

# **SOCIAL POLICY IN CRISIS? EU POLICY FOCUS AND CHANGE DURING ECONOMIC RESTRUCTURING IN IRELAND**

By

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## Author's Declaration

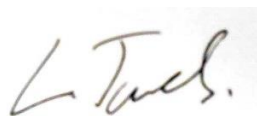
I, the undersigned **Lena Jacobs** hereby declare that I am the sole author of this thesis. To the best of my knowledge this thesis contains no material previously published by any other person except where due acknowledgement has been made. This thesis contains no material, which has been accepted as part of the requirements of any other academic degree or non-degree program, in English or in any other language.

This is a true copy of the thesis, including final revisions

Date: June 10, 2015

Name (printed letters): Lena Jacobs

Signature:

A handwritten signature in black ink, appearing to read 'L. Jacobs', is written on a light-colored background.

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## Abstract

This paper tests the presence of a social component within the EU, and the cohesion of this component between its new crisis management mechanisms and the European Semester. This is accomplished through an analysis of employment policy reforms undertaken through the Economic Adjustment Programme (EAP) in Ireland (2011-2013). Employment policy reforms and recommendations within key documents were qualitatively coded according to the type, magnitude and stage. The results of the coding were statistically analysed to test 1) whether the timeframe or mechanism analysed affected the form and focus of employment reforms and; 2) whether the type of policy determined the magnitude or stage of implementation of the reform. A particular focus was placed on activation policies, questioning the core assumption that these are primarily for social objectives. A clear social component was found, however these social policies were less likely to be implemented and occurred less frequently at the height of the crisis. A significant variation between policy focus and mechanisms was found, with the EAP having a much larger economic focus. Finally, the overwhelming reliance on activation policies both at the EU and national level within unemployment policy reveals the importance of more thought as to categorisation.

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## List of Abbreviations

CSR	Country Specific Recommendations
DG ECOFIN	Directorate-General for Economic and Financial Affairs
EAP	Economic Adjustment Programme
ECB	European Central Bank
EES	European Employment Strategy
EFSF	European Financial Stability Facility
EFSM	European Financial Stabilisation Mechanism
ESM	European Stability Mechanism
EU	European Union
IMF	International Monetary Fund
MOU	Memorandum of Understanding
NRP	National Reform Programmes
TEU	Treaty of the European Union (Consolidated Version)
TFEU	Treaty on the Functioning of the European Union (Consolidated Version)
The Commission	The European Commission
The Council	The Council of the European Union

## Introduction

There is a widely held belief that the social objectives of the European Union (EU) are being superseded by economic and market concerns, and that this process accelerated during the economic crisis. Within the EU, social issues such as education, poverty alleviation and the welfare state are increasingly tied to economic issues such as macroeconomic stability and growth. During the economic crisis, employment has emerged as one of the most pressing and contested issues in Europe. The EU has become increasingly involved in promoting employment growth, originally through the European Employment Strategy (EES), and since 2010 through the Europe 2020 strategy. Within Europe 2020, increased employment rates have been highlighted as one of five key targets, along with research and development, climate change and sustainability, education and poverty alleviation. The new strategy comes with a new procedure called the European Semester which integrates these social targets with economic policy mechanisms which have stronger conditions including the threat of sanctions. This integration has attracted concerns that economic policy may eclipse social issues.

Over the four years that Europe 2020 has been in place, financial crisis and the threat of collapse prompted five countries to receive bailouts funded by the EU and the International Monetary Fund (IMF). These countries have participated in a separate but explicitly related EU mechanism that links social and economic policy even tighter than is found within the European Semester. The Economic Adjustment Programmes (EAP) initiated by the EU provide strict economic and structural conditions for disbursement of bailout funds. Ireland – one of the five countries that received a bailout – was seen to have a flexible labour market and a strong, if not progressive, welfare system before the crisis (Directorate-General for Economic and Financial Affairs [DG ECOFIN], 2011). By examining the employment policy conditions through this



process, and through Ireland's continued engagement with the European Semester, this paper investigates whether there is a place for social policy when crisis hits in the EU. It also questions the coherence between the EAP and the European Semester. This is a key question considering the EAP is an explicit replacement for some of the processes within the Semester. This research further uncovers what form of policies are promoted at the EU level, how well they are implemented at the national level when a state is constrained by severe economic circumstances and structural conditions, and how important the classification of activation policies are for judging the social element of the EU.

There is an emerging and slightly contradictory literature on the social aspect of the EU and the European Semester in particular to which this thesis hopes to contribute. Notably, Zeitlin and Vanhercke studied European Semester documents to investigate the strength of the social component within the new system. Their results are positive, as they find an increasing focus on social issues from both the European Commission (the Commission) and the member states since 2011 (Zeitlin & Vanhercke 2014). Bekker, a second key researcher in this area, studied the social inclusion objectives found in the Treaty on the Functioning of the European Union (TFEU), and how/whether they appeared in European Semester documents. She analysed employment policy recommendations, investigating whether the legal mechanisms used were based on economic or social competences (Bekker & Klosse 2013). Although her conclusions were cautious, her case study of the Netherlands and Germany – both relatively 'best-case' scenarios – showed that there are signs that the EU is moving towards more effective social policy (Bekker 2015). Both Bekker and Zeitlin, as well as the TFEU itself, categorises activation policies – policies that develop human resources to encourage full employment – as social policies (Zeitlin & Vanhercke 2014; Bekker 2015). An argument can be made, however, that the purpose of such

policies are to promote labour market competitiveness (an economic consideration), rather than primarily to address poverty or inequality (a social consideration). Furthermore, it is difficult to say whether the social aspect found in this research is translated to real reform within the member state, or whether it is merely 'lip service' which acknowledges that an issue is important with no substantive reform. This thesis will investigate the above issues by researching how social concerns are prioritised within an EAP country, complementing and adding to this literature.

This paper tests the relative importance of social goals in Ireland during the EAP using both qualitative and quantitative methodologies. All employment policy reforms and recommendations within a total of thirty-five documents combining European Semester documents and EAP documents were qualitatively coded. Employment policies are defined as all labour market policies, as well as welfare policies that directly affect the unemployed. This definition captures the often lost link between the welfare state and the economic state that employment policy bridges (Cinalli & Giugni 2013). The framework of analysis developed for the project includes not only the specific area of reform (e.g. wage setting mechanisms, activation policies), but also the magnitude of the policy (lip service to instrumental reform) and the stage of development or implementation. The codes were created through a review of the literature on the Irish labour market, an expert interview and 'grounded theory' coding. The 'magnitude' framework was incorporated from Copeland and ter Haar's analysis of the effectiveness of the EES (2013). The codes were then statistically analysed using Cramer's V cross tabulation to find relationships between the policy recommendations or reforms and the documents in which they occurred, the timeframe they appear in, and the policy's magnitude and stage of development. This was done in three rounds: first counting activation policies as a social

aspect, second counting them as an economic aspect, and finally excluding them from the analysis. Although this methodology necessarily makes the assumption that a policy cannot simultaneously have social and economic purposes – which is likely in most employment policy – it does show how attaching social purposes to economic policies can mask some important dynamics of the new process.

This research contributes four major findings. First, that a social concern was present in employment policy reforms both in the European Semester and the EAP mechanisms, and this concern increased over the period of the programme. However, this finding is tempered by the relative prevalence of 'lip service' within the social policies. Secondly, a marked difference between the focus of the EAP and the European Semester documents were found. This is an important finding, as the EAP was the explicit replacement for the Country Specific Recommendations (CSR) that are provided to each member state through the European Semester. Third, activation policies are found to have a huge place within the recovery process both at the EU and national level, therefore continued and expanded research is encouraged on the impact and effectiveness of such policies. Finally, the importance of stakeholders in employment policy is implied through the findings, as policies where social partners have a direct influence had greater discussion before implementation, and were more likely to be evaluated and monitored both before and after reform.

Although it is common to hear that Europe has lost its social focus and is instead placing greater importance on economic and market considerations, an increasing body of research shows that the social aspect of the EU is not lost. Chapter 1 will provide some necessary information on the Europe 2020 strategy, the European Semester, the bailout mechanisms established by the EU and the EAP in Ireland in order to familiarise the reader with the

vocabulary and mechanisms within the research. Chapter 2 will outline the literature associated with this research, as well as the literature on employment policy generally and the Irish EAP. Chapter 3 lays out the mixed methodological approach created for this research, and some initial qualitative analysis that emerged through this. Chapter 4 elaborates on the data that allows for the above findings. The paper finishes with the concluding remarks, including the implications of the data and possibilities for future research. This thesis adds to the ongoing research on the social aspect of the EU by analysing the policy focus of the new mechanisms put in place through the financial crisis. Although the presence of a social concern is clear even under these crisis conditions, the disconnect between the EAP and the broader EU strategy, and the general tendency towards lip service within social policy, sounds a note of caution for the optimism found in the field.

# Chapter 1: Background Context

The EU is a complex institutions with multiple and overlapping horizontal and vertical branches. This section, for the purpose of brevity, will not elaborate on all of the institutions and relationships that are relevant to this paper. It assumes basic knowledge of the major EU institutions including the Council of the European Union (the Council), the Commission, the European Central Bank (ECB) and how these institutions relate to national governments. Further, a basic understanding of the legal components including the TFEU and the Treaty of the European Union (TEU) is also assumed. However, to ensure understanding of the topic at hand, this section will discuss the Europe 2020 strategy and its corresponding mechanism the European Semester. It will also discuss the creation of a 'safety-net' mechanism that manages bailouts of member states – despite the bailout prohibition in the TFEU (Article 125). Finally, it will discuss the specifics of the Irish bailout, and the governance mechanisms created to disburse and oversee the funds associated.

## *2.1 Europe 2020 and the European Semester*

Before the European Semester, social, economic and employment policies were governed at the EU level through separate processes. The mechanism that coordinated social policies was the Open Method of Coordination (OMC), specifically the EES for employment policies. The OMC was a soft power mechanism created to promote the Lisbon Strategy (Europe 2020's precursor). It functioned through peer review, benchmarking, and policy sharing (Borrás & Jacobsson 2004). This was an intergovernmental approach that looked for convergence of policy through mutual learning, with an explicit understanding that diverging national contexts required different approaches (Sabel & Zeitlin 2008). Under the Lisbon Strategy the OMC method was

used widely. However, critics of the Lisbon Strategy highlighted its lack of focus, multiple coordination methods, and weak social dimension (Zeitlin & Vanhercke 2014). Although the Lisbon strategy in general was seen as a failure (the targets it set were not reached by 2010 – due at least in part to the effect of the financial crisis), the OMC method in general was judged as a 'qualified success' – particularly within the realm of employment policy through the EES (Zeitlin 2010). Europe 2020 is achieved through soft power mechanisms called 'thematic coordination' – much like the OMC (Marlier & Natali 2010).

Europe 2020, the EU strategy following Lisbon, brought with it a new governance procedure and new targets. Zeitlin has said that the new governance architecture was a direct response to some of the concerns and criticisms of the Lisbon strategy, highlighting four in particular. First, that social and environmental targets should have equal weight with employment and economic policies. Second, that there should be enhanced political commitment to social policy including quantified national targets. Third, that better coordination links between social policy and other interdependent policies should be developed, with social objectives more visible and 'mainstream'. Finally, stakeholder participation should be enhanced, with increased involvement from sub- and non-state actors (Zeitlin 2010). The resulting strategy placed environmental and poverty goals at the same level as the updated employment, research and development and education goals. These are known as 'headline targets' with quantifiable goals for each member state and the EU as a whole. Europe 2020 also promotes, and in some cases funds, initiatives to reach these targets. Of note for this paper is the Youth Guarantee which intends to tackle youth unemployment by ensuring that young people under the age of 25 will have a job placement, internship or further education within six months of becoming unemployed (European Commission 2015c). Also of note is the New Skills for New Jobs

initiative which promotes the development of better matching between the labour market and education sector, and appropriate skill development (European Commission 2015a).

A new overarching mechanism was created called the European Semester, which combined the soft power social governance with the EU's economic governance that is intended to ensure stability. The economic mechanisms have much stronger compliance methods, including the threat of sanctions (this is discussed in detail below). This conflation of policies has led to questions of how and whether these targets would be reached, and whether each policy area would be treated with equal respect given the different mechanisms. CSRs are created for each member state jointly by the Commission and the Council. They provide a complete set of recommendations encompassing both social and economic policy, referring to the appropriate governance tools. During EAP, the CSRs for participating member states were largely discontinued and referred instead to the conditions and recommendations within the Memorandum of Understanding (MOU) – the founding EAP document discussed in greater detail below. National Reform Programmes (NRP) are essentially the member state's response to the CSRs, and outline how they intend to address the issues raised. Ireland continued to produce NRPs throughout the EAP. It is this combination of mechanisms and competences, and the relative uncertainty surrounding their focus and connections, which led to the research below (e.g. Bekker & Klosse 2013). This study includes the NRPs that Ireland published during the EAP as part of its fulfilment of Europe 2020.

The economic arm of the European Semester is also included in this study, particularly the excessive deficit procedure and the Europlus pact. The excessive deficit procedure is enforced when a member state has a deficit to GDP of above 3%, and/or a debt to GDP ratio of above 60%, which do not diminish at a satisfactory rate (TFEU 2008, Article 126). Ireland has

been undergoing this procedure since 2009, and the current deadline for correction is 2015. This paper only includes stability programme update documents between the years of 2011-2013.

Another, more exclusive element of the economic European Semester included in the data is the Europlus documents. The Europlus Pact is a special agreement between Eurozone countries for further fiscal consolidation and specific goals including increased competitiveness, fostering employment, financial stability and sustainable public finances. It gives the EU increased access and influence on Eurozone budgets and tax policy. This paper includes the documents associated with both of these mechanisms, along with Ireland's NRPs, as this gives a broader view of the priorities within the EU, and a more complete picture of the economic versus social priorities in employment policies to compare with the EAP.

## ***2.2 The European Financial Stability Facility in Ireland***

The EAP itself, and the new institutions that have been created to manage the loans associated with the programme, must also be discussed. Ireland, along with the other bailout countries, was granted financial assistance under Article 122 of the TFEU. This article states that financial assistance could be granted to a member state when it is 'in difficulties or is seriously threatened with severe difficulties caused by natural disasters or exceptional occurrences beyond its control' (TFEU 2008: Article 122). The use of this article proved controversial, with many commenters stating that the situation in bailout countries was not 'beyond control', and citing the specific 'no bailout' clause in the TEU (e.g. Spiegel 2011; TEU 2010, Article 125). Regardless, financial assistance was granted and the European Financial Stability Facility (EFSF) was put in place to manage the loans and repayments.<sup>1</sup> Although The EFSF was set up to manage the loans,

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<sup>1</sup> This was set up as a larger mechanism to replace the European Financial Stabilisation Mechanism (EFSM) which managed the finances of the first Greek loan. It has since been replaced by a permanent mechanism for this purpose called the European Stability Mechanism (ESM).



it was the EU and the IMF who co-financed them. This was initiated by the Commission with each member state contributing to the fund – a source of political controversy within the region (Puetter & Hodson 2012). In total, the EU pledged €1 trillion to contain the crisis in member states, and Ireland received a loan of €85 billion.

In general, it is claimed that the economic collapse within Ireland was caused by a misused and unregulated financial sector, and a large bubble within the construction sector (O'Brien, 2015). It is important to note that these are not directly related to the labour market. Because of the fixed exchange rate, Ireland could not devalue its currency in response to the financial crash, and therefore was forced to go through the process of 'internal devaluation' to increase relative productivity against price level. McDonnell and O'Farrell recently presented a large economic study on Ireland's adjustment programme. In it they claimed that the use of internal devaluation was unjustified given that Ireland's unit-labour cost was not the reason for the crash. They also provide the argument that adjustment costs should not be placed entirely on the debtor country in economic crisis – an argument that echoes Teague's research which discusses German hegemony and crisis policy measures (McDonnell & O'Farrell 2015; Teague 2015).

The bailouts came with strict conditions including austerity (budget cuts and tax increases) and close surveillance of the States' budgets and finances. Structural reforms were also included in the conditions, with varying magnitude. These related to underlying structural issues perceived in the country – for example an inflexible labour market, uncompetitive and sheltered sectors, or a high level of state ownership of utilities. Conditions, both structural and financial, were laid out in two founding documents – the MOU – a letter of agreement between the EU, IMF and the member state on the timeline of fund disbursement and reforms – and the EAP

which discussed the specifics of the reform. Reviews of the EAP occurred quarterly with visits to the debtor country, resulting in a progress report on the conditions. Loan disbursement was predicated on these reviews and the successful progress of the conditions (Programme Reviews). The programme was not inflexible, and if unforeseen circumstances or new policy issues arose, the MOU was updated to provide new timelines and new policy goals as circumstances progressed. For example, the original programme for Ireland discussed a reduction of the minimum wage and unemployment benefits, however by mid-2011 this recommendation (and the minimum wage reduction that had been implemented) was reversed because of equity concerns. The original EAP, MOU, reviews and updates are included in the text analysis within this study.

## Chapter 2: Literature Review

This chapter outlines the body of literature relevant to the research. The recent research from Bekker and Zeitlin and Vanhercke, discussed briefly in the discussion, is elaborated upon with a view to better describe how this body of research fits in. Employment policy literature in general is then discussed, with a specific focus on how this policy area is the link between the economic and welfare state. Finally, there is a brief discussion of the current literature on the Irish recovery programme, and how this research contributes to the ongoing analysis of the state's economy.

### *1.1 Social Europe and the European Semester*

The literature assessing the presence of a 'Social Europe' within the new European Semester is broadly positive. Bekker and Klosse presented a broad review of the social component within the European Semester from a legal perspective. As the European Semester brings together both economic and social competences under different legal protocols (as discussed in Chapter 1), they analysed which legal mechanisms were used to tackle employment policy goals. They found that the linkage of these policy areas through the European Semester allows for simultaneous testing for alignment across policy goals, ensuring not only that social policies are aligned with economic policies, but also *vice versa* (Bekker & Klosse 2013). This impressive research studied CSRs, and therefore excluded EAP countries in this analysis as the Programme replaced CSR's for the duration. Bekker has done further research within this area. Of note is a comparative case study of CSR's for Germany and the Netherlands. Her case selection hinged on these two countries relative stability through the financial crisis, which she saw as a 'best-case scenario' for the promotion of social policies (Bekker 2015). This paper will study the implications of the conflation of social and economic policy within Ireland – an EAP

country. Through this we can see how social policy fares in a 'worst-case scenario'. Studying EAP countries is important within this context, as it is stated that the primary goal of the EAP is to return the country to a stable economic position, yet it is also seen as a proxy for the CSR's over the period – including the social policy recommendations.

Zeitlin and Vanhercke have also studied the social component of the European Semester, with a wider group of data. They conducted interviews as well as an extensive document review to find and evaluate the importance of the social dimension within the new mechanism – along with other significant theoretical questions involving European integration. They found that since 2011 there had been a 'progressive 'socialization' of the European Semester', with a growing emphasis on social objectives (Zeitlin & Vanhercke 2013, 29). However, the definition of a social policy was unclear and included some initiatives whose purpose was also to stimulate economic growth. Such initiatives include promoting employability of young and older workers through the Youth Guarantee and lifelong learning respectively, and more generally to increase and improve activations measures (Zeitlin & Vanhercke 2013). This paper tests whether 'progressive socialisation' can be found in a country experiencing economic crisis. It further evaluates this theory when activation measures are excluded or categorised as primarily for economic growth.

## ***1.2 Employment Policy: Combining the Labour Market and the Welfare State***

This paper uses employment policy as its unit of analysis, as this policy area provides a link between the economic and welfare state, for example through such policies as wage setting mechanisms and activation policies. However, in some literature these areas are kept separate. Welfare state research will categorise states based on specific welfare characteristics including unemployment systems and state pension policies, but will not consider the impact of labour

market policies such as minimum wage or part-time work protections (e.g. Gallie & Paugam 2000). Cinalli and Giugni note that employment policy must take both of these aspects into account when studying unemployment regimes. They created a framework that places countries unemployment policies along a flexibility/security and insider/outsider framework (2013). This shows the benefit of a broader approach to employment policies, and how the welfare and economic state can be studied by proxy through this link.

There have been empirical qualitative and quantitative studies on the effectiveness of employment policy coordination through the Lisbon Strategy and the Open Method of Coordination (OMC). Of note here is de la Porte's initial analysis of the implications of the EES, and the OMC at large. She argued that although the method was supposed to allow for divergence in national contexts and policy response (see Chapter 2), certain labour market models were better suited to the goals. She claimed that Southern and Continental models would have to undertake greater structural change in order to coordinate employment policy. Similarly, she found that Nordic and Continental welfare state models were better suited to the social policy goals, and that Anglo-Saxon and Southern countries would need more structural change (de la Porte, 2002). Ireland has a broadly Anglo-Saxon model. This means that, according to de la Porte's analysis, it has a labour market that was close to the EU ideal, and a welfare system that was more distant. This is shown through the recommendations and commentary, as Ireland's labour market is seen to be flexible both before and after the crisis, whereas its welfare system had a flat-rate unemployment benefit with no tapering, and a noted lack of activation policies (DG ECOFIN, 2011)

Another investigation of the EES developed a useful quantitative framework which is partly incorporated in this study. Copeland and ter Haar coded NRPs in order to analyse the

implementation and effectiveness of the EES. They incorporated three dimensions into their framework: identification of an EES policy (does the member state explicitly acknowledge that the policy is in line with the EES), the type of policy instrument (preparatory, soft law, collective agreement or legislation), and the magnitude of the activity (lip service, preparatory measure, parametric reform or instrumental reform). Their research found little evidence that the OMC method had pushed countries to implement policies that were not already a national priority. They also found little difference in policy measures between old and new member states or between welfare groupings (in some ways contradicting de la Porte's predictions). More interestingly for this paper, they found that it was unlikely for a member state to incorporate policy measures that had not been identified as a priority within the country. In other words, the EES was a success only to the extent that employment reforms happened, rather than a significant amount of coordination between member states (Copeland & ter Haar 2013). This thesis incorporates the 'magnitude' dimension developed in Copeland and ter Haar's research. It also tests whether an increased level of conditionality will increase the level of influence from the EU on a member state.

### ***1.3 Ireland's Labour Market and the EAP***

Although there has been analysis of the Irish situation specifically, this generally takes a legal or economic view, does not incorporate the structural changes in the welfare system, and sometimes ignores the influence of the EU. Economic discussion of Irish labour market activity through the crisis focuses on the successful recovery, and in general stresses that little of the recovery can be attributed to labour market reforms. McDonnell and O'Farrell recently presented a report that argued Ireland's labour market policy reforms (particularly wage reductions) and internal devaluation generally cannot account for the recovery thus far (2015). In another

presentation, O'Brien argued that Ireland's recovery was based on other underlying aspects of its economy – namely its open, service focused, export economy – and that the impact of structural reforms could not explain the economy's growth in the last year (2015).

Other authors have given more weight to the importance of EU reforms, particularly those who have researched industrial relations. Doherty, in a special edition of the European Labour Law Journal, discussed the legal changes that had occurred within the Irish labour market. However, this focused solely on legislative changes, which minimised the impact of parametric reforms, and the discussion of welfare system reform was insufficient (2014). Teague has studied industrial relations and agreements within Ireland, and will soon publish a paper on the choice of labour market reforms that were promoted by the EU. He argues in this paper that these have a direct connection to Germany as a hegemonic power within the EU, and that austerity and devaluation are promoted from this country's context rather than an adherence to the idea of diverging policy for diverging states (Teague, 2015).

## Chapter 3: Methodology

The following methodology chapter will discuss how and why the research was undertaken. First, an outline on the case selection process, including the single case study and why Ireland in particular was chosen. Second this section outlines the data collection methods that have been alluded to in earlier chapters. The analysis section is split into two – qualitative and quantitative. The qualitative section discusses the process for coding, and includes some initial analysis of the employment policy reforms and recommendations within Ireland during the EAP. Finally, the paper discusses the quantitative analysis: how the dataset was constructed, the variables included and the statistical tests that were run.

### 3.1 Case Selection

The single case study of Ireland was chosen to examine how strong the social component in the EU is during a crisis situation. The decision to study the social aspect of the EAP process quickly narrowed the choice of case studies from twenty-eight to five – those member states that were given bailouts and went through such a programme. A single case study was most appropriate within the scope of the research, allowing for a broad analysis within the EAP and European Semester while holding the particularities and individualities of the individual case constant. The primary reason that Ireland was chosen was because its economic performance pre- and post-crisis has been commended by the EU. This includes aspects of employment policy, including its highly educated labour force and flexible labour market (e.g. Auer 2002). The economic crisis in Ireland was seen as mostly separate from its employment regime, and the structural reforms were to promote general competitiveness rather than to fix large-scale underlying issues (McDonnell & O'Farrell 2015). The employment policy changes recommended and/or agreed between the EU and the Irish state can therefore be seen as a *response to the*



*external and internal crisis* rather than necessary in and of themselves to return the country to stability. There is strong evidence that unemployment and loss of labour competitiveness (except in certain sectors like construction) was an impact of the crisis rather than a cause (McDonnell and O'Farrell, 2015). This makes Ireland an ideal case to study the social aspect of employment policy in times of crisis by separating these elements. Secondly, and to a lesser extent, the economic restructuring programme was completed in 2013, giving a tidy time frame with a full range of documents that could be analysed.

### **3.2 Data Collection**

The data for the project consisted of a total of thirty-five documents, including five different forms of documents over the three years of the EAP agreed between Ireland and the EU. These documents include European Semester documents, documents associated with the EU-IMF bailout, documents with policy conditions for the bailout, and the updates and reviews of the EAP. During the three years under analysis Ireland continued to produce NRPs which set out the policy reforms planned and implemented for reaching the Europe 2020 targets. The more economic-focused European Semester documents were also included. These included Stability Programme documents which outlined progress on steps taken as part of the Excessive Deficit Procedure and Europlus documents which involved actions taken to reach the targets agreed in the Europlus Pact (as discussed in Chapter 2). During the EAP, CSRs were suspended (hence why these countries were excluded in previous research), however in lieu of CSR's the EU asked that the reforms in the MOUs be completed (e.g. Council of the European Union, 2011). These documents were therefore also included as an indication of EU priorities and recommendations in a crisis. Although studies have shown that national documents like NRP's are often recycled and merely highlight what the country is doing that is in accordance with the strategy, and

minimise or exclude what is not (e.g. de la Porte and Pochet, 2003), the Programme documents give a good counterpoint and cross-reference mechanism as these are based on EU and ECB reviews of the implementation. This broad set of EU documents allows for comparison of employment policy – and the importance of a social element – across various EU mechanisms, and how well the EAP as a crisis mechanism relates to the broader European Semester.

### ***3.3 Qualitative Analysis***

The coding system for analysis was developed through an extensive literature review, an expert interview and an initial review of the documents. The decision to include welfare system policies developed for the unemployed was a conceptual choice taken from a paper by Cinalli and Giugni who emphasized the close linkages between activation policies and the structure of the welfare system on the labour market (2013). Labour market policies included anything that dealt with the framework or mechanisms that governed employment relations. The initial coding process used 'grounded coding theory' (Saldana 2012). This involved an initial reading of the texts and creating codes as different employment policy areas emerged. In a second reading the codes were refined and policy areas were grouped into broader areas. This process was repeated until the following categories emerged:

1. **Job creation:** This included indirect job creation such as a reduction in employer PRSI rates to compensate for the reversal of the minimum wage cut (see below) and direct job creation which included government funded projects for the purpose of creating employment;
2. **Wage change:** This broadly encompassed the controversial and quickly revoked minimum wage reduction in 2011 and the two rounds of public pay reduction first

in 2010 through the 'Croke Park' deal and again in 2013 through the 'Haddington Road' deal.

3. **Pension reform:** This again encompassed two different reforms. The first implemented a phased programme to increase the pension age for the State and Social Welfare pensions from 65 to 66 in 2014, 67 in 2021 and 68 in 2028. The second changed the contribution mechanisms for State pensions.
4. **Wage setting mechanisms:** This in general referred to the reforms to sectoral wage setting mechanisms that had been in place – namely Registered Employment Agreements (REAs) and Employment Regulations Orders (EROs). These set a *de facto* minimum wage for certain sectors, which were reviewed under the conditions set by the EAP and ruled unconstitutional in 2013.
5. **Activation policies:** This included policies relating to job search supports for the unemployed, government subsidised work placement including the Jobsbridge programme which subsidised companies to provide internships for unemployed, and programmes such as Springboard which subsidised education including reskilling and retraining. This was the largest category, however for the statistical analysis it was essential to have this policy area in one category.
6. **Conditions for unemployment benefits:** This included changes in the criteria to receive benefits such as proof of job search. Of note in this category was the introduction of sanctions (cuts in benefit payment) if an unemployed person did not participate in activation programmes. A proposal for a cut in benefits was also discussed, which was included in this category, but ultimately was not implemented.

7. **Demographic targeting of unemployed persons:** This was chosen as a separate group because of the flagship initiatives included in Europe 2020 that specify young people and long-term unemployed as specific groups for targeting. This category often related to activation, however it also included improved child care supports to encourage unemployed mothers to return to work.
8. **Efficiency of the unemployment system:** This included consolidating unemployment services into 'one-stop-shops' and increasing the skills of case managers. Much of the discussion within this was the slow implementation of these policies.
9. **Changes to the reservation wage:** The reservation wage is the lowest wage rate that an unemployed person would accept a job. Much of the discussion in the texts involved reviews of the unemployment system and 'ensuring that work pays'. One concrete policy implemented in this category was a 50% reduction to PRSI contributions for those in the lowest tax bracket between 2011 and 2013.

There were many policy reforms that dealt with multiple areas – for example group targeting was often to improve activation levels, and the efficiency of the unemployment system involved merging activation and welfare services into 'one-stop-shops'. This 'doubling up' of categories affected the welfare system more than the labour market, which may have resulted in an exaggerated view of the importance of social issues. This, along with the choice to include welfare reforms, also explains the high levels of social focus revealed in the statistical analysis.

Once the coding was complete and the categories defined, a further step was taken to categorise each policy issue's purpose as generally social or economic. This was done through qualitative analysis of the overall purpose of the individual policies within each category, along

with a review of social policy goals designated by the EU. This is not a split based on welfare versus labour market, instead the categorisation was based on 'grounded theory' coding methods to draw out the underlying goal of the policies. As mentioned earlier, there were cases where the purpose of the policy was unclear or for both economic and social reasons. However, for the purpose of this analysis each category had to be placed unilaterally. The final dataset included three variations of the following categorisation, where activation policies were coded as social, as economic and finally excluded. The former two was to test how categorisation of activation policies can effect such research. The purpose of excluding activation policies was to find how leaving out the largest category affected the trends in general. The final breakdown and a short elaboration of the goal is laid out in Table 1 below. Some of the analysis discusses labour market versus welfare reforms – a breakdown of this, to prevent confusion, is also illustrated in the table.

*Table 1: Coding categories and social/economic goals*

<b>Economic</b>	<b>Social</b>
Wage change: reduce overall price level and decrease public spending (labour market)	Job Creation: combat structural unemployment and increase incentives for hiring (labour market)
Pension reform: increase sustainability of public finances (labour market)	Group Targeting: particularly vulnerable sectors are not excluded (welfare system)
Wage setting mechanisms: increase competitiveness (labour market)	Efficiency of welfare system: access to activation measures and job search supports integrated (welfare system)
Conditions for unemployment benefits: decrease public spending and anti-fraud measures (welfare system)	Activation policies: unemployed persons are enabled and encouraged to return to work (welfare system <sup>2</sup> )
Reservation wage: increase competitiveness and ensure 'work paid' (welfare system)	

<sup>2</sup> It is important to note here that activation measures can affect the labour market directly. Notably, in this context, the Jobsbridge scheme provides welfare for unemployed persons availing of unpaid internships that are solely marketed within the scheme. This has led to accusations that the scheme incentivises unpaid labour, directly affecting the paid labour market (e.g. Coughlan, 2013).

After the first initial coding process, another level of coding was introduced to include the magnitude and stage of the policy. This involved classifying every coded policy by the level of policy change discussed and the stage in the policy cycle that it was in. The former classification method was drawn directly from Copeland and ter Haar's framework in their research that studied the effectiveness of the EES (Copeland and ter Haar 2013). This thesis took one element of their framework which they classified as 'magnitude'. The policies coded within the documents were then given one of the following sub-codes:

1. Lip Service: Acknowledgement that a policy issue is important, but no concrete measure is taken to address the problem.
2. Preparatory Measure: Initial initiatives to address a problem such as a review of the extent of the problem, review of current mechanisms or discussion with stakeholders.
3. Parametric Reform: Changes in existing parameters – e.g. numerical adjustments such as wage or benefit change, reforms in legislation or changes in an institution's role.
4. Instrumental Reform: Creation of entirely new policies, or the replacement or abolishment of a policy.

This process was subjective, and the choice between magnitudes for some reforms and recommendations was sometimes small. Because of the many different forms that the coded sections took across documents (e.g. recommendations and conditions in the MOU, planned reforms in the NRP and review of implementation in the EAP) the labelling process was not as straight forward as ter Haar and Copeland's analysis of NRPs. Is calling for a review of

mechanisms lip service or preparatory? Does a large change in the existing parameters count as instrumental change or parametric? Many times this came down to a judgment call. However, in general situations like the former were coded as preparatory, and situations like the latter were coded as parametric.

### ***3.4 Quantitative Analysis***

The final stage of research involved exporting the codes and running statistical tests to find trends across the data – namely cross tabulations using Cramer's V tests for significance. For this, the unit of observation was each instance of policy code from the list above. The unit of analysis was employment policies introduced over the time period. Each code had some variables embedded automatically, including the name of the specific document in which it occurred. This allowed the introduction of both year and document type as variables. This was important to see the difference between European Semester documents (including the NRPs, Stability and Growth Pact and Europlus) and EAP documents (including the EAP itself and reviews, as well as the MOU's and updates). Introducing the time series allowed investigation as to whether an increase in social policy occurred over time, as was found in Zeitlin and Vanhercke's research (2013).

The full number of codes totalled over 1,100, however this included the magnitude and policy cycle codes. Rather than individual observations, these elements should be variables of the policy areas (e.g. a section coded 'wage change' should have a variable of 'parametric reform'). Therefore, the magnitude and cycle codes were manually matched to the policy codes. The codes were then converted to a numerically coded dataset. The final dataset had over 400 observations (N=466), each coded for document, year, magnitude, policy cycle and social/economic focus. As all the variables were nominal, Cramer's V cross tabulation was the

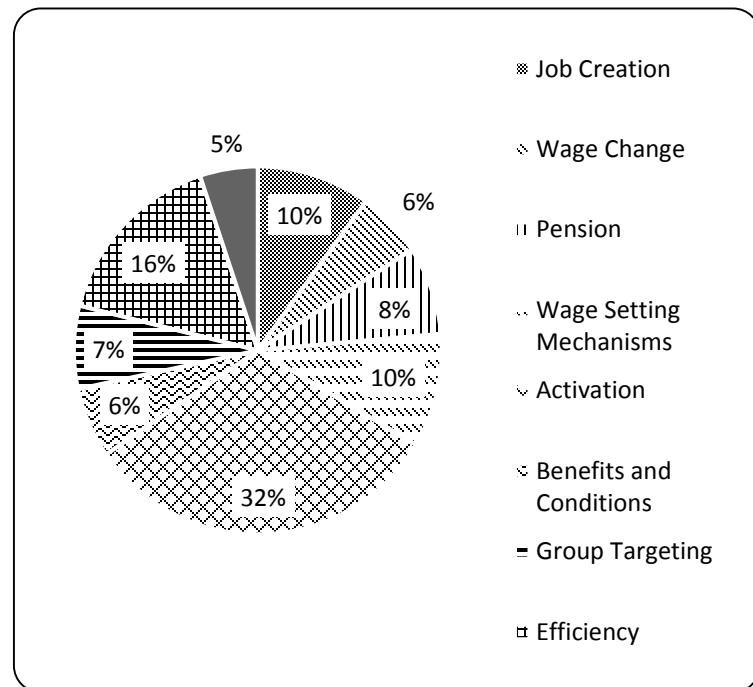
chosen method of analysis, with a significance level of 95% ( $p=0.05$ ). This test finds whether there is a statistically significant relationship between categories. The tests conducted for this project found if there were, for example, relationships between the proportion of the social aspect and document type.

## Chapter 4: Findings and Analysis

The total number of each policy category coded is shown in Figure 1, and the large proportion of activation policies found is immediately apparent. Activation policies count for more than 30% of the total coded sections found in the time frame. The second largest category of policies is the efficiency of the welfare system at 16%. Job creation and wage setting mechanisms each count for 10% of employment policies. When dividing this into social versus economic purposes (shown in Figure 2), the result is wholly dependent on whether activation policies are included in the social or economic group. If we test the former, 65% of the policies discussed are for social reasons. If

activation policies were for economic purposes, this figure reverses and social policy counts for only 33% of the policies discussed. When activation is left out altogether, the social and economic purposes are split almost evenly, with economic purposes marginally more at 51%.

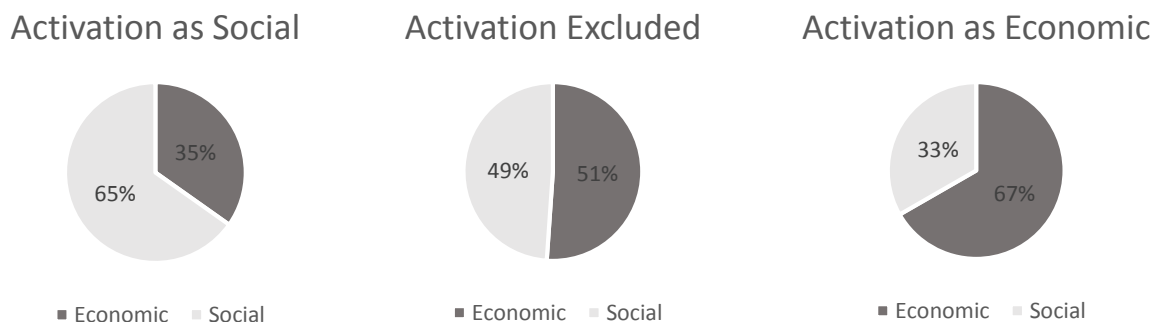
*Figure 1: Percentage of each policy category (total)*



*Source: Descriptive statistics of policy categories.*



Figure 2: Social versus economic percentages with activation policies coded or excluded



Source: Descriptive statistics of economic versus social categories with various activation coding.

Through the qualitative analysis, it became clear that improving Ireland's activation services was an important aspect of the reform process. It was stated in the original EAP that activation services were insufficient and must be developed in order to combat long-term unemployment and the structural unemployment caused by the fallout of the construction sector (DG ECOFIN, 2011). Furthermore, much of the welfare system changes – particularly efficiency, group targeting and unemployment benefit conditions – were directly related to activation. Activation is also a key aspect of the EU's plan to increase employment. It is an important instrument behind two key initiatives to address poverty and unemployment (New Skills for New Jobs and the Youth Guarantee). These factors explain the large focus on activation, both nationally and at the EU level, and also shows the importance of correct categorisation. It is clear that depending on whether one sees activation as primarily for social or economic purposes, the focus of the EU's recommendations for Ireland, and indeed the focus of Ireland's reform programme, changes drastically.

#### 4.1 Changes over time: The growth in social focus

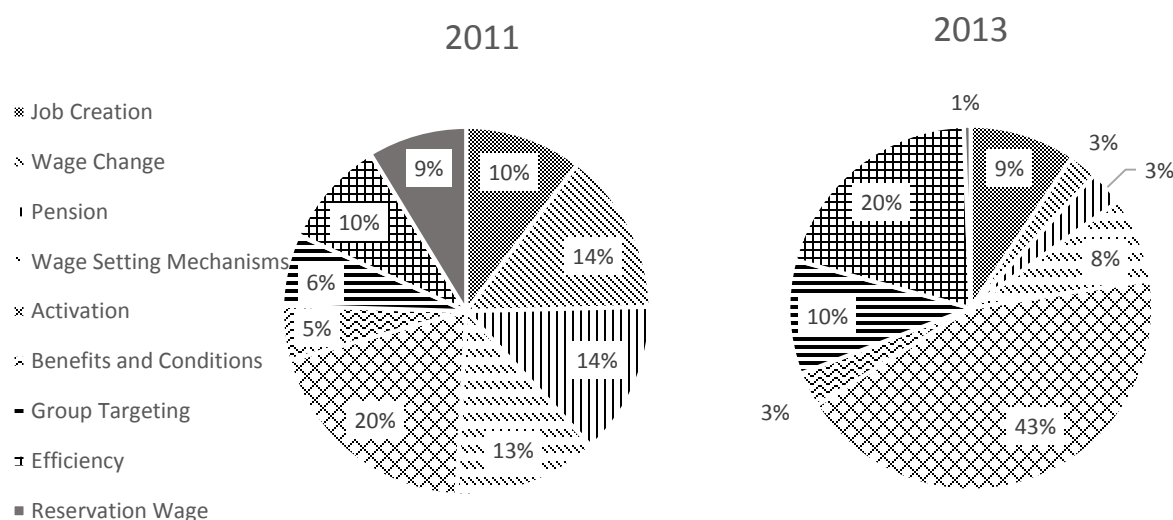
Regardless of the categorisation of activation, there is a significant growth in socially-focused employment policies over the course of the EAP. When activation is counted as

economic, just over 25% of employment policies discussed in 2011 were social, however by 2013 a social focus was found in almost 40% of the documents. These figures increase with the various categorisation methods. When activation is excluded, the proportion of social employment policies increases from 33% in 2011 to 70% in 2013. Finally, when activation is counted as a social policy, this counted for over 45% of employment policies in 2011, which increased to almost 85% in 2013. This move towards social policy reflects Zeitlin and Vanhercke's analysis. However, the unique situation and timing within Ireland is also important to consider. In 2011 the focus from both the EU and the Irish government was to ensure the debt-GDP ratio was reduced and financial stability was established. As the programme continued, the problems of structural, youth and long-term unemployment became increasingly important. Evidence for this can be found in the updates of the MOU documents and reviews of the Programme documents, which over the course of the programme discuss these issues and how they should be addressed with increased frequency.

This theory is given further weight when each policy category is broken down by year, where a noticeable trend of clustering towards activation and welfare system efficiency is revealed (see Figure 3). In 2011 employment policies were relatively evenly spread across all the specific areas, whereas in 2013 almost 65% of employment policies discussed were either activation policies or measures to improve the efficiency of the unemployment system infrastructure. Activation measures were the most discussed policy in all of the years studied, however the proportion more than doubled within the time frame. In 2011, activation measures accounted for just under 20% of employment policy, by 2013 it was almost 45%. Measures to increase the efficiency of the welfare system also more than doubled over the period, accounting for under 10% in 2011 rising to a full 20% in 2013. The percentage of welfare system policies

that were aimed at specific demographics (young people, women, long term unemployed) almost doubled in a single year totalling 5% of employment policy in 2012 to 10% in 2013. In comparison, wage change policies were the second largest category of employment policy discussed in 2011 (14.3%); by 2012 they only accounted for 2.5%. Wage setting mechanisms and pension reforms both reduced from a total of 13% each of all employment policy measures. By 2013, the proportion of wage setting mechanisms was 7.5%, while pension reforms were a mere 3%. Job creation policies was the only stable policy category across time, approximately 10% of all employment policies.

*Figure 3: Policy category by year*



*Source: Cross tabulation results – percentage of policy categories in 2011 and 2013 ( $p=0.00$ ).*

It is important to remember here that just because activation – and indeed any of the policy categories discussed – were mentioned more frequently does not automatically mean that more policies were introduced. It could also mean that some policies took longer to implement, never moved past a certain stage within the timeframe, or were at different stages of

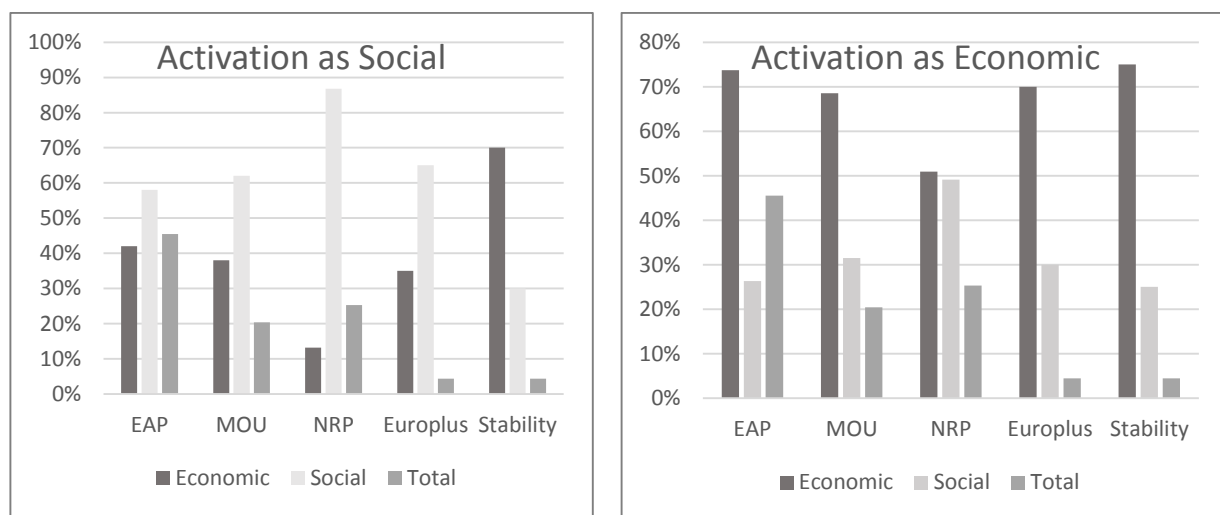
development. When the policy categories were broken down by stage of implementation empirical evidence of this emerges. Policy areas that involve the welfare system (in particular activation, group targeting and the reservation wage) were far more likely to be discussed at an initial 'agenda-setting' stage than those that dealt with labour market policies like wage changes, pension reform and wage setting mechanisms. Of all the policies discussed that involved targeting certain groups of unemployed, or changes to the reservation wage, over 50% were at the agenda-setting stage (see Appendix 2 for full cross tabulation). This implies that particularly these two areas either only emerged as policy issues over the course of the crisis, or did not have the political will to progress past this stage. This theory can be tested by cross-referencing these results with the magnitude variable. Of all the policies that targeted groups, just under 40% were categorised as 'lip service' and just under 30% were 'preparatory measures'. Similarly, within the category of reservation wage, almost 50% were preparatory measures. Forty percent were parametric reforms, but given that only 13% of such policies ever were discussed at the decision making stage and a mere 4% were discussed at the implementation phase, it is fair to say that these parametric reforms within the reservation wage did not ultimately result in policy action.

## ***4.2 European Semester versus EAP***

Across all three forms of activation categorisation, European Semester documents are more likely to discuss policies with a social focus than EAP documents. This is in many ways unsurprising, as the NRP documents were specifically related to the Europe 2020 goals, and the Europlus and Stability documents had much fewer employment policies discussed than the other documents. Less than 5% of all employment policies within the dataset, which may imply that employment is not a key element of the economic stability regime within the EU. The European Semester, however, was intended to harmonise and align policies, which seems absent

particularly between the NRPs and the EAP documents. Breaking these figures down, if activation is counted as a social policy, over 85% of employment policy discussed in Ireland's NRP's have a social focus. If activation is an economic policy, 50% of employment policies within NRPs have a social focus. If activation is excluded, the proportion of policies with a social focus rises to 80%. In comparison, the Stability Updates and Europlus documents have, unsurprisingly, a much higher proportion of economically focused employment policies. Less than 30% of the employment policy discussed in the Stability and Growth documents were socially focused, regardless of the classification of activation methods. After disaggregating the data, there is only one mention of activation policy within all of the Stability and Growth documents. The proportion of socially-focused employment policy in the Europlus documents fluctuated with classification along the expected trends (social focus 65% when activation was social, 30% with activation economic, 45% with activation excluded). Again, however, the Stability and Growth documents and the Europlus documents together counted for less than 10% of the employment policy found in the data.

*Figure 4: Policy category by document*



*Source: Cross tabulation results – percentage of employment policies that are economic, social and total (p=0.00).*

The EAP documents had similar trends when activation was re-categorised or excluded, however with a significantly stronger economic focus. When activation was counted as social, 60% of employment recommendation and reforms in the EAP documents were social. If economic, this fell to less than 30%. When activation is excluded social policy accounts for 40% of employment policy discussed in the EAP documents. When broken down into programme and memoranda documents the results are broadly the same, with slightly more social policies mentioned in the MOU documents. This shows a broad similarity between EAP documents, which is both expected and reassuring as these are reviews and updates on the terms of the same programme. The greater focus on economic policy within the EAP documents is perhaps to be expected as the focus of the programme was to return Ireland to sustainable economic stability. However, the fact that the EAP was intended to replace the CSRs for the duration, one could perhaps expect greater compatibility between the EAP and the European Semester documents. Overall, according to the framework, there should have been broad similarities as the NRP, Europlus and Stability and Growth documents were in some ways responding to the EAP in lieu of CSRs.

### ***4.3 Magnitude and Implementation***

The high levels of decision-making and monitoring and evaluation within wage change, pension reform and wage setting mechanisms illustrates the importance of stakeholder participation in these areas. 55% of the pension recommendations and reforms were discussed at the decision making stage. Wage setting mechanisms had a similarly high level of discussion at the decision making stage at 45%. Furthermore, wage-related policies were more likely to be monitored and evaluated, either in preparation for reform or to assess the impact of a reform (see

Appendix 1 for full cross tabulation). This may highlight the importance of stakeholder participation, as evidence gathering and monitoring was much higher in these areas. More reviews of existing mechanisms, and calls for evaluation of the impact of reforms, perhaps show that there was a stronger and more vocal call for such reviews within the areas that inherently involved trade unions and non-state actors. In general, economic employment policies were more likely to be parametric reforms. This is most likely because most of these reforms there was already a system in place that would be difficult and politically untenable to change instrumentally (e.g. minimum wage, pension conditions).

In keeping with ter Haar's findings, many of the policy areas that were explicitly sponsored by the EU were not seriously undertaken. The two policy areas that are strongly promoted by the EU through Europe 2020 initiatives (activation and group targeting) were most likely to be acknowledged as an important issue without providing a specific policy solution ('lip service'). Group targeting policies was the most likely to be given 'lip service' – as almost 40% of the discussion within the documents of such policies was merely admitting there was an issue without any real reform. Within activation policies, 26% were 'lip service', and of all the policies that were categorised as lip service, a full 46% were activation policies (see Appendix 2 for full cross tabulation). Although the latter figure is partially explained by the fact that activation policies was the largest group, these proportions imply much. These are two social policy areas that are strongly promoted at an EU level, however at the national level they are the most likely to be acknowledged without any actual reform. This shows the power of the EU as a policy agenda setter – it is likely that these reforms would not be discussed to the level found if not for the Europe 2020 strategy. However, similar to ter Haar's research, it shows that member states

may acknowledge a policy problem, or even specific recommendation, without making reforms that do not align with national political priorities.



## Conclusions and Implications

The trends outlined above provide many implications and theories, which in turn create many unanswered questions for future research. First, it seems clear that a social element within crisis management employment policy was indeed present in Ireland. However, caveats must be placed on this as the social element was more likely to be discussed and not acted upon, whereas economic aspects were more likely to have real reform (either parametric or instrumental). Secondly, regardless of the above caveat, Zeitlin and Vanhercke's finding of an increasing focus on social issues seem to hold in Ireland. However, this may also be an innate factor of the EAP itself: that as the programme's initial requirements of fiscal stability were implemented, and the effects of internal devaluation took its toll on employment, greater attention was put into social matters and the welfare state. This may even be the reason for Zeitlin and Vanhercke's findings, which if true would show that social policy is not as important within the EU in crisis. Third, the variation between the EAP and the European Semester documents show that although the EAP was the *de facto* replacement of CSRs, the focus within the EAP was more economic, with a different ratio of reforms discussed. Fourth, the importance of the categorisation of activation is clear – particularly in the Irish case – however this study was not able to find consistent data that indicated how best to categorise this policy area. Finally, there is evidence of the importance of the social partners within the policy areas they are most active in. The implications here are twofold: that the presence of more actors within the decision making process slows down change, however the process also seems to promote more thorough monitoring and evaluation of

the impact of reform. The remainder of this chapter will discuss each of these implications (except the final one<sup>3</sup>) in more detail, and then suggest possibilities for future research.

The data studied within this paper provided statistically significant evidence of the presence of a social element which has increased over the timeframe of the European Semester and the EAP – regardless of activation policy categorisation. This agrees with Bekker and Zeitlin and Vanhercke's research on the subject, and shows that social concern is possible even in financial and economic crisis. Some important caveats to this assertion is necessary, however. It was more likely for the social policies that were discussed to be coded as 'lip service' than the economic policies, showing a clear lack of political will to actually create reform. Furthermore, of the welfare reforms that did occur, most were in categories that were directly related to activation measures. The increasing focus on social issues over time is also noteworthy, but again may be due to the particular timeframe of the EAP. The 'clustering' of policy reforms around activation measures over time, and the larger proportion of social policies that are discussed at the 'agenda-setting' stage imply that these policy areas emerged within the political arena only after the initial crisis management was achieved. Are the similarities unrelated, or does the case study in fact show why less social focus was given at the beginning of the European Semester? With the evidence presented, it is fair to say that in initial crisis management, social policy is less important than in recovery. This, in turn, could explain the 'slow start' of the social focus found in the European Semester by Zeitlin and Vanhercke.

Another important implication is that the EAP, although a *de facto* replacement for the CSRs, in fact dealt with different policies and issues than the European Semester documents.

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<sup>3</sup> This finding is outside the core focus of the research, however the data gives significant evidence for this. This thesis encourages more research into this area, and the possibilities of promoting consistent evaluation across policy areas - found to be lacking in many of the other categories (see Appendix 1).

Across EAP documents the proportion of social versus economic was broadly similar. Across European Semester documents the policy focus was widely different, with NRPs focused vastly on social issues, and Europlus documents focused almost exclusively on economic issues. However, even taken as a whole the European Semester documents did not reflect the same policy focus as the EAP documents. This shows that the discussion of policy reforms in the European Semester was markedly different than the EAP, despite the fact that these were *de facto* tied together as a replacement of the CSR. This implies that EAP countries had a different experience than other countries under the European Semester, and that EU crisis management did not fully take into account the Europe 2020 goals. In general, real harmonisation and cohesion between EAP and the broader EU strategies will become more important, as the European Stability Mechanism (ESM) – the replacement of the EFSF – is now a permanent EU institution with an important role in crisis management if and when it occurs in the future.

Finally, the importance of activation policy at the national and EU level is evident. Not only is it a large proportion of the Europe 2020 strategy, but it also was a key element of the EAP and Ireland's recovery strategy in general. Activation policies alone counted for over 30% of the employment policies discussed overall, and over 40% of those discussed in 2013. Furthermore, most of the welfare system reforms within employment policy were directly related to activation policies. The overwhelming proportion of activation policies within the programme resulted in very significant changes when categorised as social or economic. However, when activation was excluded the trends seemed to be closer to those when activation was categorised as social. This methodology does not allow a strong assertion that activation policies are therefore better categorised as social, however more research on the impact of activation – both at an individual and a macroeconomic level – may be the best way to answer such a question.

As can be seen above, this analysis opens the door to many further avenues of research, as many questions have arisen from the results. A single case study of an EAP with a different timeline from the European Semester and Ireland would be useful as this could test Zeitlin and Vanhercke's whether a decreased focus on social policy is inherent at the beginning of EU crisis management. Another study of Ireland (or another EAP country) with a longer timeline, which included the post-programme and the transition back into the European Semester could further determine whether there is a significant difference in the EU's crisis management policies and its stated overarching strategy. Perhaps all CSR's have a very different focus than NRPs, but perhaps this shows a disconnect between the EU's goals and how – or if – they are included during a crisis. A cross-country comparison of all EU member states, including EAP countries, would also go towards answering this question. Finally, as stated above, further research on the impact and effectiveness of activation policies is important to analyse whether these are best seen as social policies. This is an increasing field of study (e.g. Caliendo et al. 2011), however such studies should perhaps be given an EU focus given its increasing use in this context.

This research has shown that contrary to intuition, a significant social focus can be found within the EU and Ireland's crisis management employment policies. However, this masks the fact that in comparison with employment policies that focused on economic effects, social policy was more likely to be acknowledged without real policy action, and less monitoring and evaluation has been undertaken of the impact of what reforms did occur. The noted difference of the EAP and the European Semester, although perhaps intuitive, is still curious. This shows the diminished importance of the social aspect when real conditionality is present, and a lack of true harmonisation between the European Semester and this closely related institution. 'Social Europe' may still exist, however this paper provides some notes of caution that are found within

Ireland's employment policy reforms – and the EU's recommendations and reviews – during its financial crisis and recovery.

## Appendix 1: Cross tabulation of Reform Category by Policy Stage

		Stage					Total
		Agenda Setting	Policy Formulation	Decision Making	Implementation	Evaluation and Monitoring	
Job Creation	% Policy	12%	19%	35%	23%	12%	100%
	% Stage	6%	10%	17%	10%	7%	10%
Wage Change	% Policy	12%	27%	19%	15%	27%	100%
	% Stage	3%	9%	6%	4%	10%	6%
Pension	% Policy	0%	18%	56%	18%	9%	100%
	% Stage	0%	7%	21%	6%	4%	8%
Wage Setting Mechanisms	% Policy	9%	11%	45%	5%	30%	100%
	% Stage	5%	6%	22%	2%	19%	10%
Activation	% Policy	24%	19%	11%	29%	17%	100%
	% Stage	38%	30%	17%	38%	33%	31%
Benefits and Conditions	% Policy	19%	26%	7%	33%	15%	100%
	% Stage	6%	9%	2%	9%	6%	6%
Group Targeting	% Policy	55%	13%	16%	13%	3%	100%
	% Stage	19%	5%	6%	4%	1%	7%
Efficiency	% Policy	13%	19%	9%	39%	20%	100%
	% Stage	10%	16%	7%	26%	20%	16%
Reservation Wage	% Policy	52%	30%	13%	4%	0%	100%
	% Stage	14%	9%	3%	1%	0%	5%
Total	% Policy	20%	19%	21%	24%	16%	100%
	% Stage	100%	100%	100%	100%	100%	100%

### Chi-Square Tests

### Symmetric Measures

	Value	df	Asymp. Sig. (2-sided)		Value	Approx. Sig.
Pearson Chi-Square	140.175 <sup>a</sup>	32	.000	Nominal by Nominal  N of Valid Cases	Phi	.570
Likelihood Ratio	140.979	32	.000		Cramer's V	.285
Linear-by-Linear Association	5.451	1	.020			
N of Valid Cases	432				432	

a. 7 cells (15.6%) have expected count less than 5. The minimum expected count is 3.73.

## Appendix 2: Cross tabulation of Reform Category by Magnitude

		Magnitude				Total
		Lip Service	Preparatory Measure	Parametric Reform	Instrumental Reform	
Job Creation	% Policy	19%	14%	28%	40%	100%
	% Magnitude	10%	5%	9%	16%	10%
Wage Change	% Policy	12%	15%	73%	0%	100%
	% Magnitude	4%	3%	14%	0%	6%
Pension Wage Setting Mechanisms	% Magnitude	0%	4%	22%	0%	8%
	% Policy	2%	40%	49%	9%	100%
	% Magnitude	1%	15%	17%	4%	10%
Activation	% Policy	26%	29%	13%	31%	100%
	% Magnitude	46%	34%	14%	40%	31%
Benefits and Conditions	% Policy	19%	11%	33%	37%	100%
	% Magnitude	6%	3%	7%	10%	6%
Group Targeting	% Policy	39%	29%	6%	26%	100%
	% Magnitude	15%	8%	2%	8%	7%
Efficiency	% Policy	14%	33%	19%	33%	100%
	% Magnitude	13%	19%	10%	22%	16%
Reservation Wage	% Policy	13%	48%	39%	0%	100%
	% Magnitude	4%	9%	7%	0%	5%
Total	% Policy	18%	27%	31%	24%	100%
	% Magnitude	100%	100%	100%	100%	100%

### Chi-Square Tests

### Symmetric Measures

	Value	df	Asymp. Sig. (2-sided)		Value		Approx. Sig.
Pearson Chi-Square	154.870 <sup>a</sup>	24	.000	Nominal by Nominal	Phi	.597	.000
Likelihood Ratio	174,137	24	.000		Cramer's V	.345	
Linear-by-Linear Association	4,039	1	.044	N of Valid Cases	434		
N of Valid Cases	434						

a. 3 cells (8.3%) have expected count less than 5. The minimum expected count is 4.13.

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