (p. 18) In particular he argued that the ideational focus of the Semester remained concerned with:

...enhancing efficiency, cost containment and private participation, while they [CSRs] tend to disregard principles, such as solidarity, equity, inclusion and cohesion, which represent the bedrock of the traditional paradigm of the welfare state.

(Costamagna, 2013, p. 18)

This 'pessimistic' assessment is shared, in part, by Copeland and Daly (2018) based on their analysis of European Semester cycles between 2011 and 2015. They draw on a critical realist paradigm and locate their work in an approach in which *'governance arrangements should be seen as sites of concentrated power and an apparatus over which groups contest and struggle for control'* (p. 1003). They are concerned therefore with how policy actors (EU and Member State policy makers as well as non-state actors in the policy process) *'navigate and negotiate the opportunities and constraints obtaining within the governance setting in their competitive search for influence and resources'* (p1003).

In adopting this approach the authors counsel against what they perceive as an unhelpful distinction between social investment and neoliberal strategies as a binary in the European Semester but rather argue that outcomes are better judged as either 'market making' or 'market correcting'. The former see market solutions as preferred but recognise that the state can help markets work more effectively, whereas the latter approach takes a more critical approach to market failure, and therefore sees the need for state action to mitigate for the market. The former seeks to reinforce the supremacy of the market, whilst the latter is more likely to seek to supplant the market. It is recognised that many policy recommendations may represent a hybrid approach in which both market making and market correcting elements are combined.

Copeland and Daly's (2018) assessment of 656 CSRs between 2011 and 2015 was that 290 could be identified as having a social dimension, but that the majority of these were 'market making'. In this sense they echo the work of Azzopardi-Muscat *et al.* (2015) who highlight the increase in health care related CSRs from 2011 to 2014, but who point out that the majority of recommendations relating to health care were concerned with questions of sustainability and cost containment, rather than with concerns about equity and access (both studies highlight the need for detailed content analysis of CSRs, rather than simple frequency counts). Copeland and Daly argue that pressures for more market-correcting measures were evident (associated with priorities of Commissioner Andor, Commissioner for Employment, Social Affairs and Inclusion from 2010-2014), but that these failed to win wider support. They argue that challenges from the business lobby, and a lack of consensus amongst Member States on social policy issues, can explain the lack of progress.

In conclusion, they highlight the importance of social policy issues in the European Semester, and a certain 'socialisation' of the process, but they also recognise *'the powerful political and anti-welfare state tendencies that have been strengthened across the EU since 2010'* (p. 1015). As a result they conclude that the emphasis on 'market first' remains dominant and that such approaches are likely to dominate any commitment to a 'social Europe'. At this stage it is important to note that Copeland and Daly's relatively recent publication is still based on data from the earlier days of the Semester when many ac-

knowledge that the Semester's priorities were guided by the drive for economic stability after the crisis.

A more optimistic analysis is provided by Bekker (2015) in her analysis of the European Semester, and specifically based on the 2013 CSRs. She acknowledges that context matters, and that Eurozone economies and 'programme countries' face particular issues, but that broadly *'governance outcomes in terms of country-specific recommendations neither constrain nor develop the EU's social dimension per se. This means that there is room to make economic and fiscal rules more open to social goals.'* (Bekker, 2015, p. 4). Bekker identified the European Semester as being based on four co-ordination priorities. These were:

- **EU2020** – EU 10 year plan of economic and social goals
- **Stability and Growth Pact** – established in 1997 to monitor Maastricht Treaty commitments to government deficits at 3% of GDP and public debt at 60% of GDP
- **Macroeconomic-Imbalance Procedure (MIP)** – became operational in 2011 as part of the 'six-pack' programme of regulations. Strengthens surveillance of Member States through Alert Mechanism Reports and In-Depth Reviews, following which the 'corrective arm' of the MIP can be triggered if excessive macroeconomic imbalances are identified.
- **Two pack regulations** – introduced in 2013, seeking to strengthen the 'six pack' framework by increasing co-ordination and transparency for all Member States. It made special provision for countries in the corrective arm of the Excessive Deficit Procedure (EDP) and *'enhanced surveillance for Member States facing severe difficulties with regard to their financial stability, those receiving financial assistance and those exiting a financial assistance programme'* (European Commission, 2013).

Bekker pointed out that the complex nature of these different co-ordination mechanisms meant that *both* economic and social goals were a feature of a single CSR and that these different dimensions were often difficult to disentangle – that is a CSR may be considered as *both* economic *and* social. She also highlighted that CSRs are underpinned by 'mixed legal bases' (Bekker, 2015, p. 5). Recommendations relating to the MIP and EDP carry with them the possibility of sanctions but this does not necessarily result in immediate compliance. Rather Bekker argues that scope remains for agency in relation to the implementation of recommendations in a national context.

Clearly however, recommendations reinforced by sanctions are likely to carry more weight than those that have no such legal basis:

When rivalry occurs, hard law coordination may prevail, thus, for instance, giving greater importance to pensions as a way to reduce public spending than as a means to prevent old-age poverty.'

(Bekker, 2015, p. 7)

Bekker argued that in 2013 at least half of the CSRs with a social dimension were also tied to at least one economic co-ordination mechanism and hence linked to the possibility of sanction for Eurozone members.

The consequence of this blurring of the economic and the social is that social policy has been brought into the purview of the Semester's governance arrangements, with associated sanctions – the term *“economic policy”* has been defined very broadly to include topics such as poverty, health care and pensions, which now feature in the SGP or MIP' (Bekker, 2015, p. 16). One consequence of this development is identified as the need to research CSRs in this integrated way, and specifically to look for the interconnections between various co-ordination elements. However, Bekker also concluded that the subsuming of social policy goals into economic cycles of governance does not necessarily result in the subjugation of social policy to economic imperatives and instead makes the case to look for:

...complementarities rather than stirring up rivalry between modes of governance and their goals. The review of the coordination activities in the 2013 European Semester shows that there is still the potential to support the social dimension and thus to achieve complementary modes of coordination.
(Bekker, 2015, p. 16-17)

This more optimistic analysis is shared, updated and developed by Zeitlin and Vanhercke (2018) who cautiously make the case that there is evidence of *'a partial but progressive 'socialization' of the Semester, both in terms of its substantive content and its governance procedures'* (p. 152). In their analysis they begin by identifying the principal criticisms of the European Semester presented by those who are sceptical of its progressive possibilities. First is that social policy is almost always subordinated to economic policy. Second is that economic policy actors dominate the Semester process and have correspondingly more power in decision-making. Finally, they argue that critics assert that the legal base of some elements of the co-ordination architecture means that the Semester is a hierarchical structure that Member States frequently experience as imposition from above.

Zeitlin and Vanhercke combine data from several of their studies, for example Zeitlin and Vanhercke 2014, (allowing them to analyse the Semester over a longer period than other studies cited in this literature review) to conclude that those presenting the criticisms above are prone to a determinism that emphasises structural constraints at the expense of agency and opportunity. Specifically they make the case for using *'actor centred constructivism'* and *'usages of Europe'* as theoretical lenses for assessing to what extent policy actors are able to impact the European Semester in ways that bring about more socially oriented outcomes. Zeitlin and Vanhercke draw on these *'agency focused and possibility oriented'* (p. 154) approaches to demonstrate how, through a process of on-going reflexive learning in relation to previous Semester cycles, a range of social policy actors have been able to enhance their influence in the Semester over time. In this sense the European Semester is seen as a *'policy space'* (Lawn and Grek, 2012) which can be *'opened up'* through effective strategic choices by policy actors.

Central to their analysis is that the Semester process has shifted over time, and that understanding the dynamics of this process, and its stages of development, is central to understanding its wider evolution and sense of trajectory. In common with other analyses they recognise that the Semester was heavily driven by economic considerations

at its inception. However, their ability to draw on a large data set accumulated over the lifetime of the Semester (through to 2016) allows them to argue that the ‘partial but progressive’ socialisation is evident in both the content and procedures of the Semester. Specifically Zeitlin and Vanhercke (2018) draw on empirical evidence to support their claim of developing socialisation in three areas:

- **Increased social content of CSRs** – in which socially oriented CSRs feature more prominently in each Semester. This cannot be a simple measure of increases in socially focused CSRs as changes in the Semester process have resulted in fewer and more sharply focused CSRs being encouraged in recent Semester cycles. Nevertheless, Zeitlin and Vanhercke demonstrate that socially oriented CSRs have maintained, and often increased their *relative* importance in the overall process.
- **Improved monitoring of Semester processes and outcomes by social policy actors** – whereby procedural changes in the Semester process have opened up the process to a wider range of policy actors, and in particular has increased the participation of Directorates other than those traditionally dominant, such as DG ECFIN. Zeitlin and Vanhercke claim *‘the process of drafting them [CSRs] became increasingly collaborative within the Commission itself.’* (2018, p. 159).
- **Enhanced decision making role of EU policy actors** – defined as a more significant role for a wider range of policy makers, and in particular those in Member States whose influence was enhanced in relation to determining final outcomes, but specifically in relation to socially oriented CSRs.

In presenting the case for a ‘partial but progressive’ socialisation of the European Semester a number of key issues emerge. Of particular importance is the dynamic interplay of ‘context and contingency’ (Copeland Daly, 2018) and the appreciation of economic and political contexts (and the way they interact). It was economic crisis that spawned the European Semester, and in many ways shaped its early iterations. Since then two parallel, and potentially paradoxical, developments have emerged to shape the future development of the Semester.

Firstly, EU28 countries have slowly started to emerge from crisis and economic growth has re-emerged (European Commission, 2018). There are clearly very different experiences across Member States, but overall growth is returning to EU economies. This has inevitably alleviated some of the pressures on public finances and therefore made it possible to ease some of the austerity-driven policies that were a feature of the immediate post-crisis period. Secondly, however, despite this recovery, or perhaps because the recovery is still not experienced as real by many EU citizens, popular dissatisfaction with political institutions, and particularly the EU, remains high. This has been reflected in the UK Brexit vote (Jessop, 2017), but also in the rise of populist Far-Right parties across Europe (some of whom are sharing in government).

This apparent paradox of emergence from crisis combined with rising political disaffection has opened up a new political landscape for the EU in which there is a recognition that the EU must demonstrate its value to citizens and that if it is only ever associated

with punitive financial management and austerity then levels of disaffection will continue to grow. This was the analysis presented by European Commission officials in Stevenson *et al.* (2017) and which was used to explain the ‘social turn’ associated with the Juncker Presidency. Zeitlin and Vanhercke (2018) highlight the importance of this development, including Juncker’s commitment to a ‘Triple A’ rating for the EU on social issues, as opening up further space for the increased socialisation of the Semester (European Parliament, 2016).

Since the ‘Triple A’ announcement in 2014 the ‘social turn’ in EU policy has become more pronounced. This has been reflected in the commitment to a ‘new start’ for social dialogue (European Commission 2016) (specifically referring to an enhanced role for social partners in the European Semester) and also in the launching of the European Pillar of Social Rights (EPSR) (European Commission 2017a). The EPSR has emerged as a flagship EU policy in terms of a renewed social model in Europe, and it is already apparent that the European Semester will play a key role in monitoring its effectiveness. Highlighting this link between the EPSR and the European Semester, Employment Commissioner Marianne Thyssen stated at the launch of the 2018 CSRs (European Commission 2018a):

This year’s recommendations have a greater than ever focus on employment, education and social issues. This shows the Commission’s determination to focus on the implementation of the European Pillar of Social Rights in all the Member States and improve working and living conditions for all European citizens.

However, notwithstanding this commitment the outcomes remain uncertain and contested. Despite the economic growth identified by the Commission there continues to be little consensus on how the EU needs to develop, or the role of social policies in addressing key societal challenges. It remains unclear how, or even if, the ‘social turn’ in EC policy will become meaningful in the lives of EU citizens. Zeitlin and Vanhercke argue that processes such as the Semester can be ‘opened up’ in progressive ways, but they emphasise that much hinges on the strategic choices made by social actors:

Complex governance processes like the European Semester, as these approaches emphasize, do not narrowly pre-determine the outcome of political struggles, but typically offer multiple opportunities and resources for strategic agency by contending groups of actors, whose effective exploitation depends on the latter’s ability and willingness to identify and act upon them. By seizing such opportunities and creatively adapting their own organization and practices, these actors may be able to reshape pre-existing power balances and procedural rules even where the overarching institutional framework remains formally unchanged. (Zeitlin and Vanhercke, 2018, p. 169)

To what extent the Semester can be ‘opened up’ in this way will, in part, depend on the extent to which labour and civil society organisations will be able to mobilise their resources to intervene effectively in the Semester process. This highlights the importance of effective trade union intervention in the European Semester, which is the focus of remaining sections.



Public services industrial relations: a European context

In the following sections a number of frameworks are presented that can be helpful when considering industrial relations issues in a European context, before presenting more detailed discussions of public services industrial relations in Europe, and specifically, the way in which public services industrial relations have been re-shaped by economic crisis. In the final section there is a consideration of whether industrial relations across the EU are being 'Europeanised', that is are becoming increasingly aligned in key respects, or are becoming more divergent followed by a discussion of future scenarios for trade unions and industrial relations within Europe.

Understanding how industrial relations 'systems' function in detail provide a framework for considering how industrial relations differ between national contexts (or between economic sectors *within* national contexts, Bechter *et al*, 2012) and therefore whether claims can be made about systems converging or diverging. Analysing systems in this way will include study of multiple factors, but typically includes the following:

- Forms of employer organisation
- Forms of employee organisation
- Legislative framework
- Institutional frameworks
- Collective bargaining and workplace representation
- Forms and prevalence of industrial action

Within the European Union there can be no claim to a 'European model' of industrial relations. It is widely recognised that there exists significant diversity of systems across the EU with the variability attributed to a number of factors. Hyman argues:

Industrial relations systems in most countries emerged on a local and occupational basis, but in the 20th century became consolidated within national institutional frameworks. Each acquired unique characteristics, reflecting nationally distinctive economic structures, political traditions and social practices. (Hyman, 2005, p. 10)

For these reasons he argues that the notion of a European 'model' of industrial relations is 'rather difficult to imagine, let alone implement' (Hyman, 2005, p. 10). Notwithstanding these challenges it is clear that one goal of EU policy has been to 'Europeanise' (Smismans, 2012) industrial relations in terms of seeking greater alignment between systems. Whilst it is recognised that systems differ it is also claimed that the industrial relations systems of EU Member States '*share a number of elements, and these commonalities across the EU distinguish it from other regions in the world*' (European Commission 2008, p. 19) in terms of the level of coherence. The basis of this coherence has been identified as being

based on four ‘institutional pillars’ which have underpinned post-war industrial relations systems in western Europe, and which include:

- Strong, or reasonably established and publicly guaranteed trade unions
 - Solidarity wage setting based on co-ordination at the sectoral level or above
 - Generalised arrangement of information, consultation and perhaps co-determination based on the rights of workers to be involved
 - Routine participation of unions in tri-partite policy arrangements
- (The above based on European Commission 2008, pp. 20-24)

These ‘pillars’ provide a consummate example of how state policy with regard to industrial relations in most European contexts can be broadly located within a pluralist framework (Burchill, 2008) in which the state provides institutional support to facilitate labour’s representation at the workplace and in wider policy development. However, whilst recognising the common elements of the ‘four pillars’ it is also necessary to understand in what ways industrial relations systems differ. One early attempt to do this within a European context identified three system types:

- **Inclusive** – seeks to extend employment rights and worker participation in decision-making as widely as possible
- **Dualist** – commitment to ensuring worker rights and protection but safeguards limited to a core group of secure and skilled employees. Employees in peripheral labour markets likely to receive much less protection.
- **Market employment** – depends on the market to act as the key regulator of the employment relationship.

(Drawn from European Commission (2008) and developed further in Appendix 1)

These system types highlight the diversity of industrial relations systems and structures that exist within the European Union and provides a framework for considering how to consider points of similarity and points of departure. More recent work by Marginson (2017) has questioned the changing nature of these systems and their different trajectories with a particular interest in whether such systems across Europe are converging or diverging. He concludes that despite an EU commitment to securing greater alignment across systems (recognising that such issues are a national competence) there is limited evidence of integration but rather systems are becoming more fractured. Marginson argues that fracturing is occurring because of a general weakening of the four institutional pillars, but also an increasing divergence between EU countries in relation to the pillars themselves. He goes on to assert:

‘ . . . associational governance resting on collective bargaining and consultation, a defining feature of European industrial relations in comparison with other industrialised or industrialising global regions, has been weakened relative to governance by the market and by the state.’

(Marginson, 2017, p. 2)

Marginson attributes some of this fracturing to the differential experience of economic crisis by Member States and therefore the way different countries experienced the pressure to introduce structural reform. Some countries experienced the pressure for reform very directly (where countries were receiving financial assistance from the Troika and change was mandated) but in other cases the case for structural reform was '*promulgated as a new policy orthodoxy*' through the EU's '*New Economic Governance*' (Marginson, 2017, p. 2) (by which the author is referring to the European Semester). Marginson argues the impact of these structural reforms had a '*corrosive impetus on industrial relations institutions*' (p. 2) across the EU but that the diverse experience of the crisis resulted in a similarly diverse impact on industrial relations institutions.

In a further development of this framework and in an effort to more accurately reflect the specificities of public sector systems. The European Commission present a five-type model (see below) which it presents with the following preamble:

From the point of view of public sector industrial relations, the European Union is a 'mosaic of diversity'. Despite some trends towards convergence both between countries and between the public and private sector within each national case, to a greater degree than in the private sector employment and industrial relations are here deeply rooted in country-specific legal, normative and institutional traditions that contribute to this diversity and make comparison difficult.
(European Commission, 2012, p118).

The argument presented by Bach and Bordogna (2013) is that the economic crisis resulted in a reversal of the trends towards New Public Management (NPM), and the decentralisation of decision-making and bargaining associated with it. The impact on public finances of the crisis, combined with the need to meet the requirements of the European Commission's governance rules led to sharp and deep cuts in many contexts. In labour intensive public services this was felt acutely by public sector workers in the form of job losses, a drive to flexible labour policies and cuts to pay and pensions bills. NPM, with its de-centred approach to decision making could not guarantee that EU Member States would achieve the reductions in public spending they sought and hence the trend to centralise these decisions. The same pressures are identified to explain a trend to unilateralism whereby major decisions impacting public services and public service workers were made with little or no trade union involvement. Bach and Bordogna describe free collective bargaining and social dialogue where they existed as '*victim of government policies in response to the crisis*' (2013, p. 287). They go on to assert:

Governments often acted in haste because of pressure from the Troika and the financial markets, and implemented waves of austerity measures, often in a reactive way, with little time for negotiation or consultation with the social partners and no resources to facilitate trade-offs and compromises. The need to implement austerity measures quickly has made governments more hesitant about negotiations and dialogue, because of the difficulties in reaching agreement on complex and contentious issues in a timely manner. (Bach and Bordogna, 2013, p. 287)

Figure 1: Understanding European public sector systems

	COUNTRIES	KEY FEATURES
Nordic	Denmark Sweden Finland Norway	Relatively high % of public sector. employment High % female workforce Strong welfare state Civil servants with special status but high degree of commonality with standard employees High trade union density Collective bargaining widespread Limited New Public Management
Rechtsstaat	Germany France Austria (Belgium, Luxembourg, Netherlands in part)	Strong tradition of career civil servant No or very limited rights to bargain No or very limited right to strike Union density medium high Centralised wage determination Public sector % employment variable (relatively high female)
Southern Europe	Italy Spain Portugal Greece Cyprus Malta	Public sector % employment medium low (female % variable) Union density high (Greece), medium high (Italy, Portugal) – other countries not available. Special status for public employees, often with no or limited scope for collective bargaining (but with shift away from special status and some growth of collective bargaining). Some evidence of New Public Management General picture – high variability within the cluster
Central and Eastern Europe	Estonia Lithuania Latvia Poland Czech Republic Slovakia Hungary Slovenia Bulgaria Romania	Public sector employment share is low (but relatively high female). Trade unions ‘generally weak’ (exceptions Slovenia and Romania). Civil service status typically high – but no, or very limited, collective bargaining and right to strike.
United Kingdom	United Kingdom	Comparatively high % public sector employment (high % women) No special employment status Union density medium high Collective bargaining common – but Independent ‘Pay Review Bodies’ widely used in public sector. Public and private sector employment relations are ‘different’ but public sector ‘model employer approach...abandoned under the Thatcher governments’ (p20)

Adapted from European Commission (2012 pp. 118-120)

The authors suggest that the eclipsing of social partners at national level could be mitigated in part at sectoral or workplace level, and that some countries (Ireland and Portugal for example) stood out as exceptions to the argument presented.

Bach and Bordogna argue the drive to unilateralism was in part driven by a shift in decision making power to the EU level and the concomitant expectation that Member States meet the demands embedded within EU governance structures. One consequence of this power shift is to make Member States look 'upwards' to the EU rather than to, for example, social partners in their own national context. The authors argued that trade unions '*have limited scope to influence key decision-making processes at EU level*' (p. 288), whilst national governments have felt less need to respond to their demands:

...governments are in general less preoccupied with trade union mobilization than in the past and have less incentive to reach political accords with them, because they are doubtful that unions have the authority to assist in legitimizing austerity measures (Bach and Bordogna, 2013, p. 288)

They conclude that public sector unions face an ideological crisis as the political institutions with which they are intimately bound up (as representatives of public sector workers) have had their legitimacy challenged by economic crisis and the way in which crisis has been experienced by citizens across the EU.

The notion of a European trade union movement wrestling with economic and ideological crisis is confronted by Richard Hyman (2015) who sets out three future scenarios for industrial relations in Europe. These are:

1. 'From bad to worse'

This involves a continued weakening of industrial relations institutions and the on-going decline of trade union organisation. Threats posed by globalisation and fragmentation (decentralised management, privatisation) pose a major challenge to the trade union movement. Hyman argues that these developments reflect a shift in the balance of class forces whereby powerful interests in society have felt able to reject the basis of the post-war compromise. In many senses it can be considered as consummate unitarism (Burchill, 2008). He sees no immediate prospect for change, but rather that the situation will continue to deteriorate:

The balance of class forces has shifted radically. Extrapolation from the past three decades suggests that the situation will only get worse. (Hyman, 2015, p. 8)

2. Elite reform

Hyman describes this as '*the reconstruction of a social and economic order in which civilized industrial relations can again flourish*' (Hyman, 2015, p. 8). It is presented as 'elite' in that it is reflected in the aspirations of high level global institutions and Hyman specifically cites

the ILO's 'World Commission on the Social Dimension of Globalisation' and the European Union's commitment to 'Social Europe' to support this argument. Central to this agenda *'is public policy support for revitalized collective organization of both capital and labour, leading to reinforced social dialogue and social partnership'* (Hyman, 2015, p. 9). However, Hyman remains pessimistic about the ability of international institutions to be able provide counter-balancing regulation to the continued drive towards economic liberalism and de-regulation. Specifically he suggests that the power of vested economic interests will continue to resist any redistribution of power that might limit current freedoms and therefore 'elite reforms' are unlikely to transition beyond a series of good intentions to make meaningful differences in citizens' lives.

3. A new counter-movement

Despite the threat posed by the first possibility, and the potential for disappointment posed by the second, Hyman argues that the outlook for European trade unions may be more optimistic if they are able to overcome their tendency to sectionalism and conservatism and mobilise around a broader agenda for change. He concludes by referring to his own previous research of trade unions in western Europe and argues that although there was clear evidence of unions facing considerable challenges there was also evidence of more outward facing and campaigning activity that was connecting with new constituencies in the labour market.

... we found ample evidence of caution, conservatism, preoccupation with the interests of unions' traditional core constituencies; but equally we found many examples of unions striving for a new vision and fighting to represent the socially and economically marginalized.

(Hyman, 2015, p. 12)

These issues posed by Hyman can provide a useful background to any analysis of how trade unions experience engagement with the European Semester.



Industrial relations and the European Semester

As a system of economic governance and social policy co-ordination the European Semester may not have traditionally been seen as a focus for industrial relations activity and social dialogue, and this certainly appeared so in the early stages of the Semester. While this may well be changing, it remains the case that academic and research interest in the industrial relations implications of the European Semester has been limited and lags behind developments in the Semester itself. This section of this report focuses on three studies that explicitly explore the place of social dialogue in the European Semester and the role of social partners. The first two (Sabato *et al.* and Stevenson *et al.*) were published in 2017 with the third study, undertaken by Eurofound, published in 2018.

The concern of Sabato *et al.* is with the quality of trade union intervention in Semester processes and they draw on a framework developed by Frazer (2014) in order to support their assessment of what might constitute ‘quality’ intervention. This differentiates between four ‘levels’:

- **Information** – when relevant information is shared between parties
- **Consultation** – views are invited on specific issues, but there is no requirement on the part of the ultimate decision maker to take account of the views presented
- **Participation** – an ability to influence processes and have views reflected in final decisions
- **Co-decision** – consensual decision-making in which all parties assume joint ownership of final outcomes.

Using the framework above the study explores the impact of social partners (employer and employee organisations) at both the European and national levels by, in each case, assessing the mechanisms for involvement, the impact on outcomes and the quality of the relevant interventions.

At the European level Sabato *et al.* identify a range of mechanisms by which social partners might participate in European Semester processes. In the early stages of the Semester these included:

- Consultation on the Annual Growth Survey
- Informal exchanges over Country Reports
- Discussion at a range of EC meetings where social partners would be involved (Employment Committee, Social Protection Committee, Social Affairs Council)
- Interventions with civil society organisations
- Semester monitoring mechanisms internal to social partners

Despite the apparent range of opportunities, early experience of social partner involvement was not considered fruitful. Sabato *et al.* argue that social dialogue within the process was fragmented and *ad hoc*. Consultations often followed publication of key documents, allowing little opportunity to influence final versions. Commenting on the period 2011-2013 Sabato *et al.* argue:

Social partner involvement over that period was judged largely inadequate by the European social partners themselves.
(Sabato *et al.* 2017, p. 9)

From 2014, and especially in 2015, the authors detect a shift in processes, so that social partner involvement becomes more significant and potentially meaningful. One of the more obvious developments was a move to earlier involvement in key processes, with the potential to influence significant documents (such as Country Reports) before they are finalised. However, despite a shift towards more meaningful consultation they conclude that there is little evidence of this improved involvement resulting in any impact on outcomes:

...it seems safe to assume that social partners were unable to influence key documents such as the AGS or the CSRs in any meaningful way.'
(Sabato *et al.* 2017, p. 15).

In this regard divergent views were evident between employer and employee organisations with BusinessEurope, the European organisation representing larger employers, less critical than trade unions. At this point it is important to recognise the different perspectives of social partners and the extent to which they align, or not, with dominant European Commission orthodoxies. The European Semester had been established to improve 'economic governance' after the crisis, and therefore acts as a compliance tool for European fiscal and monetary policies that drive austerity. Sabato *et al.*'s analysis recognises that trade unions are more likely to be 'out of kilter' with dominant EC thinking and therefore face a correspondingly bigger challenge to shift policy. This frustration was identified by the authors who cite trade union sources expressing frustration that advice was not heeded, and that the process of developing CSRs remains. They quote one union official as follows:

Our members still think that the elaboration of the CSRs is something far from them [...]. To be sincere, they feel to be very distant from the text: they just go and check whether they agree or not. But nobody said: 'OK, I found myself [in the CSR] because I told this...'
(Interview ETUC 1) (from Sabato *et al.* (2017 p. 16)

A contrary view is presented by an EC official who argues that it is difficult to demonstrate a clear connection between any specific input and a subsequent policy outcome because of the complexity of the final drafting process and the compositing of multiple submissions. The point is also made that submissions are more likely to have 'impact' where they focus on issues the EC has identified as requiring attention.

*[The social partners] are more likely to feel listened to and engaged in the process if their input is targeted, if their input is analytically solid. That way they guide us in the right direction. Even if we disagree with what they are saying, they flag possible consequences of policy developments that we may have overlooked or we may have not given enough importance to. Or they may guide us to other data sources, which we then use in the Country Report. Or we look at them when we draft CSRs. (interview EC official in Sabato *et al.*, 2017 p. 16)*

Such a response highlights the technical nature of the Semester as a policy development process but also the implication that influence is most likely when social partners help address issues that the EC has identified as a problem. The implication is that the ‘direction’ is largely determined by the EC and that proposals from partners are considered helpful if they sit within that ‘direction’ and when the priorities of the EC, member states and social partners align.

The changes in consultation processes that Sabato *et al.* identify from 2014 onwards become embedded and consolidated in the 2016 cycle as new procedures for (earlier) consultation are institutionalised. Such developments are in part attributed to the priorities of the Juncker Presidency and the commitment to a ‘new start for social dialogue’.

This analysis highlights the evolving nature of the European Semester in which processes are changed and dynamics alter accordingly. Based on the analysis presented above, and at the time of writing, Sabato *et al.* differentiated between three stages of the Semester’s development.

- **Information** (2011-2013) – when social partners received information but had little opportunity to present proposals in a meaningful way.
- **Consultation** (2014-2015) – social partners are provided with increased opportunities to present views, and at times in the process that make consultation more meaningful
- **Institutionalisation** (2016-??) – improved consultation processes are embedded and formalised

The authors recognise that the trajectory of the European Semester’s development has been towards the increased participation of social partners as opportunities for participation have been made more meaningful (for example by allowing involvement earlier in the process) and also formalised. However, they also recognise that this does not, of itself, lead to increased ‘effectiveness’ in terms of influencing outcomes. The danger is that social partners are ‘*listened to, but not heard*’.

Sabato *et al.*’s study follows a similar framework when assessing the impact of national social partners on the European Semester process. They begin by identifying the mechanisms by which social partners are able to participate in the process. They identify six such mechanisms:

- **Social and Economic Councils** – vary in form and constitution in different countries, but can provide an important opportunity for Semester discussions
- **Specific structures for formal consultation** – some countries have established formal bodies where social partners can engage with Europe 2020 strategy, with the possibility of this involving debate around European Semester issues
- **Tripartite and bilateral meetings** – more likely to be *ad hoc* committees or meetings, and vary significantly by country, but several Member States had convened such groupings to discuss Semester-related issues.
- **Parliamentary debates** – in a small number of cases social partners were able to participate in parliamentary debates where Semester issues were debated, or were consulted by parliamentary committees as they debated responses to the Semester.
- **Written submissions** – commonly social partners provided written submissions on issues such as the content of National Reform Programmes, but in very few cases was this the only form of involvement
- **Direct consultations with the European Commission** – mostly through the fact-finding missions undertaken by the Commission when preparing Country Reports, but there was also evidence of increasing interactions with European Semester Officers.

In presenting this overview of the mechanisms identified by the process Sabato *et al.* highlight three caveats that need to be taken into consideration when considering how the mechanisms are experienced in practice. First is the considerable variability in the extent to which the above mechanisms are institutionalised. Second is that the ‘role and weight’ (p. 27) of the mechanisms is unclear in relation to the potential for meaningful social partner engagement. Both these factors highlight the importance of distinguishing between the opportunity for participation and whether the participation makes a meaningful difference.

The third caveat raised by Sabato *et al.* is the need to understand the relationship between social dialogue in the Semester and ‘traditional’ social dialogue within Member States on national issues. The authors note a range of responses. For example there was some evidence to suggest that where social dialogue at a national level can be described as ‘strong’ or ‘weak’ then this pattern was replicated in relation to the European Semester. Countries well used to social dialogue had little difficulty replicating this in relation to the Semester, with the opposite being the case when industrial relations were poor. However, there were exceptions to this simple relationship. In some cases it appears that strong social dialogue at national level resulted in social partners feeling less need to be ‘represented’ at European level, whilst in other cases social partners who felt excluded from national level social dialogue could see European Semester discussions as an opportunity to be part of the debate. The issues are clearly complex and identified by the authors as a focus for further research.

As with the European level discussions, Sabato *et al.* caution against conflating involvement in the mechanisms with securing tangible changes in policy. When assessing the ability of social partners to influence National Reform Programmes (NRP) they observe

that in many cases social partners had very limited influence because they had not been involved in the process and had no opportunity to make a contribution. In a number of other instances social partners made contributions and these were acknowledged by being annexed to the NRP. There was not necessarily evidence that these views had influenced the content of the NRP. Where there was evidence of social partner impact on NRPs the authors conclude that this 'limited influence was exerted by employers' representatives, while the role of the trade unions was insignificant' (Sabato *et al.*, 2017, p. 28). The authors argue there was evidence of meaningful social partner impact on CSRs in only two cases. The conclusion of the authors is worth presenting at length.

*... it can be said that in most cases the level of involvement in the national Semester ranges between 'information' and 'consultation'. Social partners are at least informed about government initiative concerning NRPs in most of the Member States. However, real and regular consultation takes place in a more limited number of countries, and even in these cases its quality is not always satisfactory: for instance, problems are often reported linked to the timing of the consultation. Cases of actual 'participation' are rare. In some countries, social partners succeed in having some of their views incorporated into the NRPs, while they have only sporadically been able to influence the contents of (some parts of) the NRPs, or of a CSR. (Sabato *et al.*, 2017, p. 29).*

The report by Sabato *et al.*, 2017 represents the most comprehensive study of industrial relations issues and social dialogue in the European Semester to date. However, its focus is principally 'cross sector' with limited coverage of specific sectors such as public services or education.

The work by Stevenson *et al.* (2017) highlights the importance of education within the European Semester, with education-related recommendations featuring prominently in the CSRs of most countries in each year of the Semester. The work is presented in some detail here as although it has a specific focus on only one area, education, it provides additional background on industrial relations issues in the Semester when such research is generally sparse.

The study suggests that despite the profile of education-related issues the involvement of education social partners was much more limited. Stevenson *et al.* (2019) distinguish between 'first order' and 'second order' CSRs with the former being focused on economic governance and the latter on social policy co-ordination. The distinction is reinforced because first order CSRs are more likely to link to elements of the governance process where sanctions can be applied (for example in relation to the excessive deficit procedure), whereas 'second order' CSRs have no such status – they are recommendations in the true sense of the term. This prioritising of economic governance, and the history of the Semester, has had important consequences for the involvement of education unions in the Semester process. Confirming Sabato *et al.*'s analysis, Stevenson and colleagues argue that the early stages of the Semester were characterised by Commission imposition, with relationships between the Commission and others (Member States, social partners) described by one official as 'adversarial' (ETUCE, 2017). Where social dialogue was estab-

lished this was with European level (con)federations such as the ETUC and BusinessEurope, with sectoral interests having limited involvement.

The research by Stevenson *et al.* (2017) pointed to the limited participation of education unions, but that the position was fluid and changing. At the European level the union organisation (ETUCE) was taking a proactive role in terms of intervening in the Semester, but also seeking to organise its member organisations in EU countries to support their increased involvement. The research identified five formal 'contact points' at which education unions could intervene in the process although some opportunities might be more or less direct.

- **Annual Growth Survey** – less formal involvement as responses likely to be fed in through national and European level confederations
- **Education and Training Monitor (ETM)**– not formally part of the European Semester, but identified by EC officials as 'linked'. The ETM is written by European Commission officials also involved in authoring Semester documents and influencing the ETM offers a way to feed in to the wider Semester
- **Country Reports** – identified as the 'key document' of the Semester process (see below), with opportunities for education unions to participate through the fact-finding missions
- **National Reform Programmes** – each country's response to the CR, but largely in the hands of Finance Ministries and with very limited evidence of education union involvement
- **Country Specific Recommendations** – opportunities to comment on draft CSRs with a view to influence outcomes. No evidence of national education unions undertaking this work.

In presenting these five 'contact points' Stevenson *et al.* elaborate on how the process is experienced in reality. First is that the above represent 'formal opportunities' for participation and what the authors argue is that informal opportunities were also important. Messages were not always consistent in different countries but education unions were encouraged by EC officials to develop relationships with European Semester Officers and even Desk Officers in the Commission. Such informal contact was presented as an 'opening up' of the Semester, and its emergence from its more 'adversarial' beginnings.

It was also clear that key decisions within the Semester are 'front loaded' in the cycle with the Country Report (CR) being the central document. Work on CRs was identified as commencing before the end of the previous Semester cycle (reflected in the re-timing of fact-finding meetings to earlier in the cycle) and a clear assertion by EC officials that CSRs can only emerge from issues identified in CRs. Sabato *et al.* argue that much trade union effort is devoted to addressing specific CSRs, but Stevenson *et al.*'s work suggests that this is too late, and therefore likely to be ineffective:

input from education trade unions [about CSRs] is possibly best considered as about placing a tactical marker for the next round of the Semester, which, behind the scenes, is already getting underway. (ETUCE, 2017, p. 23)

Effective union influence on the European Semester requires an ability to shape the Country Report, after which the agenda for that year has largely been set.

A final point presented by Stevenson *et al.* relates to the changing nature of the relationship between the EC and other policy actors, including social partners. It has been identified previously that early iterations of the Semester were ‘adversarial’ (between the EC and Member States specifically, but also more widely), but that this relationship was changing. In Stevenson *et al.*’s research some EC officials use the language of ‘co-construction’ to describe the generation of Semester outcomes, most obviously CSRs, however this was largely a process of co-construction between the EC and Member States – social partners were much less conspicuous in the process. One EC official specifically referred to the Semester in terms of a contact point between the EC and Member States through which issues of subsidiarity and national competency are ‘tested’.

It [the European Semester] has really enabled the Commission to touch upon many policies that are, according to the principle of subsidiarity are still national competences. I think the Commission.... is using this power and trying to move the barriers and bringing in different policies, but... we never know when the Member States will say - "Listen, don't touch. Go away."

(European Commission Official) (from Stevenson *et al.*, 2019)

This illuminating comment highlights the need for the EC to be highly responsive to concerns raised in relation to ‘second order’ issues that is those aspects of social policy co-ordination where national competences are significant. Hence EC officials work closely with Member States to identify the priority issues that emerge from the Semester as CSRs. This is not to assert that there may not be significant differences of opinion between the parties, but rather to argue that considerable work is devoted to securing a shared understanding of problems and priorities. As one EC official asserted regarding the publication of CSRs – ‘*there should be no surprises*’ (Stevenson *et al.*, 2017). These findings largely align with the analysis presented earlier in this paper about the Semester generally.

What is less clear is to what extent any process of ‘co-construction’ can be applied more widely to include social partners. At the time of writing Stevenson *et al.* (2017) claim there was only very limited evidence of national level social partners even engaging in the Semester process, let alone being able to claim their involvement had resulted in any tangible outcome. However, during the time the research was being conducted the ‘new start’ for social dialogue was being promoted by the EC and the authors recognised that this did have the potential to make a significant difference, but that outcomes were uncertain. In terms reminiscent of Hyman’s (2015) analysis they point to the possibilities of social dialogue ‘opening up’ the European Semester, but also the dangers of this being a type of ‘elite reform’ in which a discourse of social dialogue draws social partners into a technical process (Darvas, Z. & Vihriälä, 2013) but which make little or no meaningful difference (‘listened to, but not heard’ – to quote Sabato *et al.*, 2017).

Stevenson *et al.* (2019) pose the dilemma facing trade unions as follows:

What remains unclear is whether this 'opening up' of the Semester process represents something significant and meaningful in which genuine social dialogue is able to develop, or whether the changes are more rhetorical than real and where the participation of labour movement and civil society organisations is little more than token. There is a genuine danger that the EU's stated commitment to social dialogue represents no more than a complex and bureaucratic form of corporatism in which unions are sucked into elaborate processes of consultation that promise much, but deliver little. The real fear is that unions become associated with, and even forced to defend, policies which they have nominally been privy to developing, but over which they have had little real influence.

Again, in an analysis that implicitly draws on Hyman's 'three scenarios' analysis Stevenson *et al.* highlight the need for education unions (the focus of their analysis) to connect 'elite reform' from above with 'counter-movement' challenge from below in order to 'democratise' the European Semester in meaningful and significant ways.

The final report we consider here was undertaken by Ricardo Rodriguez Contreras and published by Eurofound (2018), based on research conducted in 2016 and 2017. The Eurofound report acknowledges that there are significant opportunities to strengthen the role of social dialogue in the European Semester, most obviously because of the Commission's commitment to a 'new start' for social dialogue and the embedding of the European Pillar of Social Rights within the Semester process, however it concludes that progress on these issues remains uneven.

It is perhaps interesting to note that the focus of the report is on the influence of social partners in shaping the National Reform Programme, and the subsequent implementation of the NRP. The focus therefore is more on the response of social partners at the Member State level, rather than the European level. The research report concludes that in 'most Member States' (Eurofound, 2018, p. 1) social partners had some input into developing their country's NRP with much of this work being undertaken through established tripartite structures. The 'vast majority of social partners' (p. 1) reported some involvement in the implementation of reforms identified in the NRP, and again, this was often work undertaken through established procedures and mechanisms.

Consultation over the reforms did not necessarily imply support or endorsement and it is important to recognise that although it was possible to reach full agreement between social partners in relation to some reforms in some countries in other cases this was not possible at all and government imposition followed. The report also notes a strong relationship between the involvement of social partners in social dialogue relating to the Semester and the robustness of social dialogue structures more widely in that Member State. Where social dialogue processes at Member State level were based on an absence of trust this frequently impacted on Semester related social dialogue.

The Eurofound report notes 'slight improvements' between 2016 and 2017 in some countries, but that generally the position had remained largely unchanged. There is recognition of the on-going frustrations of social partners relating to the quality of their involvement and many of the issues identified echo studies discussed above. For example social partners reported that their involvement could seem tokenistic with involvement in consultation processes not being reflected in an influence on outcomes. Social partners reported their own difficulties in engaging with European Semester processes, citing inadequate staffing, resources and technical capability, but it was argued these problems were often compounded by limited timescales for consultation and unrealistic expectations relating to response times.

The Eurofound report concludes by arguing that processes could be improved if all social partners could adopt a more strategic approach to engaging with the National Reform Programme process then this should result in a more productive experience. Specifically the report argues:

All the parties concerned should make more efforts to clarify from the beginning the approach to the elaboration of the NRP, its nature, content and expected implications. This common understanding would increase the social partners' ownership of the NRP and of the reforms included in it, either totally or partially. (Eurofound, 2018, p. 2)

The report acknowledges that this approach may present particular challenges in those Member States are already starting from a deficit position and where levels of trust between social partners are limited.

What is perhaps most interesting about this report is its focus on the National Reform Programme and the involvement of social partners in shaping both the programme in their countries and the implementation of the reforms that flowed from these programmes. Other aspects of the European Semester process have a very low profile in the report. The report itself asserts 'the main focus is on social partners' involvement in the elaboration of the NRPs submitted by Member States' (p. 5) and given the authorship of the report, that is a Eurofound as an agency of the European Union, it may be that the NRP is the aspect of the Semester process where the European Union sees the greatest scope for social dialogue.



Conclusions: identifying the research agenda

In this review of research literature we have sought to summarise relevant material focused on the European Semester, the social dimension of the Semester and the role of trade unions in social dialogue relating to the Semester. This summary confirms the pivotal role of the European Semester in understanding the European Commission's approach to economic governance, but also to a much wider set of issues relating to *EU2020* goals and the future trajectory of the European Union. Although there are a number of significant research studies in this area the European Semester remains under-researched with a need to develop both empirical and theoretical work in this area.

This review highlights the Semester as a form of 'governance architecture', but one which needs to be seen as flexible rather than rigid. Ever since it was established the European Semester has been in a process of development. It evolves and adapts as economic and political contexts shift and its flexibility allows it to change as political pressures change. Recognising this fluidity in its form highlights the Semester as a site of contestation in which a range of policy actors, with differential access to power and resources, seek to influence its outcomes. This review highlights the need for a deeper understanding of how these political processes of engagement are enacted within the Semester.

Arguably the key tension that lies at the heart of the Semester is that which plays out more widely in debates about the European Union's purpose and its future trajectory – understanding the relationship between the EU's commitment to an economic single market based on the free movement of capital, goods, services and people and the drive to develop a 'European social model' underpinned by a commitment to social dialogue. In many ways the European Semester poses these issues particularly starkly. The Semester itself was established in order to provide more effective monitoring of the economic policies of Member States, but has also developed as the EU's principal mechanism for social policy co-ordination. Within the Semester this commitment to a social model plays out in two ways, which may be considered to reflect both the outcomes and processes of the Semester. In *outcome* terms it is claimed that Country Specific Recommendations have now been rebalanced to more effectively reflect social priorities and these goals have been further consolidated by including reporting European Pillar of Social Rights outcomes within Semester cycle. At the same time, the European Commission has committed to opening up the Semester as a *process* and in particular strengthening the role of social partners through enhanced social dialogue.

At the time of writing it is not clear how these commitments and developments will unfold. The 'rebalancing' of the social within the European project, the impact of the European Pillar of Social Rights and the commitment to 'renew' social dialogue are all uncertainties that play out in the context of the developing European Semester. There is an urgent need to develop the theoretical and empirical resources that can help analyse and understand these issues, and which are capable of reflecting the complex ways in which political and economic contexts shape outcomes at both European and Member State level. Addressing these issues, while taking full account of the contextual specificities and distinctive traditions of individual Member States, is an important task and central to the research project *Public service trade unions: Effective intervention in the European Semester*.



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Appendix 1

Fig. 2: A framework for understanding European industrial relations models

	NORTH	CENTRE-WEST	SOUTH	WEST	CENTRE-EAST
Production regime	Coordinated market economy	Coordinated market economy	Statist market economy	Liberal market economy	Statist or liberal?
Welfare regime	Universalistic	Segmented (status-oriented, corporatist)	Segmented (status-oriented, corporatist)	Residual	Segmented or residual?
Employment regime	Inclusive	Dualistic	Dualistic	Liberal	Liberal
Industrial relations regime	Organised corporatism	Social partnership	Polarised/ state-centred	Liberal pluralism	Fragmented/ state-centred
Power balance	Labour-oriented	Balanced	Alternating	Employer-oriented	Employer-oriented
Principal level of bargaining	Sector	Sector	Variable/ unstable	Company	Company
Bargaining style	Integrating	Integrating	Conflict oriented	Conflict oriented	Acquiescent
Role of SP in public policy	Institutionalised	Institutionalised	Irregular/ politicised	Rare/ event-driven	Irregular/ politicised
Role of the state in IR	Limited (mediator)	'Shadow of hierarchy'	Frequent intervention	Non-intervention	Organiser of transition
Employee representation	Union based/ high coverage	dual system/ high coverage	Variable (*)	Union based/ small coverage	Union based/ small coverage
Countries	Denmark Finland Norway Sweden	Belgium Germany (Ireland) Luxembourg Netherlands Austria Slovenia (Finland)	Greece Spain France Italy (Hungary) Portugal	Ireland Malta Cyprus UK	Bulgaria Czech Republic Estonia Latvia Lithuania Hungary Poland Romania Slovakia

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