

**The Influence of the European Semester on  
Employment Policies in Central and Eastern  
Europe:  
Mechanisms, Conditions and Policy Change**

By

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Mario Munta

December 31, 2019



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Signature

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## ABSTRACT

The European Union has a tradition of coordinating national employment policies. Since 2011, EU employment policy coordination is integrated into a new streamlined framework for policy coordination and monitoring – the European Semester. The Semester integrated three goals: to ensure sustainability of public finances, to prevent macroeconomic imbalances and to stimulate structural reforms (incl. employment). The purpose of this PhD thesis is to describe to what extent the Semester matters for national employment policy, and to explain through which mechanisms and under which conditions it influenced employment policy changes in Central and Eastern Europe.

The analytical framework extracts three potential mechanisms of Semester influence on policy change: external pressure, mutual learning and creative appropriation (usage of the Semester). Each mechanism is considered to be operational only if contributing factors are present. In contrast, inhibiting factors might block or diminish the Semester's influence through the specific pathway. For each mechanism, several structural and actor-centred factors are hypothesized. The framework observes three levels of policy change or the depth of Semester impact: parametric recalibration of the policy settings, introduction of new policy solutions and paradigmatic shifts.

This contribution resorts to contextualized process-tracing in order to track causal pathways and to control for alternative explanations of policy change and inertia/resistance. The empirical analysis rests on four country cases, Croatia, Hungary, Slovenia and Slovakia. They were chosen based on several selection criteria to represent regional diversity, which allows for a broader generalization to the region. The study takes a longitudinal perspective and covers the period between 2011 and 2018. Empirically, this study observes the degree of fit between EU preferences, exemplified by the yearly list of country-specific recommendations, and national policy responses to EU suggestions, as described within the National Reform Programmes, and traces the extent

to which policy change can be attributed to the influence of the Semester. Primary documents are used as an initial mapping device to locate individual policy items. They are complemented by 51 expert interviews conducted with Commission officials and desk officers, government officials, senior civil servants, EMCO members, social partners and NGO members.

The findings confirm the importance of external pressure within the Semester, especially in circumstances of high adaptational pressure. Yet, the study exposed the limitations of implicit conditionality as the level of recorded influence was limited. The Semester did not revert existing trajectories in labour market policies, nor was it able to cause radical shifts towards retrenchment or recalibration of employment policy. The contribution finds only limited evidence of policy change through mutual learning. Despite the institutional innovations and greater learning potential of Semester's institutional setup, the EMCO environment must be more 'learning-friendly', and political levels must engage more directly in policy deliberation and foster better ties with EMCO members to reap fruits from the Semester. The greatest impact was felt indirectly through creative appropriation. Governments extensively made strategic use of the Semester by selectively choosing EU stimuli which fit the domestic agenda, thus confirming the importance of domestic (policy) ownership of reform processes among political elites.

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