

RESEARCH

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. We analyse three policy areas and propose nine recommendations to address inequalities in the Semester

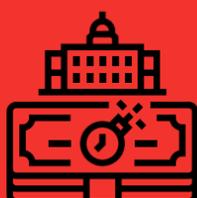
THREE POLICY AREAS:

SOCIAL & UNEMPLOYMENT POLICIES



- 1 Attention remains on measuring disadvantage at the bottom of the income distribution.
- 2 No attention is paid to the declining condition of intermediate segments of the population (**the so-called "squeezed middle"**).
- 3 Indicators on job insecurity, financial insecurity and job tenure insecurity are missing.
- 4 The focus on inequality of opportunities is missing in **social investment areas (e.g childcare and social services)**

PUBLIC FINANCE & MACROECONOMIC POLICIES



- 1 There is a **persisting focus on budgetary stability and debt reduction**, which might have a regressive effect on inequality.
- 2 The current Macroeconomic Imbalance Procedure (MIP) scoreboard **is devoid of macroeconomic indicators to measure inequality**.
- 3 **By setting tight constraints, the recommendations indirectly affect member states' capacity to use public resources to redistribute and conduct public investments.**

TAXATION POLICIES



- 1 **The progressivity of personal income taxation is primarily oriented toward the efficiency and productivity of the labour market**, rather than toward redistributing resources.
- 2 **The problems identified in the 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.
-  Use **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