Although national welfare states have been, historically, bastions of national sovereignty, European integration has eroded the their external boundaries and reduced the member states' capacity to control them. As Maurizio Ferrera and others predicted, these changes have both transformed European welfare states from sovereign to "semi-sovereign" entities, and created an unstable compound in the social protection sphere, which may lead to strains in terms of social cohesion, institutional coherence and political legitimacy. Nowhere has the erosion of national sovereignty in the welfare sphere been more visible than for old-age pensions in connection with the launch of the European Semester—the EU's key tool for economic policy guidance and surveillance—and, to a lesser extent, of the Europe 2020 agenda.

In general, the Commission sees pension reforms not as a one-off event but as a continuous process, which applies to Member States in a differentiated manner, like the Lisbon process: it does not matter where you are, but rather the distance that you have travelled.

The European Semester was introduced in 2011, at the height of the sovereign debt crisis, in order to increase coordination among EU member states' macroeconomic policies. With regard to pensions, one of the Semester's key programmatic documents, the first Annual Growth Survey (AGS), set the train in motion regarding measures to be adopted in order to increase the fiscal sustainability, but at the same time also adequacy of national pension systems. The first AGS contained five key measures: countries were invited to 1) increase the retirement age and link it with life expectancy; 2) reduce early retirement schemes, improve the employability of older workers and promote lifelong learning; 3) support complementary private savings to enhance retirement incomes; 4) avoid adopting pension-related measures that undermine the long term sustainability and adequacy of public finances; 5) review, on behalf of the Commission, the new measures in line with the 2010 Green Paper on Pensions and of the Directives on occupational pensions. The European Semester hence espoused a three-pronged strategy, based on higher retirement age and restricted eligibility, efficient labour markets for elderly workers and enhanced complementary savings. In general, the Commission sees pension reforms not as a one-off event but as a continuous process, which

applies to Member States in a differentiated manner, like the Lisbon process: it does not matter where you are, but rather the distance that you have travelled.

As regards the need to increase coordination in social policies, the new Europe 2020 strategy replaced the Lisbon Strategy in 2010, including new instruments for re-calibrating social policy. Among the various domains falling under the vast social policy umbrella, old-age and disability pensions have been at the core of this policy-making exercise.

Since its inception, the European Semester has elicited a growing research agenda among scholars, who have analyzed several of its aspects, such as its democratic legitimacy, its role as part of EU economic governance, its socialization as experimentalist governance tool, and its openness towards the social partners. What has remained partly neglected is the impact of the European Semester on various aspects of social policy. There are few studies that cover most of the Semester's existence: Stefan Clauwert carried out the only comprehensive survey of the Country-Specific Recommendations (CSRs) in the social field. Sonia Bekker produced, for a shorter timespan, a more nuanced assessment, which differentiates between various legal bases, thereby providing a thorough analysis of the social aspects of CSRs. However, what is still missing is a critical assessment of the Semester's effectiveness and causality mechanisms.

Such a study should ideally identify the links between inputs (reflected through the evaluations present in the Country Reports and in a succinct way in the recitals of the CSRs), outputs (the recommendations themselves) and outcomes (the ensuing reforms at the member state level). Something of the kind has been pioneered by Azzopardi-Muscat et al. for healthcare. In the realm of pensions there are so far only impressionistic accounts that do not allow for generalizability. In this contribution we present some preliminary results of a broader assessment of the Semester's impact on national old-age pensions through research that combines content analysis with quantitative methods to find correlations between recommendations and structural factors in individual Member States.

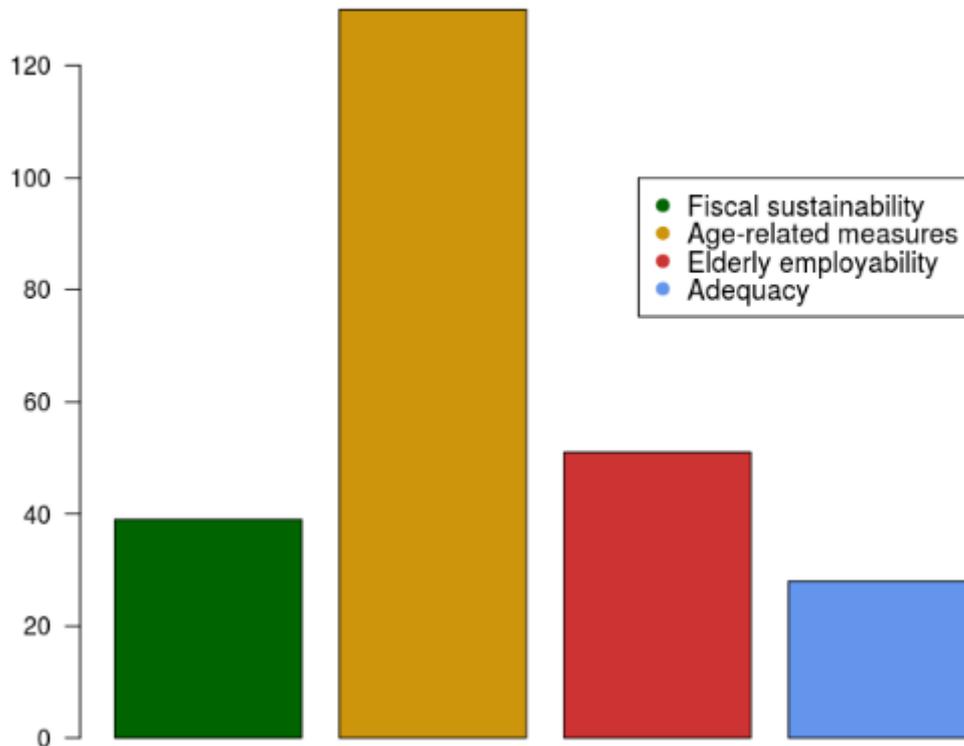# Mapping pensions-related recommendations

Our qualitative content analysis (using the programme NVivo) of European Semester documents—both the CSRs and the Country Reports—has yielded two important findings, which partly corroborate past research, but at the same time shed new light on the new dynamics of European pension policymaking. First, the sheer complexity of the CSRs (which is further expanded in the recitals) requires detailed and policy-specific knowledge to be

coded. As shown in the table below, we distinguished 15 different recommendations (first cluster in Table 1), which can be then regrouped into four larger categories (second cluster).

First cluster	Second cluster
Calculation formula	Fiscal sustainability
Disability pension schemes	
Indexation rules	
Social security contribution evasion	
Special pension schemes	
Coefficients linked to life expectancy	Age-related measures
Early retirement schemes	
Harmonization of age for women and men	
Low de facto retirement age	
Low statutory retirement age	
Active ageing measures	Elderly employability
Employability of older workers	
Adequacy of old-age benefits	Adequacy
Incentives for complementary pillars	

Table 1: A classification of European Semester recommendations on pensions

Second, a frequency chart of the recommendations (shown in Figure 1) confirms the "overt secret" that the two legal bases, i.e. the Stability and Growth Pact (SGP) and Europe 2020, weigh differently on the recommendations. The CSRs are biased in favour of sustainability as there is no real legal basis to push for improved adequacy (a matter for concern in several member states). Hence, adequacy is reinterpreted by the Commission as intervention on the labour market for elderly workers. Increasing the employability of workers before retirement, reducing the gaps in coverage as well as, as corollary, shifting the burden of financing from labour to general taxation are all part of the greater adequacy package.

Figure 1: Pensions-related recommendations by type, 2011-15.

Finally, as the sustainability agenda seems to have been particularly effective, fiscal recommendations are slowly slipping out of the CSRs. This is a consequence both of reform achievements and of the Juncker Commission's pledge to limit the number of recommendations and prioritize the most relevant points only (see Figure 2).
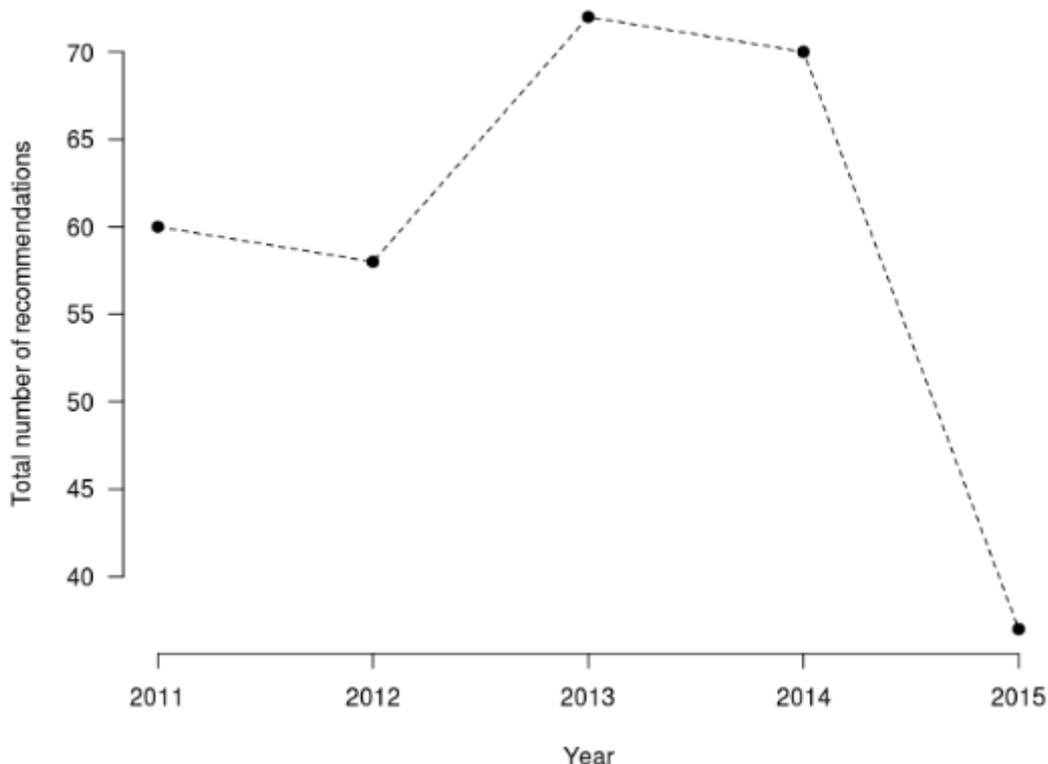
Figure 2: Total number of pensions-related recommendations per year

More stability, less adequacy

As for implementation, while it is true that causality is difficult to demonstrate, the 2015 Ageing Report unambiguously shows that the adoption of several types of Automatic Stabilizing Mechanisms (ASMs) has spread fast in recent years. The explicit recommendation thought up by the European Commission to link the statutory retirement age to life expectancy (and similar measures), based upon the pioneering reforms in Denmark, is a measure that balances future pension stability with its adequacy. As there is no silver bullet, beneficiaries have accepted to save more, receive lower benefits or work longer, thereby postponing retirement. Of the three, the latter option is the most palatable, provided that the labour markets are ready to brood into uncharted territory.

The recommended fiscal stability measures have undoubtedly borne their fruits. The flip side of the coin,

however, is the ineffectiveness of the Semester's social leg. Benefit adequacy, for which an effective legal basis is missing, is becoming a pressing issue in several countries.

Automatic balancing mechanism	Benefits linked to life expectancy	Statutory retirement age linked to life expec
Germany Spain Sweden	Finland France Italy Latvia Poland Portugal Spain Sweden	Cyprus Czech Republic* Denmark Finland Greece Italy Netherlands Portugal Slovakia United Kingdom*

Note: * without automatic adjustment

Table 2: Stabilizing mechanisms by country.

Among other notable measures adopted with the Semester's framework, the statutory retirement age of women and men is being gradually equalized in all member states, except in Bulgaria and Romania. Only in the latter, plus Luxembourg and Sweden (whose system, however, is well balanced), is the effective retirement age not bound to increase between 2014 and 2060. The combined effect of reduced benefits, lesser access to early retirement and higher statutory retirement ages implies that for the first time the overall projection for the EU and, partly so, for the Eurozone is a reduction in average pension spending between 2013 and 2060. The peak is reached sometime around 2037, when expenditures are expected to start gradually declining.

Hence, the recommended fiscal stability measures have undoubtedly borne their fruits. The flip side of the coin, however, is the ineffectiveness of the Semester's social leg. Benefit adequacy, for which an effective legal basis is missing, is becoming a pressing issue in several countries. For example, in Latvia, overall old-age pension spending is bound to decline for an already low 7.7% of GDP to 4.6% by 2060 with severe repercussions on the

poverty rates of pensioners. So far, most adequacy-related recommendations were contained in the more detailed Country Reports, but their implications have been disregarded by both the member states and the Commission in its assessments.

The overall lesson is clear and similar to the one highlighted by those studies that have analyzed the growing importance of the community method in influencing national pension debates. Social policy experts have, with some exceptions, such as the work of David Natali, Igor Guardiancich and Alexandra Hennessy, for too long disregarded the European dimension of pension policy-making. We are currently witnessing the dawn of a new era, where national retirement systems, similar to labour markets, are both subject to supranational monitoring and regulation as well as mutual, trans-national peer review and multilateral surveillance. Hence, it is time for academics and practitioners to take notice.

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