



**The European Employment Strategy:  
An Example of European Multi-level Governance**

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## Abstract

This paper examines the European Employment Strategy (EES) as an example of Multi-level governance. It argues that the EES came about for several reasons, namely: (a) the previous stagnation of a European social policy; (b) as a strategy that can deal with the diversity of national labour market regulations and the diverse standards of social welfare and redistribution existing in Member States; (c) the implementation of EMU. The paper examines first the social policy background at the European level and second the way the Open Method of Co-ordination was engineered and has been applied to the Employment policy. It puts emphasis on the actors involved and the policy process that has developed as a result. Thirdly, it takes into account the national variations of labour market conditions and social dialogue practices as well as the variability of involvement of sub-national actors for each Member State we have investigated. The research result challenges those views which are sceptical about the increasing opportunity structures for influencing policy at sub-national levels<sup>1</sup> and also those views which see European integration as a process that is eroding national decision-making power. The EES constitutes a good example of the complexity of current governance practices within the EU. In fact, national institutional distinctiveness provides considerable room for policy formulation and implementation in which there is an arena for different participation models.

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<sup>1</sup> See Greenwood, J. (ed.) (2003) *Interest Representation in The European Union*. London. Palgrave. Macmillan. Chapter 7.

<sup>2</sup> The project has involved a number of European research institutions from across Europe coordinated by Liana Giorgi. [For more details visit the project website: [www.iccr-international.org/europub/](http://www.iccr-international.org/europub/)]. National contributor to the EES other than Spain have been Liana Giorgi and Johannes Redl (Austria), Sarah Reichel (Germany), Zdenka Mansfeldora (Czech Republic), Martin Peterson (Sweden) and David J. Howarth (United Kingdom)

## **1. Multi-level Governance**

Governance represents a negotiation mechanism for formulating and implementing policy which actively seeks the involvement of stakeholders and civil society organisations besides government bodies and experts. It is a model of decision-making that emphasises consensus and output and which claims to be participatory. It is considered as a new form of policy at European level. Multi-level governance also includes other government and institutional levels both national and sub-national. Multi-level governance has been formally recognised in the White Paper published by the European Commission on European Governance<sup>3</sup>. According to the White Paper on European governance, the existing problems of legitimacy in the European Union could be dealt with through ‘democratic governance’, which includes the principles of openness, participation, accountability, effectiveness and coherence to reinforce both proportionality and subsidiarity. In order to put into practice these principles the text makes recommendations such as that European institutions should work on developing a more comprehensive communication strategy; that regional and local governments be involved in decision-making processes; that standards of consultation are established; and that flexibility in the implementation of rules and regulation should be built into the decision process. The White Paper recommends the broader use of the open co-ordination method, voluntary agreements and evaluation; the setting-up of autonomous regulatory agencies; the simplification of regulatory acts and the employment of policy mixes.

By the time the White Paper was published the European Employment Strategy had already used the Open Method of Coordination during the three preceding years. In the following pages we provide an historical account of the steps that predate the adoption of such a strategy and method.

## **2. Historical Overview of European Social Policy**

European social policy has evolved since the early years of Community integration when it played only a marginal role. The EEC Treaty of 1957 included very few social policy actions in order to secure free movement of workers and make provisions for

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<sup>3</sup> See European Commission (2001), White Paper on European Governance, Brussels, European Commission. The White Paper builds on recommendations advanced by several working groups set up to prepare this White Paper. Each working group has delivered its own report.

social security (Articles 48, 49 and 51), ensure equal treatment of men and women with regard to pay (Article 119) and establish the European Social Fund (Article 123). Labour legislation developed through the years, increasing the role of supranational institutional decision making in social policy. In 1974 the First Action Programme led to the adoption of several Directives focused on three areas: (a) equal treatment of men and women with respect to pay, access to employment, vocational training and promotion, social security; (b) labour law and working conditions; and (c) health and safety. In the area of workers' collective rights, by the end of the 1970s several Directives had been adopted.

The next step in broadening social policy at the European level came through the Single European Act (SEA) in 1986 signed by the EC12 and with Jacques Delors as head of the Commission. With the introduction of a new Article 118a in the EC Treaty, the Community was assigned the competence to adopt minimum standards in the area of health and safety at work. Moreover, the article extended the scope of policy making by allowing the council to act under qualified majority voting. This meant that supporters of a European social policy could move forward counteracting previous vetoes from the United Kingdom.

Between 1987 and 1989, the Commission engaged in coalition building for a re-launch of social and labour market policy. The outcome may be seen in the Community Charter of Basic Social Rights adopted by eleven of the twelve Members States (at the Strasbourg summit in December 1989 without the United Kingdom). The Charter established the following fundamental rights of workers: freedom of movement; an annual period of paid and weekly rest period; a minimum social protection; belonging to a union; to information and voice in company decisions<sup>4</sup>. Further advance was made in the European Council of Maastricht in 1991. Conference discussions led to a compromise by which eleven of the Member States signed the Social Protocol to the new Treaty with the opt-out of the United Kingdom.

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<sup>4</sup> This Charter was a disappointment for those seeking to enhance citizenship rights. The final draft no longer referred to the fundamental rights of citizens, the earlier draft where "citizens" appear this was substituted by "workers". It has been argued that the Charter basically supports measures to secure the course of the economy focusing on the removal of barriers to labour mobility rather than on the promotion of social citizenship rights (Hantrais, L., 2000: 228-237).

In the 1997 Amsterdam Treaty the objectives in the social area (Article 136) were to promote employment, improve living and working conditions, ensure proper social protection, dialogue between management and labour, and the development of human resources. The measures to be implemented to achieve these objectives were to take account of national practices. The “convergence strategy” being promoted aimed at setting “common objectives able to guide Member States’ policies” in order to permit the co-existence of different national systems and to enable them to progress in harmony with one another towards the fundamental objectives of the Community. Article 137 empowered the Council to adopt measures to encourage, rather than promote as in the original treaty, co-operation between member states in areas concerned with health and safety at work, working conditions, information and consultation of workers, the integration of persons excluded from the labour market, the equality of opportunity and treatment between men and women at work<sup>5</sup>. Moreover, the Commission’s social action programme for 1998-2000 referred, for example, to the convergence of employment policies as a complement to the convergence process leading to EMU. Across the Union, efforts were being made to introduce active policies to move people off benefits and into work and to create work incentives.

In the Amsterdam agreement Member States reached a compromise based on a governance innovation that represented an evolution of the “Essen Process”<sup>6</sup>. The solution was the incorporation of the Employment Chapter, which formally created the European Employment Strategy (EES). As a further step in the same year (1997) the Member States met in an extraordinary meeting in Luxembourg giving rise to the first set of guidelines for what has been labelled the “Luxembourg Process”. The present paper analyses this process in detail at the European level and at the national level for the Member States of Austria, Germany, Spain, Sweden, the UK and the Czech Republic.

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<sup>5</sup> The fact that emphasis has been on workers rather than on citizens and that large sectors of the population remained outside the formal labour market (mainly women) directed the discussions previous to the Amsterdam treaty and the final draft to include the excluded sectors somehow. The primary aim of member states was to reduce public expenditure by moving people off welfare and into work. The ensuing employment guidelines made clear that active policies were to be adopted by member states to promote employability, adaptability and integration into the world of work through the creation of more and better jobs. Rather than preparing the way for a social policy based on citizenship rights, at the end of the 1990s member states were seeking to draw a larger proportion of the population into protected labour force for economic and humanitarian reasons (Hantrais, L., 2000: 228-237).

<sup>6</sup> See below in section 4.

Moreover during the 1990s secondary legislation was introduced with several Directives relating to working conditions and collective rights<sup>7</sup>. The extent to which secondary legislation has been effective in changing practices in Member States has been uneven. For example a report in 1993 evaluated that of all directives applicable to employment and social policy, Italy had transposed only 57 per cent, Spain 68 per cent and the United Kingdom 92 per cent. These proportions mean that national enforcement mechanisms remain weak<sup>8</sup>.

One of the main features of social policy in the European Union has been the interplay of policy makers and policies at the European level with political actors and policies of the Member States. This type of multi-level governance has given Member States an extraordinary influence within the institutional machinery of policy making at the European level. This fact is explained partly as a result of welfare states' policies remaining one of the main sources of state legitimacy, partly as a result of differences in labour market regimes in the Member States. From a governance perspective, it has been argued that this multi-tiered context transforms the interests, strategies and even organizational forms of traditional actors as well as introducing new actors and issues. New actors are local and regional governments, non-profit groups, welfare state producers of services and clientele<sup>9</sup>. However, the role of the Commission in advancing social policy has been characterised as a "supranational policy entrepreneur" with considerable ability to persuade and mobilize interests. The fact that the process from initiation to actual adoption can be long increases the opportunities for the Commission to influence the outcome<sup>10</sup>.

### **3. Traditional social actors and European social policy**

Another main feature of social policy related to employment within the EU is that of a diversity of national labour market regimes. The different national conceptions of regulation are reinforced by the different national cultures of industrial relations and of social solidarity. Moreover, the way subsidiarity is understood within national political cultures adds a further complication. At the European level and within the organised

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<sup>7</sup>Particularly 1991, 1993 and 1994 Directives on regulation and conditions of employment, 1995 Directive on European Works Councils and 1996 Directive on Postal Workers. See Teague, P., 2000: 2-3.

<sup>8</sup>Padoan, C., in Monar, J. and D W. Wessels, (2001)

<sup>9</sup>Leibfried, S. and P. Pierson, 1995: 30-40.

<sup>10</sup>Teague, P., 2000: 9-10.

interests groups there has been a historical clash between UNICE (Union of Industrial Employers' Confederations of Europe) and ETUC (European Trade Union Confederation)<sup>11</sup>. However, large multinational companies (MNCs) are unlikely to accept UNICE as their sole channel of influence lobbying directly in European and national contexts. Business interests have achieved considerable confidence since they have demonstrated to have a direct road to Brussels decision-making, whereas there is little evidence of organized labour in the same direction. In this sense trade unions have exhibited a lack of effective trans-national structure<sup>12</sup>. We will see some of the reasons that explain this later on.

One of the factors explaining the relatively weak role of social actors at the European level is related to the diversity of European market regulations. These have been summarised as three groups: the Roman-Germanic system operating in Belgium, France, Germany, Greece, Italy, Luxemburg and the Netherlands. In this system the state plays a central role through the constitutional provision of basic workers rights and through comprehensive labour legislation; the Anglo-Irish system (UK and Ireland), in which the state has abstained from regulating industrial relations; and the Nordic system (Denmark and Sweden) in which the state also intervenes and industrial relations have been regulated by agreements between employers and unions. Employers in the northern group of countries (Germany, the Netherlands, Belgium and Denmark) are constrained by rules and regulations governing external flexibilities but they count with a highly educated and skilled work force, a lower level of hierarchy within the firm and a consensual treatment of some issues<sup>13</sup>.

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<sup>11</sup>“UNICE was formed in 1958; its members comprises thirty-two national employee and industrial federations from twenty-two countries. The ETUC was established in 1972 and has forty affiliated confederations from twenty-two countries, including all the most important EU national union confederations. The third important interest organisation, CEEP (European Centre of Public Enterprises), was formed in 1965; it represents 260 of the EU public enterprises (from all members except UK and Denmark) and provides them information and research on EU activities” (Rhodes, M., 1995: 88 note 23).

<sup>12</sup>“The reform of the ETUC in the early 1990s –the result of developments on the EC policymaking–aims to facilitate coalition building among its member confederations and to pre-empt any challenge to its role posed by European sectoral-level bargaining. This first goal is to be achieved by creating a management committee between the ETUC’s executive council and its secretariat, with ten delegates representing the forty confederations on its executive council. The second is to be won by giving the International Industry Committee sectoral representatives on the ETUC’s governing body. Although these changes fall short of transforming the ETUC into a genuine supranational actor, they begin to make it more than simply a mediator of nationally based organizations” (Rhodes, M., 1995: 89).

<sup>13</sup> Rhodes, M. (1995)



These marked differences have been relevant to the diverse patterns in capacity to hire and fire, levels of skill provision and training systems within the EU. Moreover, diverse economic development and social standards further distances the interests of national social partners from harmonization. These factors have created a cautious attitude among traditional social actors as to what level of decision making in social policy is more advantageous for their collective interests. Not only employers want to preserve their comparative advantages. National trade unions also stick to their particular national power resources in order to preserve their national arrangements of collective bargaining, especially in those countries in which they have developed a strong bargaining power in the past. As a result the European Social Dialogue that was institutionalised in the Maastricht Treaty on Social Policy has not produced substantial results beyond the level of intergovernmental compromise in the Council.<sup>14</sup>

The previous account serves as a background to the understanding of why European Employment Strategy was welcomed by all actors involved in the Luxembourg process. It can be argued that the EES emerged as an alternative governance model to previous attempts to shape a European social policy. A key feature of the EES is that it involves social actors as well as public officials. Thus many levels and units of government have to cooperate with traditional social partners to produce the National Actions Plans. Moreover new actors are, in principle, called to participate in the process. The guidelines foresee an important role for state institutions and social partners, partly aiming at saving the core of the welfare state in their different European modalities. This means that the traditional national industrial relations have not been questioned.

From a procedural perspective the EES is “designed to create ongoing policy dialogues that engage diverse groups and cross many traditional boundaries within governments, between national governments and social partners, among actors from different countries, and between localities, national governments, and the Union level actors and institutions”.<sup>15</sup> In the following pages we provide some evidence as to the extent to which these practices are taking place at the European and at the national and local levels in the EUROPUB countries.

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<sup>14</sup> Eichorst, W., 1999: 8-11.

<sup>15</sup> Trubek, D.M., and J. Mosher, 2001: 17-20.

#### **4. Why is the EES relevant in socio-economic terms?**

National governments have been forced to scrutinise their labour and social policies concerning productivity and competitiveness in the international marketplace. The specific challenges have been caused by: (1) demographic factors, mainly ageing population; falling birth rates and increasing divorce rates. The family and its relation to welfare provision are going through a considerable transformation with increases in single-parent households and single person households; (2) labour market factors: the unemployed during the last decades were drawn disproportionately from the low skilled, a factor related to economic and technological restructuring at the company level. Skill disadvantage is cumulative; (3) revision of public welfare expenditure as a result of these demographic and labour market factors.

In fact the European Employment Strategy can be seen, partly, as responding to the central question of unemployment. “In all EU countries unemployment has severe consequences for personal welfare, but the nature and extent of this varies substantially from one society to another, depending partly on the public welfare system, but also on the family system”<sup>16</sup>. However, the unemployed are more likely to be below the poverty threshold when welfare policies do not complement unemployment insurance or benefits. Bringing the unemployed back to work or reducing employment vulnerability would have to address the issue of skill enhancement, something which is also incorporated in the general guidelines that have guided the National Action Plans for Employment.

Specific problems have been confronted by each welfare state regime. In the Anglo-Saxon welfare regimes, where there has been a lack of support for high-quality specialisation and a well trained labour force, the negative consequences are low qualifications reinforced by low levels of social protection, both elements leading to poverty and social exclusion. In the British case privatisation of services has further contributed to the vulnerability of some sectors of the population. Lone mothers are particularly vulnerable to poverty which has had strong impact on child poverty. The poverty rate among the unemployed is around 50 per cent as cumulative disadvantages

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<sup>16</sup> Gallie, D., 2002: 8.

are not counteracted by activation and integrative social policy. In this regime targeted public programmes to generate employment have not emphasised activation policies<sup>17</sup>.

The social democratic welfare regimes have had difficulties in financing their universalistic and costly policies as a result of capital mobility and as their public jobs creation have experienced relative stagnation. Demographic factors with low birth rates and high rates of divorce and children born out of wedlock have reshaped the household system since the 1970s. In combination with the financial impact of increased longevity on health services and pensions costs, this process has caused the already high level of social spending to rise further. Generous social protection has diminished poverty and social exclusion. Moreover, activation programmes for employment have been highly effective, especially in Denmark.

The corporatist continental regimes have to face a vicious circle of low employment creation and high levels of expenditure in welfare given their social insurance contributions linked to employment. As the male bread-winner model predominant in these countries has been challenged by weakening of redistributive industrial justice (less skilled and unproductive workers have become unemployed) more women have entered the labour market with increasing stress on the family as a care unit. The increase in longevity and a strong tendency to early retirement has put a great economic strain on health and pensions systems. The decline in stable job opportunities in the big cities has upset the uneven balance between the living conditions of citizens and those of immigrants and naturalised minorities, in particular of the young born and educated in the host country who have not found stable jobs in industry and are thus rendered vulnerable to poverty and social exclusion. The Netherlands has applied innovative mechanisms, such as combining labour market flexibility with security. Countries larger in size, Germany and France, have been less successful so far.

The familistic Southern European regime has widened the gap between labour market insiders and outsiders (women and young people). In these countries the male bread-winner model has been challenged less dramatically but young adult males have not been able to enter the labour market like their fathers. One way out has been the

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<sup>17</sup> Hemerijck, A. (2002).

expansion of self-employment. This model is characterised by a low rate of female employment (with the exception of Portugal) and a large responsibility for welfare services delegated to the family system. As in the corporatist model the reliance of social security resources on payroll taxes combined with a large informal sector has put the welfare state in constant stress to the point of not developing enough in some sectors such as family protection and social housing. Poverty and social exclusion is less evident, however present, given the strong inclusionary capacity of the family. The economic effects of tertiarization and flexibilization make male working careers more precarious, while educated female cohorts have great difficulty in finding employment and, when they do, in combining work with the overburden of responsibility for caring.

Given the above conditions, all EU countries have considered employment a priority and have changed from passive to active policies. Welfare recipients have been asked to accept employment or training in exchange for public welfare support. Thus national governments have agreed to pursue employability as a key strategy of their welfare policies, although this has been criticised as a move from welfare to warfare. Before considering the implications of this strategy within the NAPs it is interesting to mention that the Danish activation policies combine successful employment strategies with an extremely generous benefit system and that this case has been singled out by the European Commission as a “best practice” for others to follow. Other countries have opted for subsidies for low skill workers (UK and Ireland) or reduction of social security contributions (France, Belgium, Germany, the Netherlands, Spain and Portugal). In the Netherlands, the success story is the female friendly part-time employment linked to social and pension rights. These cases show that employment policies become successful when they are combined with welfare policies enhancing virtuous circles and social inclusion. This model has been characterised as flexibility with security or “flexicurity”<sup>18</sup>

## **5. Multi-level governance: the National Action Plans for employment**

The co-ordination of national employment policies through the European Employment Strategy (Luxembourg Process) has to be seen as a over spill effect of European Economic and Monetary Union (EMU), both from a substantive and from a procedural

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<sup>18</sup> Hemerijck, A. (2002)

perspective. According to the former point of view, the greater degree of interdependence between Member States' economies brought about by EMU – without calling into question the primary responsibility of each Member State to organise and finance its own system of social protection – has induced Member States to a concerted effort to modernise national security systems and to co-ordinate their employment policies<sup>19</sup>. From the latter point of view, the procedures adopted in the employment and social policy spheres clearly derive from those applied to the monetary union, where one can distinguish between the “hard” co-ordination of national fiscal policies through the Stability and Growth Pact and the “soft” co-ordination of national economic policies through the Broad Economic Policy Guidelines. As Caroline de la Porte and Philippe Pochet have pointed out, the concept of convergence associated with economic policy co-ordination, particularly its “hard” aspect in the field of fiscal policy, would require Member States to make significant structural institutional adaptations in a European context where no particular social policy model is hegemonic. This would explain why the policy co-ordination scheme under the EES (and the emerging strategy in the area of social exclusion and poverty) differs in form, being much more in line with the “soft” side of EMU<sup>20</sup>, having thus very much the characteristics of a *process of multilateral surveillance*<sup>21</sup>.

In trying to pursue social policies to reduce the negative effects of economic integration, governments and social partners (employers and workers organisations) are confronted with the fact that introducing harmonisation policies is not a real option given the existence of important variation between national welfare states (in total level of taxation, social spending, relative weight of various taxes and social security contributions on the revenue side, and social transfers and social services on the expenditure side, as well as in the characteristic of the industrial relations institutions). In fact the argument is that harmonisation will be counter-productive in each society for

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<sup>19</sup> Biagi, Marco, *The European Monetary Union and Industrial Relations*, IJCLLIR Vol. 16/1, 39-45, 2000: 44; Padoan, Pier Carlo, *EU Employment and Social Policy After Amsterdam: Too Little or Too Much?*, in Monar, Jörg and Wessels, Wolfgang (eds), *The European Union after the Treaty of Amsterdam*, CONTINUUM, London and New York, 2001: 207-226; Albert, Michel, *The Future of Continental Socio-Economic Models*, Max Planck Institut für Gesellschaftsforschung – Working Paper 97/6, June 1997.

<sup>20</sup> de la Porte, C., and Pochet, P., *Supple Co-ordination at EU Level and the Key Actors' Involvement*; in de la Porte, C., and Pochet, P. (eds) *Building Social Europe through the Open Method of Co-ordination*, P.I.E. – Peter Lang, Brussels, 2002: 34

<sup>21</sup> Biagi, Marco, *The Impact of European Employment Strategy on the Role of Labour Law and Industrial Relations*, IJCLLIR Vol. 16/2, 155-173, 2000: 156

different institutional social policy reasons. Moreover, EU Member States find it impossible to define common interests in the protection of rents and in the definition of shared purposes of social justice<sup>22</sup>. These arguments point to the fact that social solidarity is likely to continue to remain within the Member States borders.

This argument includes the position of social partners as well as political parties, who in principle favour the survival of the European Social Model. Confronted with the dilemma to ensure effectiveness, social partners and political parties have opted for a new governing mode, the open method of co-ordination (OMC) hoping to protect and promote 'social Europe'<sup>23</sup>.

The OMC focuses on reaching agreements on common objectives and common indicators. National Action Plans for Employment and National Action Plans for social inclusion are presented by governments for comparative discussion to explore their performance to peer review. Co-ordination depends on voluntary co-operation, and there are no formal sanctions against Member States whose performance does not match agreed standards. From the take-off of the EES in 1997 till the present, Member States have elaborated annual plans for employment with the main objective of reducing unemployment. The wide difference in labour market structures and functioning has been portrayed as one of the main reasons why all Member States have chosen to give themselves a large margin of manoeuvre for the design and implementation of the Plans.

Thus, the OMC is designed to help Member States develop their own policies, reflecting their individual national situations, and at the same time be aware of their specific outcomes and those of the other Member States. From an optimistic perspective, this method should help to define in a more precise way the substance of the European Social Model.

The four pillars of the NAPs are: employability, entrepreneurship, adaptability and equal opportunity. The first three pillars refer to the type of supply-side policies, which are favoured by neo-liberal economists and which are compatible with economic

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<sup>22</sup> Streeck, W., 1999: 4

<sup>23</sup> Scharpf, F., 2002: 652.

integration. They translate into improving skills and increasing work incentives, improving the environment for an easy start for new companies and deregulation of employment protection as well as putting emphasis on education and training. The fourth, equal opportunity, has its origins in the EEC Treaty commitment to gender equality.

### ***National Employment Policies' Co-ordination Scheme: The Process and the Actors Involved***

The Treaty of Amsterdam introduced the formal framework for the co-ordination of national employment policies in the EC Treaty, through what has become Title VIII (Articles 125 to 130 EC). According to it, Member States have to achieve the Employment Strategy's objectives through the co-ordination of their national employment policies within the Council (Article 126.2 EC). The objectives are *[to] work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change with a view to achieving the [general] objectives of the EU and the Community (Article 125 EC)*. Furthermore, the EES is formally linked to the process of economic policies' co-ordination, as it is meant to seek the attainment of the stated objectives *in a way consistent with the broad guidelines of the economic policies of the Member States and of the Community (Article 126.1EC)*. Article 128 EC establishes the procedure to be followed in the implementation of the Employment Strategy. As implemented after the Extraordinary European Council Meeting of Luxembourg in November 1997, the EES policy cycle develops as follows:

#### ***Stage of policy formulation***

(1) Each year the European Council considers the employment situation in the Community and adopts conclusions thereon, on the basis of a joint annual report adopted by the Council and the Commission, in which the overall situation of employment in the EU is assessed (*Joint Employment Report*).

(2) On the basis of the political guidance provided by the conclusions of the European Council, the Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, the Economic and Social Committee, the Committee of the Regions and the Employment Committee (referred to in Article 130),

draws up each year the *Employment Guidelines*, which the Member States have to take into account in their employment policies.

(3) The Council, acting by a qualified majority on a recommendation from the Commission, may, if it considers it appropriate in the light of the examination leading to the Joint Employment Report, formulate recommendations to Member States.

### ***Stage of policy implementation***

(4) On the basis of the Employment Guidelines, Member States adopt their respective *National Action Plans on Employment* (NAPs). Member States are expected to develop their national employment policy in a way consistent with the Employment Guidelines and their NAP, having regard to their national practices related to the responsibilities of management and labour.

### ***Stage of policy evaluation***

(5) Independently from the NAPs, each Member State provides the Council and the Commission with an annual report on the principal measures taken to implement its employment policy in conformity with the Employment Guidelines and, depending on the case, the Recommendations.

(6) The Council, on the basis of these national implementation reports – having received the views of the Employment Committee – carries out each year an examination of the implementation of the employment policies of the Member States in the light of the guidelines for employment.

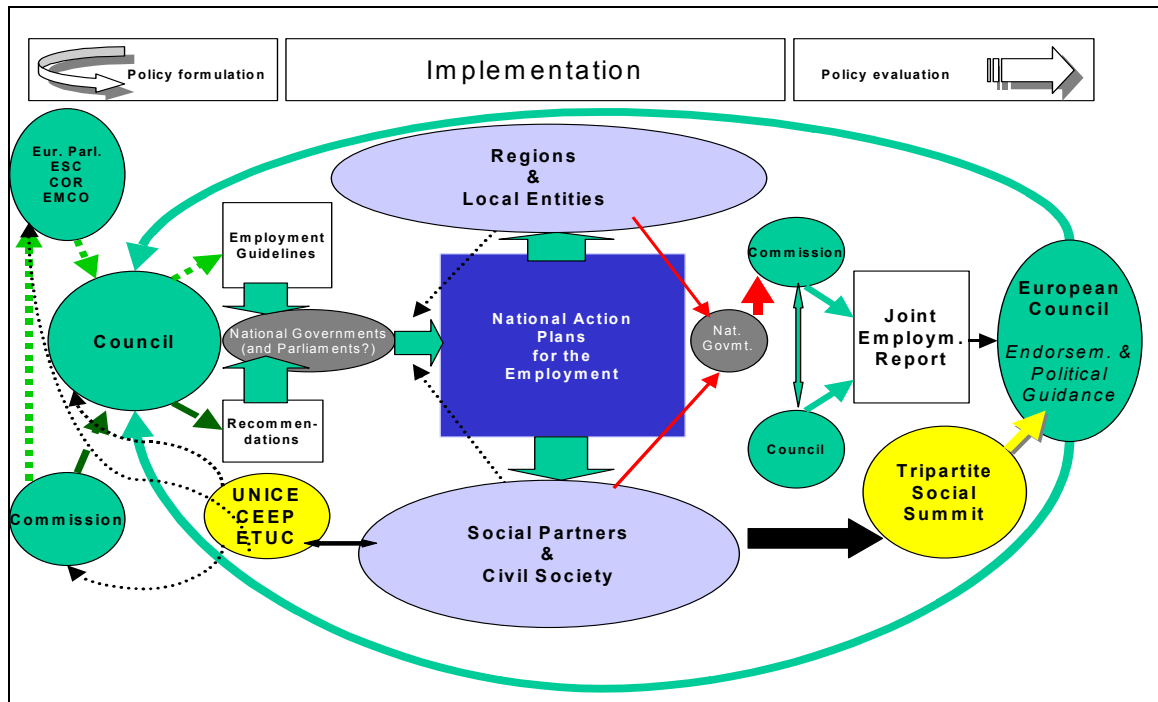
(7) On the basis of the examination, the Council and the Commission make a joint annual report to the European Council on the employment situation in the Community and on the implementation of the Employment Guidelines: the *Joint Employment Report*, which is submitted to the European Council.

The main *institutional actors* thus involved in the stages of formulation, implementation and evaluation of the EES are the European Council, the Council (in its Employment, Social Policy, Health and Consumer Affairs configuration), the Commission and the Member States, alongside the European Parliament, the Economic and Social Committee, the Committee of the Regions and the Employment Committee. As implemented through the Luxembourg Process, however, the range of actors has been



widened on a more or less *ad hoc* basis through the involvement – in all stages of this approach – of the social partners *as a part of the necessary strengthening of the social dialogue*.<sup>24</sup>

**Graphic 1: National Employment Policies' Co-ordination Scheme: The Process and the Actors Involved**



**Explanation of the actors and their roles:**

**EUROPEAN COMMISSION:**

The Commission is the orchestrator of the Process. Its functions are:

1. - Draws the proposal for the Employment Guidelines
2. - Draws the proposals for Recommendations
3. - Evaluates the information on the implementation at national level and draws the Draft Joint Employment Report
4. - Adopts together with the Council the Joint Employment Report

**European Parliament, Economic and Social Committee, Committee of the Regions & Employment Committee:**

These institutional actors have a mere consultative role. Yet the EP actively claims for full co-decision powers.

**COUNCIL OF MINISTERS:**

The Council is the institution with decision-making power. Its functions are the following:

1. - Adoption of the Employment Guidelines.
2. - Adoption of the Recommendations.
3. - Evaluation of the Member States submissions and adoption, together with the Commission, of the Joint Employment Report.

**EUROPEAN COUNCIL:**

Evaluates each year (spring) the situation of employment in the EU on the basis of the Joint Employment Report and provides political guidance for the Commission and the Council.

**UNICE, CEEP & ETUC:**

The representatives of the social partners at the European level are involved through consultation in the different stages of the EES process at EU level

**SOCIAL SUMMIT:**

Before the Spring European Council Meeting, the Presidency of the EU, the Commission and the Social Partners celebrate a meeting, evaluating the social and economic situation in the EU and agree on the policies to be followed in the coming year.

**NATIONAL GOVERNMENTS:**

1. - Formulate and adopt, according to the Employment Guidelines, the **National Action Plans for the Employment**. The involvement of national Parliaments, as well as the involvement of regions, local entities, social partners and the civil society in the formulation of the NAPs depends on each Member State.
2. - Submit national implementation reports to the Commission.

**REGIONS, LOCAL ENTITIES, SOCIAL PARTNERS & CIVIL SOCIETY**

Participate in the implementation process of the Employment NAPs, at their respective governance level. Eventually, depending on the internal policy structure of the Member States, they may also participate in the national evaluation processes.

*Source:* Europub data elaborated by Antonio Cardesa Salzmann

<sup>24</sup> Presidency Conclusions, Extraordinary European Council Meeting on Employment, Luxembourg, 20 and 21 November 1997 (paragraph 18).

***Further developments: From Luxembourg to Lisbon and the recent revision of the EES***

After Luxembourg, the EU Social Policy has developed by a series of inter-governmental decisions taken at Summit Meetings. At the European Council of Cologne in June 1999 a further process was set in place, creating the European Employment Pact (EEP), aiming to establish a new macroeconomic dialogue involving all actors – including the social partners and civil society – responsible for wage negotiations, monetary, budgetary and fiscal policies, mainstreaming employment issues through all Community policies, as required by the EC Treaty. Nevertheless, neither Title VIII of the EC Treaty, nor the two mentioned (Luxembourg and Cologne) processes set up all-encompassing top-down quantitative objectives, as may happen in the field of fiscal and economic policy co-ordination. This will not be the case until the Extraordinary European Council of Lisbon, where the objective to reach an overall employment rate of 70% and a 60% employment rate among women across the European Union by the year 2010 is set out, as a part of the larger Lisbon Strategy. Moreover, Lisbon also stands for the explicit consolidation of the open method of co-ordination as the methodological paradigm for European Social Policy.<sup>25</sup>

Furthermore, the EES has recently undergone an important revision process. As decided already by the Heads of State and Government of the Member States in Lisbon in March 2000, the Commission released a communication evaluating the first five years of experience in July 2002,<sup>26</sup> where it made an overall positive assessment. This notwithstanding, in the line of the Conclusions of the Barcelona European Council, the Commission suggested that the Luxembourg Process should be refocused on its main priorities, namely: (1) its realignment with the medium-term challenges set out in Stockholm in the light of the current economic situation; (2) the simplification of the

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<sup>25</sup> Presidency Conclusions, Extraordinary European Council of Lisbon, 23<sup>rd</sup> and 24<sup>th</sup> March 2000 (at paragraphs 37 and 38). After the breakthrough attained in March 2000, a short but intensive wave of intergovernmental decisions followed, culminating with the adoption of the Sustainable Development Strategy on the occasion of the European Council Meeting of Göteborg in June 2001, adding an environmental dimension to the Lisbon Strategy. Prior to Göteborg, the Social Agenda for the 2000-2005 Period is adopted during the Nice Summit in December 2000, whilst the open method of co-ordination is extended to the field of social inclusion. Finally, in the Spring European Council Meeting of 2001, held in Stockholm, mid-term objectives for the Lisbon Strategy are set up, as the open method of co-ordination was further extended to the area of pensions.

<sup>26</sup> COM (2002) 416 FINAL, 17<sup>th</sup> July 2002, Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions. Taking Stock of Five Years of European Employment Strategy.

Employment Guidelines without undermining their effectiveness; (3) the improvement of governance and partnership with social partners and civil society; and (4) the improvement of consistency and complementarity between relevant EU processes. Subsequently, political and legislative initiatives were taken.<sup>27</sup>

In accordance with the improvement of governance and partnership with social partners and civil society, a Council Decision establishing a *Tripartite Social Summit for Growth and Employment* was adopted,<sup>28</sup> aiming to articulate the tripartite concertation with the social partners and the civil society through a single forum covering the Cologne and Luxembourg Processes. As a matter of fact, this Decision takes over the social partners' request to tackle the existing fragmentation of fora and lack of co-ordination between the different processes.<sup>29</sup>

With respect to the remaining issues raised, the Commission came up with its *Communication on streamlining the annual economic and employment policy co-ordination cycles*<sup>30</sup>. Following the political orientation given by the European Council in Barcelona, the Commission proposed *to strengthen the focus on the medium-term, give greater prominence to implementation and its evaluation, and streamline existing processes around a few key points in the year* in order to improve their coherence and complementarity; these proposals were endorsed by the European Council in March 2003. Translated into more practical language, the reform means first of all a reshaped and synchronised calendar for the economic and employment policy co-ordination processes through the adoption of all-encompassing guideline packages. In order to come up with treaty-based requirements, the guidelines package will be released every year, although it will be the object of an in-depth revision only every three years, in order to focus more sharply on their implementation process in the Member States. From a substantive perspective, the reform intends to streamline economic and

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<sup>27</sup> COM (2002) 341 FINAL, 26<sup>th</sup> June 2002, Communication from the Commission. The European social dialogue, a force for innovation and change. Proposal for a Council Decision establishing a Tripartite Social Summit for Growth and Employment.

COM (2002) 487 FINAL, 3<sup>rd</sup> September 2002, Communication from the Commission on streamlining the annual economic and employment policy co-ordination cycles.

<sup>28</sup> Council Decision 2003/174/EC of 6 March 2003, establishing a Tripartite Social Summit for Growth and Employment (OJ L70, 14.3.2003: 31-33).

<sup>29</sup> ETUC, UNICE and CEEP: Joint contribution by the social partners to the Laeken European Council, 7<sup>th</sup> December 2001 (at point 4).

<sup>30</sup> COM (2002) 341 FINAL

employment policy co-ordination processes in order to strengthen their consistency and complementarity.

### ***Policy process of the EES at the EU level***

As has been stressed previously, the EC Treaty lays down the legal basis for EU action in the field of employment, a policy area that nevertheless remains in principle a matter of the Member States' competence. Several intergovernmental decisions have laid out and further developed the way in which it is carried out, especially as regards the actors involved, as well as the strategic goals to which it is devoted. Hence, national employment policies are co-ordinated through a soft multi-tiered scheme, the highest level being at EU level. The most important institutional actors involved in the process are the Member States, both as members represented within the Council and the European Council – during the policy formulation and evaluation stages – and as individual actors in the implementation stage. As regards the European Institutions, the European Council and the Council are the sole Institutions truly enabled for final decision making in the field of the EES.

In relation to the European Commission, de la Porte and Pochet have pointed out that it is no longer a fully-fledged political player, as conceived under the traditional supranational and intergovernmental approaches. Under the OMC, the Commission appears instead as a mere orchestrator of the whole process, deciding upon the agenda and the forms of consultation and participation, having progressively developed an expertise recognised as legitimate. Yet the Commission has tried to seize its opportunities, having played a proactive role right from the beginning of the Luxembourg Process, both by using to a full extent the opportunities offered by the Treaty and by spreading knowledge between and promoting involvement of non-institutional players.<sup>31</sup> From the latter perspective, the Commission has played a proactive role engaging in a strategy of both (1) promoting and disseminating knowledge about the EES among European and national level stakeholders (social

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<sup>31</sup> As regards the first of the issues pointed out, since 1998 the Commission has taken full advantage of the potentials of its role under the Treaty, exerting its power to address recommendations to individual Member States, on the basis of the results of the evaluation process, pursuant to Article 128 of the EC Treaty. This tool is nevertheless of a limited nature as the recommendations are necessarily submitted to the Council in a general context of soft-law governance. In particular, the Commission has been criticised by other European Institutions – particularly the Council – as well as the social partners and some academics for its inflationary use, thus devaluating its political value in fostering “convergence stress”.

partners and civil society), as well as the academic community, and (2) promoting the establishment of institutional network patterns enabling a more active role of societal actors, in particular regions and local entities, as well as organisations from civil society.

On the other hand, one of the big democratic players, the European Parliament, has been downgraded to a limited consultative role together with the Economic and Social Committee, the Committee of the Regions and the Employment Committee. This notwithstanding, the European Parliament has constantly expressed its claim for full participation through co-decision powers alongside the Council in the co-ordination of national fiscal, economic and social policies at EU level and, in particular, in the EES.

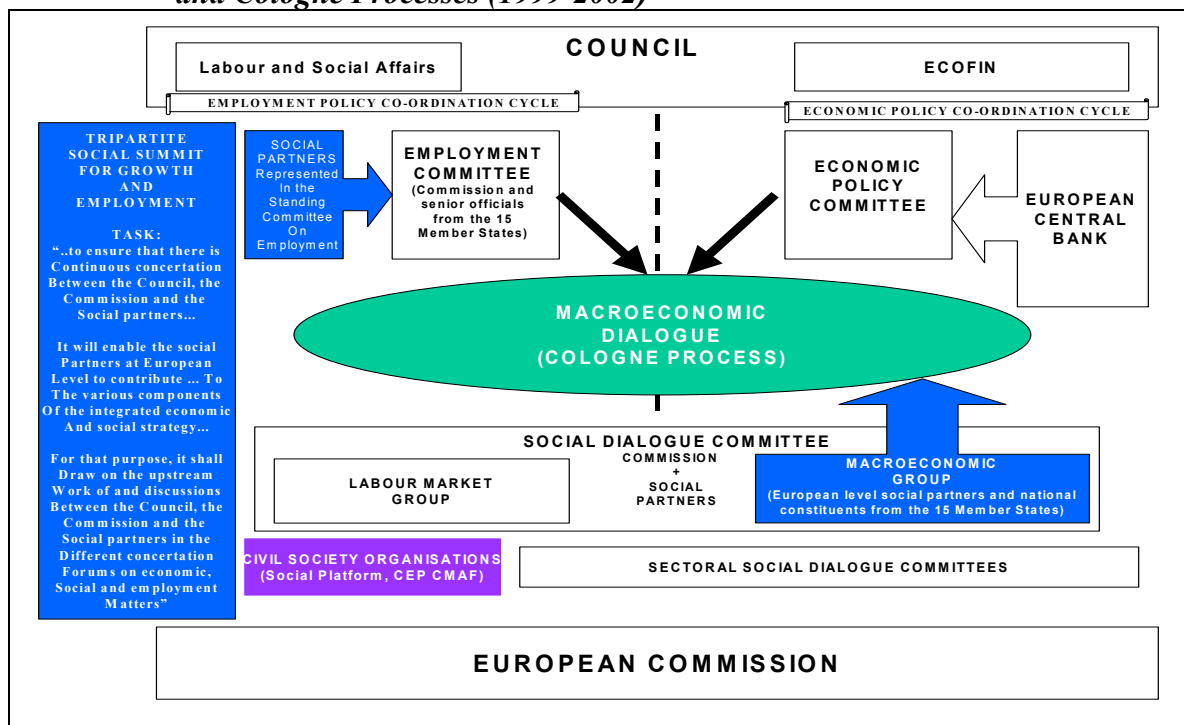
As has been said, the European Parliament shares its consultative role within the EES with three further bodies: the Economic and Social Committee, the Committee of the Regions and the Employment Committee. As regards the first of them, the Economic and Social Committee (ESC) is an advisory body, representing economic and social actors. More recently, the ESC is opening up to the representation of civil society. Its general mandate is to deliver opinions on request of the Institutions or on its own initiative to the Commission, the Council and – after the Maastricht and Amsterdam Treaties – to the European Parliament. The Committee's opinions, although not having to be followed by the decision-making institutions due to its advisory character, are meant to deliver high quality input to the European legislative procedure due to the specialisation of its members. The ESC plays thus a crucial but discrete role.

As for the CoR, representing the Member States' regional and local entities, it is to be considered the sole platform for the latter to voice their opinion in the EU decision-making procedures. Although lacking in any stringent character, the opinion of the CoR is of particular relevance in the context of the Luxembourg Process, in which regions and local entities are explicitly expected to be involved, since their role in generating employment is increasingly considered as crucial.

As previously pointed out, the European Council in its Extraordinary meeting in Luxembourg in November 1997 decided upon the involvement of the social partners in all stages of European Employment Strategy, as a necessary strengthening of the social

dialogue. In its meeting in Cologne in June 1999 it further expanded the spectrum of actors, involving civil society in the process. A common trend of both groups of actors is that they are represented in one way or another in the existing institutional structure, especially through the ESC and the CoR. However, depending on the issues at stake, the institutional representation deeming insufficient, social partners and civil society are included in additional patterns of closer participation for reasons of policy efficiency and legitimacy. This is clearly the case in the EES and the related parallel ongoing processes, particularly the Cologne Process (see graphic 2).

**Graphic 2: Formal consultation arrangements in the context of the Luxembourg and Cologne Processes (1999-2002)**



Source: Europub data elaborated by Antonio Cardesa Salzmann

The involvement of the social partners in the Luxembourg and Cologne Processes takes place both at political and technical level through a series of advisory committees to the Council and the Commission (see graphic 2). However, the varying patterns of consultation drawn up in these parallel processes were not just hindering the necessary coherence and consistency between them, but also creating a highly fragmented sphere of participation for social partners at the European level. This is the very reason, for which the Tripartite Social Summit for Growth and Employment was established in

March 2003, in order “to ensure ... that there is a continuous concertation between the Council, the Commission and the social partners [enabling them] to contribute ... to the various components of the integrated economic and social strategy... For that purpose, it shall draw on the upstream work of and discussions between the Council, the Commission and the social partners in the different concertation forums on economic, social and employment matters”.<sup>32</sup>

### ***Participation in the EES at national level***

The European Employment Strategy gives national governments all responsibility in matters of employment in general and in the elaboration of the National Action Plans for employment in particular. The differences in the institutional structures of the Member States permit some national governments to act with more autonomy in respect of the labour organisations and other governmental bodies, than some other governments. Management and labour relations regimes in each country play a decisive part in this regard by establishing certain levels of participation for social partners in the formulation and implementation of employment policy. Austria and Germany represent the corporatist type, closely followed by Sweden. At the other extreme, representatives of the “liberal” model are the United Kingdom and the Czech Republic. EUROPEAN countries differ in their degree of openness and in their structure of political opportunity for participation and contestation within the EES. The extent to which there is an institutionalisation of employment affairs and social partners’ participation may influence the positive outcome of applying the EES. Conversely there is an open question whether the application of the EES can contribute to changes in national institutional structures. The analysis that follows is based on data collected in Austria, Germany, The Czech Republic, Spain, Sweden, and the United Kingdom.

The explicit adoption of the European Employment Strategy has brought about certain changes in some of the Member States in terms of the degree of openness of the process of employment policy formulation. The most salient transformation has been the decentralisation in employment matters, which has given more responsibilities and to some extent more power (above all in terms of execution of policies) to local and regional administrations in this regard. This has had consequences in the degree of

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<sup>32</sup> Council Decision 2003/174/EC, Art. 2

openness of the process inasmuch as it has modified the participation opportunities of the various actors.

Although responsibility for the formulation of the NAPs falls on national governments, regional governments are playing an increasingly important role. In England recent decentralisation has given rise to the appearance of regional powers as fundamental agencies in the formulation and implementation of employment policies. The appearance of regional powers has come about through Regional Development Agencies that apply the Regional Plans of Action. In the case of the Czech Republic the formulation process has been progressively opened to the entire society, even though it has not responded in the way expected by the government. The Czech government opened a general public consultation for the formulation of employment plans. However, neither the labour organisations nor the public were enthusiastic in their response. In countries with a more corporatist tradition like Austria, Sweden and Germany, regional governments have had an important role in the area of implementation and they are the ones that provide the information to evaluate the whole process. In Spain the non-existence of formal co-operation mechanisms between Autonomous Communities and the State leads to the State having to negotiate with the Autonomous Communities the objectives to be met for each community, which has given regional governments a more relevant role in the formulation stage.

Sub-national actors have been more influential however, in the implementation stages. In Sweden, regional governments and labour organisations co-operate in implementation and approve the management of the Council for the European Social Fund, the organisation in charge of implementation. In Spain informal co-operation between the labour organisations and the regional administrations have developed. On the other hand the process of implementation is more open to the participation of other actors in the formulation process. In this sense civil society organisations participate in the implementation of specific measures in most countries. These associations represent specific collectives to which employment measures can be applied, such as women or the disabled. Also, other actors from civil society are included, like NGO's that function with volunteers.

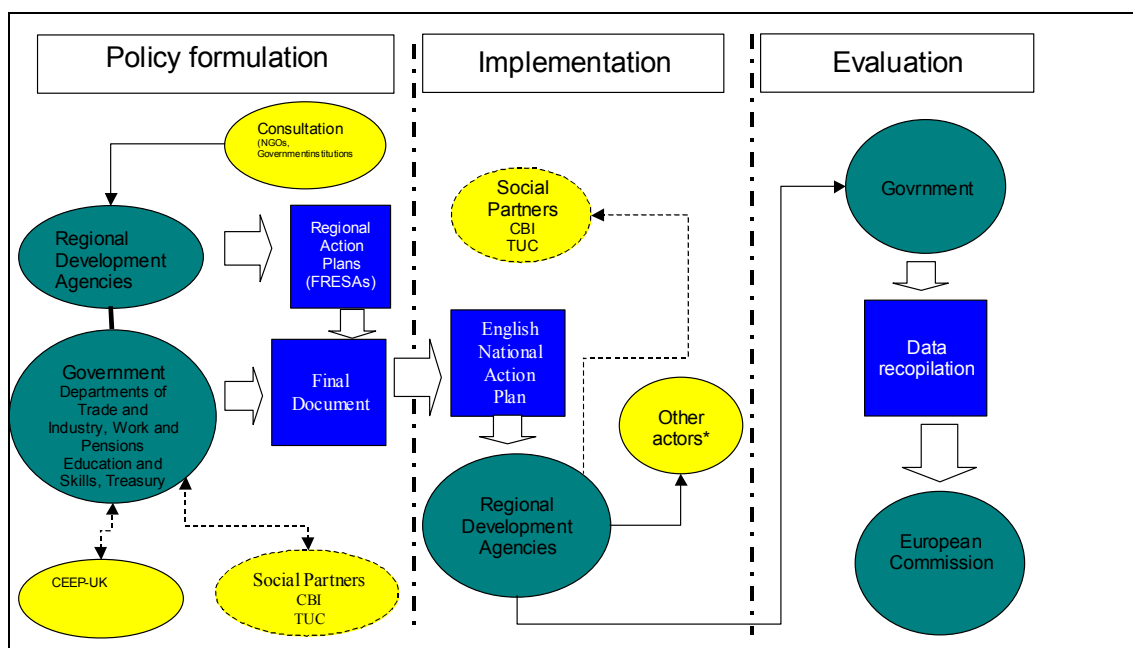


The evaluation process of the implementation of NAPs is fairly homogeneous. The Czech Republic has been an exception due to their inexperience and in this case the Commission is directly in charge of the evaluation. In the other countries the collection of data is carried out by organisations that have been involved in implementation. In Spain, Germany, Austria and England there are regional organisations that transfer the data to the national government organisations responsible (Ministry of Labour and Social Affairs and the National Institute of Employment). In Austria an independent institution, called *Synthesis*, is responsible for collecting all the information. Even though it is an independent organisation, it depends greatly on the governmental institutions and therefore these play an indirect but important role in the evaluation process. In the other countries the government is directly in charge of collecting data in the regional areas. In all the countries the data is compiled and sent to the European Commission, which makes its recommendations.

In order to illustrate the different institutional structures that interact with the process of formulation, implementation and evaluation of the NAPs, four national contexts are described here. The national contexts of the United Kingdom, Sweden, Germany and Spain correspond to the four labour market regimes referred to in the introduction. The year of the observation was 2002, which allowed the structure of participation that emerged after the entire 5-year process of the EES, to be observed.

In the United Kingdom, the National Action Plan for Employment is highly decentralised. The table shows the process for the Employment Plan for England, but Wales, Scotland and Northern Ireland have their own National Employment Plans.

**Graphic 3: England (United Kingdom)**



\* Equal Opportunities Commission, Women’s Unit, Low Pay Commission, National Training Organisation, Learning Skill Council, Employment Service, Small Business Service

Acronym	Actor/Plan	Kind of actor	Participation in the process
NEAP	National Employment Action Plan		
RAP	Regional Action Plan		
FRESA	Framework for Regional Employment and Skills Action		The RAPs in the UK
LAP	Local Action Plans		
RDA	Regional Development Agencies	Government	Implementation
DWP	Department of Work and Pensions	Government	formulation/implementation
DES	Department of Education and Skills	Government	formulation/implementation
DTI	Department of Trade Industries	Government	formulation/implementation
CBI	Confederation of British Industry	Social Partner	formulation/implementation
TUC	Trade Union Congress	Social Partner	formulation/implementation
CEEP-UK	European Centre for Enterprises with Public Participation and Enterprises of a general economic interest	New Social Partner (since 2002)	formulation/implementation

LGA	Local Government Association (inside CEEP-UK)	New Social Partner	formulation/implementation
CRE	Commission for Racial Equality	Government	Implementation
EOC	Equal Opportunities Commission	Government	Implementation
WU	Women's Unit	NGO	Implementation
LPC	Low Pay Commission	Government	Implementation
NTO	National Training Organisations	Government	Implementation
LSC	Learning Skill Council	Government	Implementation
PAT	Policy Action Teams (17)	New partnership	Implementation

*Source:* Europub Data elaborated by Marc Pradel

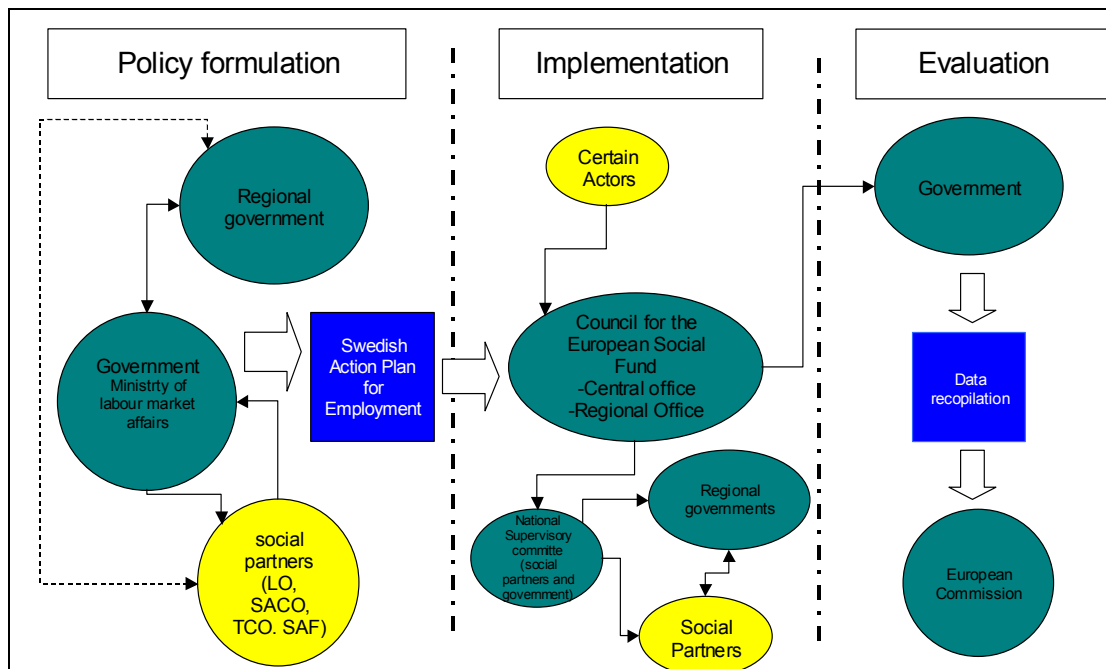
In England the formulation of the Employment Plans has taken place without much participation by the social partners due to the non-existence of social dialogue. The Government merely consults them. The regions have played an important role by formulating their own Regional Employment Plans through government institutions of regional scale called Regional Development Agencies. These RDAs consult other government institutions and NGOs about certain specific aspects of the Regional Plans. These plans are included in the National Employment Plan prepared by the Government, from which the Regional Plans obtain funding. Also in 2002, the government consulted the CEEP of the United Kingdom, thus opening the process to more actors. Parallel to this whole process was a pilot project consisting of Local Action Plans, which operate autonomously although they are also included in the National Plan.

The Regional Development Agencies (RDAs) are mainly responsible for implementation (together with local government in those places where Local Action Plans exist). These agencies co-operate with the social agencies and with other actors, both public (*e.g.* quangos such as the Equal Opportunities Commission) and otherwise. In this implementation process there is great openness, with the participation of a large number of actors, both public and otherwise. The participation of the different bodies is informal. However it must be pointed out that the implementation of the plans is inconsistent to the extent that most of the actors participating regard the NAPs as a

writing exercise rather than as a document containing measures to be implemented. Despite this view, the measures listed in the NAPs constitute a reference point for the implementation of the Regional Plans.

In Sweden the formulation and implementation mechanism is highly institutionalised. The government consults social partners with whom there is a high degree of co-operation. On the other hand, formalized participation is diminishing in significance and influence is increasingly made through informal channels. This does not necessarily mean that the corporatist forms of decision-making are abolished. Furthermore, regional governments are also taken into account in the preparation of the Employment Plans. This participation is encouraged by the Labour Market Ministry, which delegates many decisions to regional bodies. In this way the Plan is also applied in negotiations at regional level. Despite this, it must be borne in mind that the regional governments subordinate themselves hierarchically to the state, which in some ways takes away from their decision-making capacity.

**Graphic 4: Sweden**



Source: Europub Data elaborated by Marc Pradel

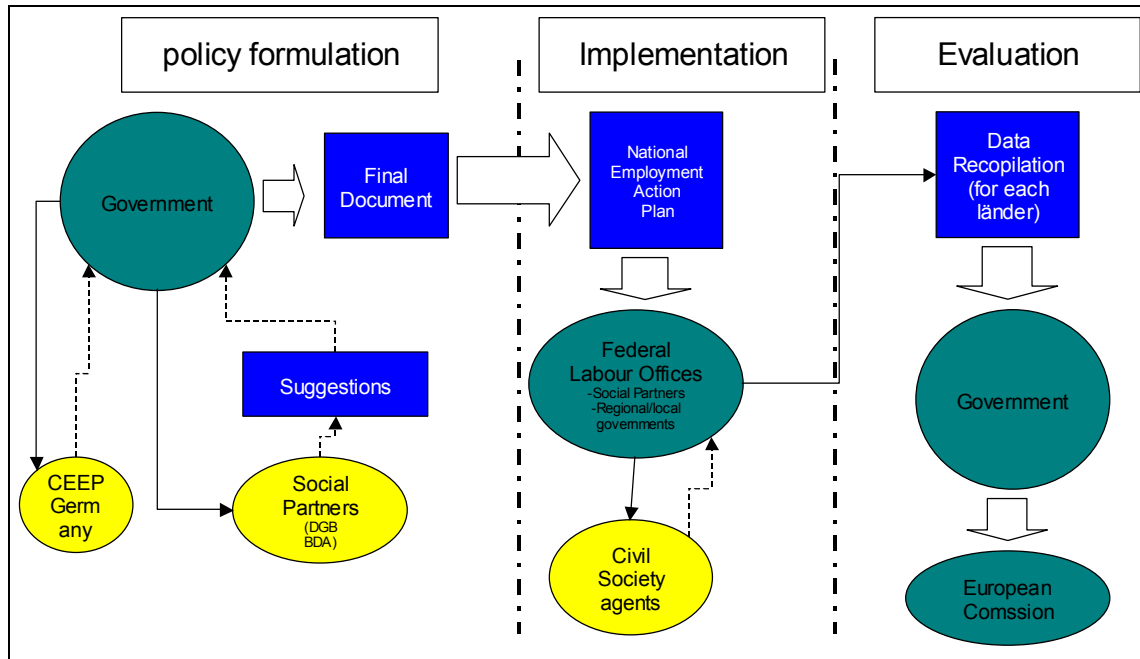
Acronym	Name	Definition/Kind of actor	Participation in the process
SAF	Svenska Arbetsgivar-föreningen	Social Partner. The Swedish employer's association	policy formulation Implementation
LO	Landsorganisationen	Social Partner. Blue collar Trade Union	Policy formulation Implementation
TCO	Tjänstemännens Centralorganisation	Social Partner White Collar Trade Union	Policy formulation Implementation
SACO	Sveriges Akademikers Central-organisation	Social Partner. Intellectuals Trade Union	Policy formulation Implementation
SEA	State Employer's Agency	Social Partner. Public Sector Employers' Association	Policy formulation implementation

Once the Employment Plan is established the body responsible for its implementation is the Council for the European Social Fund, which has a central representative organ and regional delegations. The National Supervisory Committee, on which both the government and the social agencies are represented, oversees this institution and approves decisions made by the aforementioned Council. This institution also boosts participation in implementation by the social agencies, and co-operation between these and regional governments. It is at the level of implementation that the involvement of the regions and the participation of the social partners at regional level can be observed most clearly. Finally, the Council for the European Social Fund is responsible for compiling data and delivering these to the government.

In Germany the formulation process is marked by the role played by the social partners, which are involved in two distinct ways (not included in the table in order to clarify the general tendency of the process). On the one hand, trade unions and employers prepare a joint document with suggestions on the Employment Plan which the Government takes into account when preparing the Plan. On the other, each social agency prepares its own independent document for the government to peruse. Another actor since 2002 has been CEEP, which is also consulted by the Government. As in Austria, the Federal Labour Offices are responsible for implementing the measures included in the employment plans. The governments of the *Länder* (regions) and the social agencies are represented in these offices. In some specific areas there is co-operation in terms of implementation with other actors such as the associations of disabled people, who can

thus get involved in the Plans. Finally each of the *Länder* or regions sends its data for evaluation to the government, which prepares a document with all the information for the European Commission.

**Graphic 5: Germany**

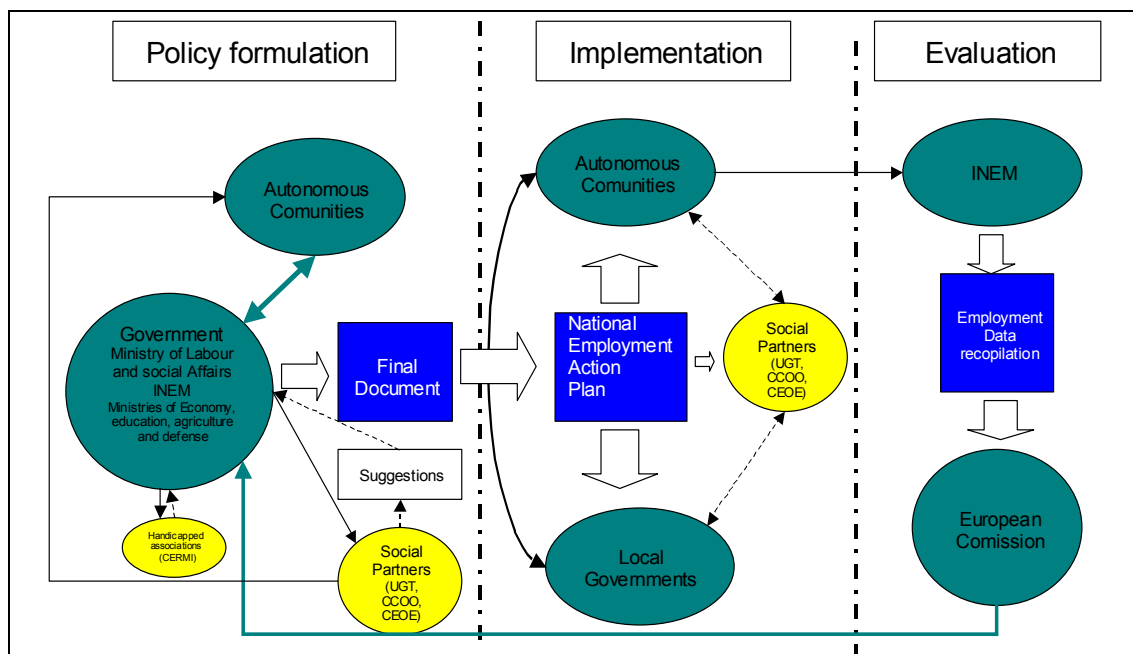


Source: Europub Data elaborated by Marc Pradel

Acronym	Name	Kind of Actor/definition	Participation in the process
DGB	Deutscher Gewerkschaftsbund (Federation of German Trade Unions) largest member of ETUC	Social Partner	Policy formulation / implementation
BDA	Bundesvereinigung der Deutschen Arbeitgeberverbände (Federation of German Employers, member of UNICE)	Social Partner	Policy formulation / implementation
CEEP-Deutschland	Deutscher Städtetag (Association of German Cities and Towns)	Social Partner	Policy formulation (low degree of participation)
FLO	Federal Labour Offices	Government/social partners dialogue institution	Policy formulation/ implementation

Policy formulation of NAPs in Spain requires negotiation between the Autonomous Communities and Central Government. These negotiations include the setting of specific objectives for each zone and the financing of the Employment Plans, and they have become routine, so they have become less relevant to the whole process. The Government prepares the Plan through an inter-ministerial Commission. This Commission is led by the Ministry of Work and Social Affairs, which includes INEM, technically responsible for employment issues. Other ministries which participate in the Inter-ministerial Commission are the ministry of agriculture, the ministry of education, and the ministry of defence (the composition of the Commission has changed over the years). The Commission prepares a draft which is sent to the social partners, who prepare suggestions to be sent to the government. The inclusion of these suggestions in the final document is rare, as there is no formal consultation mechanism, but mere communication between government and social partners.

**Graphic 6: Spain**



Source: Europub Data elaborated by Marc Pradel

<b>Acronym</b>	<b>Name</b>	<b>Kind of Actor /definition</b>	<b>Participation in the process</b>
MTAS	Ministerio de Trabajo y Asuntos Sociales (Ministry of Labour and Social Affairs)	<b>Government.</b> Main ministry responsible for the inter-ministerial commission for the NAPs	Policy formulation
INEM	Instituto Nacional de Empleo (National Employment Institute)	<b>Government.</b> Responsible for the technical part of employment affairs	implementation
CCAA	Comunidades Autonomas (Autonomous Communities)		Policy formulation / implementation
CCOO	Comisiones Obreras (Trade Union)	<b>Social Partner.</b> One of the two main Trade Unions in Spain	Policy formulation (low)
UGT	Unión General de Trabajadores (Trade Union)	<b>Social Partner.</b> One of the two main Trade Unions in Spain	
CEOE	Confederación Española de Organizaciones Empresariales (Employers' Confederation)	<b>Social partner.</b> Employer's organization	Policy formulation (low)
CERMI	Comision Española de Personas con Discapacidad (Handicapped People's Organisation)	<b>Non institutional actor.</b> This organisation includes 7 disabled people's organisations	Policy formulation

Regional and local administrations are responsible for implementing the measures included in the Plan in co-operation with the social partners, which operate at those administrative levels. The Government has no field of action in this area because competencies in active employment policy were transferred. Finally, INEM as the technical body of the Ministry of Work and Social Affairs compiles the data received from each of the Autonomous Communities and prepares a document which the government sends to the European Commission.



### ***Social dialogue and opportunities for institutional innovation***

Social dialogue has played an important role in the preparation of employment policies related to NAPs in Germany and Sweden, where the labour organisations play a determining role. In contrast, such a dialogue has been poor in the United Kingdom and in Spain. The institutional structure largely determines the importance of labour organisations in each country. Thus those countries with a corporatist tradition have strong well-organised trade unions opposed to any change in the institutional structure which they regard as reducing their importance. In Germany and Sweden union representatives see opportunities in the EES partly because there are listened to at different stages of the process of formulation and implementation. This however, does not necessarily involve innovation of the functioning of the institutional structures. In Sweden trade unions have forced the government to consider their views. Swedish trade unions are critical of the Government's conception of the competence issue because they think that this conception favours the employers' interests. Despite these considerations Swedish trade unions display a high degree of co-operation with the government in relation to the NAPs and are constantly consulted on this issue by the Government, which considers that broad consultation strengthens both the process and Swedish influence on these matters within the EU.

In the UK and in Spain trade unions are very critical, stating that governments have no real intention of solving the unemployment problem. The difference between the two countries is that in Spain the government is thought to be failing to take advantage of a good opportunity to solve an acute unemployment problem by way of a commitment to a European strategy, while in the UK there is a more fundamental problem, older than any European Employment Strategy. The British Trade Union Congress (TUC) connects the position of the government, with little negotiation, with the lack of any culture of social dialogue and an unwillingness to give any role to the labour organisations, so the establishment of an Open Method of Co-operation is seen as being fraught.

What is particularly revealing is that all trade-union actors interviewed are highly critical of the involvement of new actors in the social dialogue. In general, trade union representatives consider that the legitimate parties in the development of employment policy are the representatives of the workers and of the employers, with the government

acting as intermediary. The arguments used in defence of this attitude are that the representatives of social entities do not clearly state exactly who they represent and with what legitimacy, whereas trade union representatives are legitimised by a democratic system. For their part, national employers representatives are consistent with the views of UNICE. They praised the introduction of employability as one of the pillars of the EES as it can help to further more flexible labour contracts. They have pointed out though, the need to improve efficiency in employment creation, with better evaluation and more precise targets. The desire for higher participation is confined to these parameters. Employers' representatives of Germany and Sweden are particularly favourable to more involvement in the European Employment Strategy.

Regarding innovation, the adoption of the EES by the United Kingdom meant an opening of the process of decentralisation of employment policies. The same process took place in Spain. As for the involvement of new actors, the UK has seen the widening and diversification of actors to a much larger degree than the other countries analysed. In the other countries, the adoption of the EES has not involved such a radical change insofar as processes which already existed have continued. In this regard, the EES has been used to legitimise already existing positions and tendencies. In Germany a corporatist model has continued in which the labour organisations have played an important role, although there has also been a certain amount of opening up to new actors, such as disabled people's associations. They have been able to get involved in issues such as quality of work, and have operated more in the field of implementation than of formulation. In Spain the social dialogue broken off in 1997 has not been revived by virtue of the legitimacy conferred by the EES. In Sweden the EES has been used to generate new relations between capital and labour at local level. The government has transferred decision-making power to the sub-national administrative spheres: the provinces and regions. On the basis of this transfer it has been possible to reach agreements of a local nature. Due to the institutional tradition of this country these agreements have been made within formal institutions. On the whole, the EES has involved an enlargement of the dimension of consultation for the participating of actors in all countries studied.

## ***Conclusion***

One important factor in understanding social policy in Europe is the move towards multi-level governance. Most of the responsibility for social policy belongs to the national governments, but there is an important tendency towards discussion and mutual vigilance between Member States. Multi-level governance also means that regions and cities are gaining more responsibility for the administration of social policy resources as well as for the management of services. This context allows cities and regions to undertake initiatives in areas such as unemployment and social exclusion. These increasing responsibilities for social policy concerns spur institutional transformation through which more heterogeneous actors are entering into the overall picture. The new forms of governance underlying social policies, such as the incorporation of civil society in policy implementation, differ according to cultural traditions.

A mid-term report of the EES has advised that although employment performance has improved in all Member States, results have been uneven. Younger people were entering increasingly into the labour market but older workers were exiting prematurely. Moreover the incorporation of young people into the labour market coincided with regional disparities especially affecting Southern European societies (CEC, 2000a, p.20). There is evidence that re-entry into the labour market for those with low skills is based on “poor jobs”. This is particularly the case for women. There is also a problem of efficiency in training schemes because they try, in a relatively short period, to reverse deep-rooted problems of poor skill development. Moreover, evaluation based on outcome statistics “tend to consist primarily of information about whether or not a job was acquired rather than about the stability or quality of employment”<sup>33</sup>. Lastly, emphasis on employability translates in market participation as a necessary condition to be a full citizen. This emphasis penalises those with low skill and difficulties in re-entry in general, and single mothers in particular. Thus in some societies, single mothers are neither offered a stable job with a decent income nor protected by the fact that they are exercising child care.

From a procedural point of view the EES is achieving a wider map of actors who participate in the design and implementation processes of the NAPs.

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<sup>33</sup> Gallie, D., 2002: 60-61.

European level management and labour organisations<sup>34</sup> agreed on the fact that the procedures and ways through which their participation had been articulated before the revision of March 2003 did not guarantee the necessary consistency and complementarity between the relevant processes. This fragmentation certainly has a lot to do with the struggle between different actors involved in the economic and employment policies' co-ordination cycles, notably the ECOFIN and the Employment and Social Affairs Council formations, with respect to articulation of the treaty-based requirement for complementarity between both processes. In this sense, it has been argued, mostly by labour organizations, that the ECOFIN-Council – backed by European management – is trying to *hijack* the EES for the sake of the economic policy co-ordination cycle.

From the perspective of its democratic assessment, it is true that the Luxembourg Process essentially being a soft co-ordination cycle of national employment policies, democratic legitimacy has to be assured mainly by national Parliaments, which is the case virtually nowhere.<sup>35</sup> However to our understanding, as long as the Council regularly issues Employment Guidelines that – although not enforceable – should be incorporated in the Member States' employment policies, there is no reason to exclude the European Parliament from full participation in decision-making. Hence, the mere consultative role of the European Parliament in the procedure set out by Article 128 of the EC Treaty clearly affects the democratic legitimacy of the Luxembourg Process. Moreover, as it has been raised by the academic community<sup>36</sup>, some MEPs<sup>37</sup> and

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<sup>34</sup> Interviews with M.H. André (ETUC) and L. Ionita (UNICE).

<sup>35</sup> Report on the communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on taking stock of five years of the European Employment Strategy (COM(2002) 416 FINAL), Committee on Employment and Social Affairs of the European Parliament; Rapporteur: Herman Schmid (Doc. A5-0301/2002 FINAL), 12 September 2002.

Jacobsson, Kerstin and Schmid, Herman: *Real Integration or just Formal Adaptation? – On the Implementation of the National Action Plans for Employment*, in de la Porte, C., and Pochet, P., (eds): *Building Social Europe through the Open Method of Co-ordination*, Presses Interuniversitaires Européennes – Peter Lang S.A., Brussels 2002

<sup>36</sup> Jacobsson, Kerstin and Schmid, Herman: *Real Integration or just Formal Adaptation? – On the Implementation of the National Action Plans for Employment*, in de la Porte, C., and Pochet, P., (eds): *Building Social Europe through the Open Method of Co-ordination*, PIE – Peter Lang S.A., Brussels 2002

<sup>37</sup> Report on the communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on taking stock of five years of the European Employment Strategy (COM (2002) 416 – (2002/2152(INI)), Committee on Employment and Social Affairs of the European Parliament, Rapporteur: Herman Schmid (Doc. A5-0301/2002 FINAL), 12 September 2002

representatives from the social partners<sup>38</sup>, the European Employment Strategy is still, up to now, basically a matter of experts, thus proving that it constitutes more a top-down, rather than a bottom-up process, with a fairly weak integration in national policy structures.

The revision that the EES has recently undergone certainly tackles some of these issues, particularly the simplification and unification of consultation procedures involving the social partners and the improvement of the co-ordination and complementarity of the economic and employment policy co-ordination cycles. However, one may raise the question of the impact that the reform may have on the sphere of participation that the Luxembourg Process has opened up at European level. It is our submission that the reshaped policy structure may tighten the political field at European level, in which social partners and civil society have so far managed to open up a sphere of participation. One reason may be the reduction of the substantive scope of the Luxembourg Process, as it would be subordinated to the broader interests of economic policy. This reduction of the substantive scope of EES, and thus of its sphere of participation, would undermine the societal actors' capability to take influence on the formulation of employment policies. More significantly however, the new three-year cycle may turn out to be a double-edged weapon. As regards the policy formulation stage at European level, the new three-year cycle clearly risks interrupting the political momentum generated since 1997 and thus watering down the EES.<sup>39</sup> This notwithstanding, focusing much more on the implementation of the EES at national level, social partners and civil society organisations would be expected, in return, to play a more active role nationally, where serious deficiencies have so far been identified. The potentials of a more prominent participation in the implementation stage remain still to be seen. Our submission is that the pressure that the Luxembourg Process has so far exerted under its current configuration on the ways in which employment policies are formulated nationally, have contributed to opening up or broadening some spheres of participation at local, regional and national levels.

At the national level there appears to be a division of labour by which design takes place among national actors, mainly government with various degrees of involvement of other

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<sup>38</sup> Interview with Maria H el ene Andr e, Confederal Secretary of ETUC.

<sup>39</sup> Interview with Maria H el ene Andr e, Confederal Secretary of ETUC.

actors according to different institutional traditions and implementation which is mainly effective at regional and local levels. The high profile given to localities and regions for implementation can have some negative consequences. One is that competition between them for resources to encourage employability will increase. It is very likely that this territorialisation of employment policy will work in favour of the already successful regions and cities in Europe. In large and heterogeneous countries, governments and interest groups of richer regions may not be willing to support redistributive policies in favour of the poorer ones. The other negative consequence is that in some countries managers of local councils and other local actors may not have the necessary management skill and ambition to pursue comprehensive policies. This will result in fragmented initiatives with little impact on the overall employment and training outcomes<sup>40</sup>.

In the countries studied by EUROPUB trade unions regard (in most cases) the National Employment Plans as having little effect on employment creation due to their lack of ambition and consider that the positive results obtained were due to a positive economic cycle (this position is particularly defended by the Spanish trade unions). On the other hand, the employers' associations put the emphasis on improving evaluation and comparison mechanisms between countries so as to make better manuals of good practice (this was the case with groups in Germany, Spain, and the United Kingdom). Finally, all the governments and actors involved agreed that the extension of the formulation period of the Employment Plans would lead to greater efficiency.

The ways in which actors could influence the Employment Plans were limited and uneven according to national institutional traditions of industrial relations. In those countries where there is no tradition of participation by the social agencies in the taking of decisions, there was no opening up to greater participation, while in those where there is a strong tradition of social dialogue, this continues. Although a process of opening up decision-making began, civil society was little involved, largely excluded by the traditional social partners, however pressure could be brought to bear on government in such a way that sometimes (as in the Spanish case) there has been such

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<sup>40</sup> This latter point was provided referring to the British case by a member of the SEI staff in the seminar presentation of this paper at the University of Sussex in April 2004. It was argued that training should be provided to local actors to begin with.

involvement in specific areas of the Employment Plans that affect certain vulnerable groups. Although the degree of effective participation was low, the opening up in terms of consulting and information was so high as to affect all the actors mentioned at this level. The sub-national administrations saw their role increased in terms of implementation and in some cases they participated in formulation in co-operation with national governments. This new way of dealing with employment policy also comes from a higher level of effective participation in informal spheres, which is important in countries with limited institutional tradition in social dialogue (such as the United Kingdom) and equally those with a strong institutional tradition (such as Sweden, where informal dialogue has been gaining strengths in recent years).

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