











WHY REFORMING THE EUROPEAN SEMESTER?

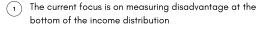
With the launch of the European Pillar of Social Rights, the Commission has adopted a new ambitious social policy framework. The European Semester, however, still lacks a comprehensive framework to monitor socio-economic inequalities within member states.

Particularly in the aftermath of the pandemic, it is crucial to monitor imbalances on employment, educational, and health outcomes.

This Policy Study focuses on 3 policy areas and propose 9 recommendations to better address inequalities in the European Semester.

ANALYSIS ON THREE POLICY AREAS:

EMPLOYMENT & SOCIAL POLICIES





No attention is paid to the declining condition of intermediate segments of the population, i.e. the socalled "squeezed middle"



Indicators on job insecurity, financial insecurity and job tenure insecurity are missing

No attention is paid to the inequality of opportunities in social investment areas, e.g. **childcare and social services**

PUBLIC FINANCE & MACROECONOMIC POLICIES





The current Macroeconomic Imbalance Procedure (MIP) scoreboard is devoid of macroeconomic indicators to measure inequality



TAXATION POLICIES





Tax matters identified as crucial in country reports do not appear consistently in the country-specific recommendations

RECOMMENDATIONS



Include new indicators to: capture the declining quality of work, assess households' financial capability and measure income and wealth inequality.



Integrate new indicators in the MIP to monitor household financial fragility; revise the expenditure rules of the Stability and Growth Pact; and involve the social partners and wider civil society in the process.



Encourage progressive taxation consistently in country-specific recommendations; have a coordinated approach to EU taxation dumping; and expand the tax base in new areas, e.g. environment, in a progressive way