



EU Socio-Economic Governance in Central and Eastern Europe – The European Semester and National Employment Policies

MARIO MUNTA

Routledge, London, 2021, pp. 276

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<https://doi.org/10.3326/pse.46.3.6>

*Received: January 31, 2022

Accepted: February 9, 2022

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Employment has a crucial role in any society because it significantly determines the material and social position of a person during his or her working life as well as during his or her retirement. However, according to the subsidiarity principle, employment and social policy lie within the area of responsibility of each state government. Nevertheless, the European Commission (EC) is fully aware of the importance of successful employment policy and has therefore prepared Country Specific Recommendations with the intention of improving the design and implementation of employment measures. Recently the well-known publisher Routledge of London published a book on this topic titled *The European Semester and National Employment Policies*, written by Mario Munta from the Faculty of Political Science of Zagreb University.

The introductory chapter consists of two parts. In the first part, the author summarizes the discussion on the role of the European Semester (ES) in fostering structural reforms and defines the scope and focus of his work. The reader is informed about the complex topics and research questions this book seeks to address. The second part of the chapter provides the most important information about the ES, stressing the development of coordination of employment in the EU. Discussion of the influence of the ES and its mechanisms, conditions and policy changes is provided in the second chapter. The main objective of the study is to describe and explain the extent to which and under what conditions, EU employment coordination in the context of the ES has influenced changes in national employment policies in four selected countries – Croatia, Hungary, Slovakia and Slovenia – between 2011 and 2018. Munta analyses the importance of three pathways of influence: external pressure, mutual learning and creative appropriation, as factors which facilitate or impede needed policy changes. In a very rich literature review, the author provides an overview of a number of studies and researches into the meaning and function of the ES, noting that the ES often pays more attention to economic goals, while the social dimension and labour market policies are somewhat neglected. In opinions about the ES, there are two opposing camps that can be conditionally called *optimists* and *pessimists*. Optimists argue that the absence of legally binding decisions and sanctions is a prerequisite for the necessary flexibility in employment policy, open debate, experimentation and learning processes. On the other hand, pessimists see the existing soft policy coordination as producing a mere paper tiger and/or symbolic actions without real results.

The third chapter examines the situation of cold-hot relations between Croatia and the EU and the importance of the EU on Croatian employment policy. Generally, particularly after accession to the EU, there has been a decline in the willingness of decision-makers and citizens to make significant reforms. If changes and improvements were made, they were usually partial and short-lived, and due to stakeholder pressures and/or lack of financial resources and patience, they were most often abandoned or not implemented. Therefore, similar European Commission proposals for the necessary changes in Croatia were mostly repeated from year to year, and progress was mostly weak or non-existent. Nevertheless, the

implementation process of the ES has had a generally beneficial effect on policy-making and has forced political elites to improve their strategic thinking. As a result, certain improvements can be seen in the implementation of an active employment policy and better targeting of measures in the social welfare system to the most disadvantaged people.

The interesting case of Hungary is presented in the fourth chapter. The country shows open Euroscepticism and constantly criticizes the EC, but without any remorse has used large European funds. Prime Minister Viktor Orbán has become the embodiment of a charismatic leader, and the legitimacy of his party and the government's political model rests on his personal authority, which strongly opposes liberal values, the rule of law and Western politics. The Orbán regime has managed to convince the public that the government will not consent to coercion from Brussels on what to do and that it intends to strongly oppose supranational encroachments on Hungarian sovereign rights and other attempts to influence Hungarian policy-making from outside. However, when the EC threatened to be a little sharper in its withholding of funds, the Hungarian attitude very quickly changed. The primary focus of attention in Hungarian employment policy was on public works and the reduction of long-term unemployment. Still, after persistently rejecting the European Commission's request for 5 years, the government agreed to pay more attention to other active employment policy measures and since 2016 has allocated more funds for educational and training programmes. The author concludes that the direct impact of the ES on substantial changes in Hungarian employment policy was very limited.

Citizens in Slovakia have very positive attitudes towards the EU, seeing it as a safe haven for a small vulnerable country striving for economic growth, political stability and improved living standards. As a country that was very quickly accepted into the EU and the Schengen system, and which was the only one of the Visegrad Group to adopt the euro, Slovakia can be considered a good student. However, eurozone crises and difficulties in accepting refugees have shown that Slovakia's support for the EU and its values is quite selective and depends on strategic assessments and domestic political interests. Slovakia generally aspires to be a constructive member of the EU and remains committed to deeper EU integration and economic coordination. The European Commission praises Slovakia for its fiscal consolidation efforts, but labour market policies have for a longer period remained a serious problem. Employment policies in Slovakia were mostly oriented towards activation, the obligation of unemployed persons to search for jobs and accept offers, and to job subsidies, while only limited financial resources were spent on programs to improve employability, especially in hard-to-employ groups and the long-term unemployed. The situation has improved, but still insufficient attention has been directed towards the improvement of employees' knowledge and skills.

The sixth chapter is dedicated to the Slovenian gradualist approach to social and economic changes. Despite the opinion of the local political elite that they did not

need foreign organisational and financial support, Slovenia experienced serious economic crises. They were mostly related to excessive public spending and significant budget deficits, but they have been largely overcome. Possible resistance to the rather drastic steps of fiscal consolidation has been significantly mitigated by measures to help preserve jobs in order to prevent mass layoffs, increase the minimum wage, and negotiate labour market and pension reforms.

In Slovenia, there has been a significant increase in awareness of the importance of systematic analysis of measures and of evidence-based policy-making and evaluations encouraged by the preparation of documents for the ES. As for many other countries, for Slovenia the EC repeated the same recommendation from year to year. The European Commission's primary complaints were about the insufficient attention to keeping the elderly in the world of work and about early retirement. However, Slovenia has been quite active in helping older people to stay in the labour market, but the government failed to persuade the unions to accept the decision to automatically adjust the retirement age to life expectancy, so this was abandoned. Of course, there are still serious and legitimate concerns about the long-term fiscal stability of the pension system, as well as the appropriate level of pensions.

The next chapter is a synthesis and comparison of the findings from the analyses of the situations in the particular countries and an attempt to connect them with theoretical assumptions. The author provides some general conclusions regarding the development of the ES, he reviews the importance of external pressures, mutual learning and creative appropriation. He also assesses the extent to which the observed member states have complied with or resisted the European Commission's recommendations contained in the ES. From a theoretical point of view, it can be expected that a combination of hard (mandatory) measures and soft instruments, such as recommendations and advice, can be more effective than just soft provisions.

All four observed countries have, to a greater or lesser degree, experienced external pressures from the EC, but their content has ranged from controversial issues of the (too) high redistribution in the pension system and labour market reform in Slovenia, to more technical and organizational provisions for monitoring NEET (not employed, nor in education and training) youth in Croatia. Although this type of pressure seems to have been quite effective, the deeper analysis is not so optimistic and the level of change prompted was actually quite limited. The extent and effects of the change largely depended on the assessment of domestic politicians and other stakeholders of how much it would really cost them financially, especially given the inflow of European funds, but also what consequences it would have on their political rating.

In the concluding chapter, the author explains to what extent and under which conditions the ES influenced changes in the employment policy in the four selected

countries of Central and Eastern Europe. Although policy makers consider the ES to be an important instrument in their decision-making on public policies, the author concludes that it is quite difficult to find concrete examples of significant positive changes and their real effects.

This book is a really valuable and comprehensive analysis of the impact of the ES on labour market changes in the four countries. The author very skilfully informs readers about the context, determinants, possibilities and limitations of the ES, as well as about some seemingly hidden factors that significantly determine its operation. The book is a real source of valuable information for all those who want to get acquainted with the implementation of public policies, and with its inherent interest and analytical approach, it can serve as a model for similar publications.