

Desperately seeking the European Employment Strategy in the new economic governance of the European Union

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Introduction

The year 2012 marked the fifteenth anniversary of the decision by the Member States of the European Union (EU) to introduce a 'flexible' coordination process in employment policy. It was at the Luxembourg Summit in November 1997 that the EU Member States agreed to launch a European Employment Strategy (EES). During its fifteen years of existence, the EES has been linked to no less than three European overarching 'meta-strategies': the Lisbon Strategy (2000-2004), the Growth and Employment Strategy (2005-2010) and, since 2011, the Europe 2020 strategy. Whilst the content and form of the EES have evolved over this period, particularly its relationship to other European policies, its essence has changed very little. Over and above its doctrinal content, any discussion of the EES must also consider the distinctive method of governance which it introduced at European level. This process provided a new framework for cooperation between the Member States and the EU, with a view to encouraging convergence of national policies towards certain common objectives in political areas subject to subsidiarity, but where shared issues and challenges required a certain amount of coordination at European level. The EES was not only a set of political guidelines: it was also a procedural method. This method could be divided into a number of steps: (a) the identification by Member States of common objectives, set out in policy guidelines, (b) the development of shared statistical indicators for the purposes of evaluation and monitoring, (c) the drawing up of national action plans for employment based on these guidelines and (d) a peer review of the performances of all countries and the identification of good practices. The European Commission was given the job of monitoring and supporting

the process. This flexible method of cooperation, though not binding in itself, would be placed at the heart of the Lisbon Strategy, known as the ‘Open Method of Coordination’ (OMC), and would be extended to other subsidiary policy areas such as pensions, social inclusion, healthcare and education (Zeitlin, 2007).

To assess, then, the role of the EES within the new Europe 2020 strategy, we must consider how it has developed, over time and in terms of its procedures. The EES, as part of the Europe 2020 strategy, is the product of its own history, but also the result of developments which have affected the whole European context. The history of the EES, then, can be divided into three key periods. The first of these, from 1997 to 2004, can be described as a maturing period. This can be divided into three sub-phases: the development of its own tools and procedures (1998-2000), its integration with other policy areas as part of the Lisbon Strategy (2001-2002), followed by a time of evaluating and redefining its content (2003-2004). A second key period then began with the closer integration of the EES into macroeconomic and budgetary policies as part of a European strategy now focused on growth and employment (2005-2010). Finally, the last of the three periods began in 2011 with the new Europe 2020 strategy.

A first section of this chapter contains a brief run-through of the development of the EES, its ‘instruments’ and the ‘ideology’ behind it, from its beginnings to the dawn of the new European strategy. The second section gives a more in-depth analysis of the place and role of the EES within Europe 2020 and the new economic governance.

1. From the beginnings of the EES to the Growth and Employment Strategy

In this chapter we do not set out to give a detailed description of the EES, or of the Lisbon Strategy as a whole, as a policy or method, nor to assess its (in)effectiveness. A great deal of literature has already been published specifically on these subjects, to which we would refer the reader (cf., for example, Conter, 2012; Van Rie and Marx, 2012; Barbier J-C., 2011; Amable *et al.*, 2009; Natali, 2009 and Heidenreich and Zeitlin, 2009). Rather, we will briefly describe the context and the factors which determined the content and role of the EES during this

period, in order to provide perspective as to its current role within the Europe 2020 strategy. This development of the content of the EES was largely determined by the follow-up to the Employment Guidelines (EG), the doctrinal backbone of the EES.

There are a number of clear similarities between the current context and the circumstances which encouraged this major change in the governance of social and employment policies in Europe. These many points in common include the relative abandonment of national sovereignty after the Maastricht Treaty and the creation of Economic and Monetary Union (EMU), public finances subject to the tough rules of the Stability and Growth Pact (SGP), a context of economic crisis linked to financial speculation, worry generated by the social consequences of the crises and the rise in unemployment more or less throughout Europe, a weakening of domestic economic demand, and a worsening discontent among the people of Europe with and detachment from the European integration process, increasingly seen as undemocratic and too neo-liberal in its economic policies. One thing, however, which is totally lacking today, is the political will to change things. The ‘pink wave’¹ of the 1990s and the momentum provided by a pro-active Commission to encourage a Community approach have both now disappeared, to be replaced by frenzied intergovernmentalism in Europe, which itself is more diverse and divided than ever (Barbier J-C., 2011; Natali, 2010).

1.1 The birth of the EES

As stated above, the Luxembourg Summit of 1997 sketched the outlines of the EES for the first time, with a view to future implementation of the Treaty of Amsterdam. This Treaty contained, in particular, a chapter on employment encouraging a Community approach to the issue, and set out the legal basis for the functioning of the OMC as a flexible governance process. It also established the Employment Committee and created the European social dialogue. The Treaty also added ‘full employment’ to the list of Union objectives, and introduced qualified majority voting for issues relating to employment, in order to avoid stalemates.

1. This expression was often used at the time to refer to the then predominance of Social-democratic national governments in the EU-15.

From the very beginning, the EES was based on certain doctrinal principles which have changed very little over time. The main purpose of the EES was to commit Member States to a set of objectives concerning so-called 'structural' reforms, which were generally agreed to be in the common interest, even if the political measures required to meet them were still strictly national. In the context of the time, with increased liberalisation of the markets (globalisation), objectives such as maximising labour participation, promoting a skilled and 'adaptable' workforce and increasing the flexibility of the labour markets were intended to allow EU countries to react more quickly to economic changes. The EES gave the appearance of a strategy essentially geared to labour market supply, with a dual purpose: to minimise unemployment while maximising employment (Van Rie and Marx, 2012; Serrano Pascual, 2009). This was, in fact, the only option remaining in terms of structural employment reforms, since the other measures traditionally used by public authorities to influence demand for labour – monetary and budgetary policies – were now subject to more binding provisions: those of the EMU and the Stability and Growth Pact. In order to achieve high employment rates while increasing competitiveness and controlling inflation, Member States were left with few options apart from reforms aimed primarily at bringing non-workers onto the labour market, and at boosting individual employability by enhancing the human capital of those in work, as well as increasing the internal and external flexibility of work (Raveaud, 2007; Salais, 2004). These measures, therefore, sat well with a neo-liberal approach to the labour market, with a monetarist aspect aimed at containing inflation, the promotion of supply-side economics (deregulation/administrative simplification) and a reduced role for the State (Raveaud, 2007; Salais, 2004). This three-way relationship between economic, budgetary and employment policies, still perceived at the time as a sort of virtuous balance, can be found in the founding texts of the EES and, a little later on, at the heart of the Lisbon Strategy, which then adds social and environmental considerations². This

2. While respecting the exclusive competence of Member States in the area of employment policy, the employment chapter of the Amsterdam Treaty strengthens the Community approach by calling for the implementation of a 'coordinated strategy for employment'. This strategy aims to create greater consistency between political areas based on the interaction of three processes: (i) the Cardiff process to reform and modernise the markets for products, services and capital; (ii) the Cologne process on economic policy coordination and improving the interaction between wage developments and monetary, budgetary and financial policies and (iii) the Luxembourg process, which directly concerns employment policies.

specific form of neo-liberalism, unique to Europe, uses rather vague concepts such as ‘the social market economy’ or ‘social capitalism’ (Amable *et al.*, 2009).

In procedural terms, these political guidelines were reflected in the various instruments of the EES, as an OMC, mainly by means of the Employment Guidelines (EG). These acted as the doctrinal backbone of the EES: a common framework for interpretation which provided the basis for the development of indicators and national action plans, as well as for the peer review and Commission examination of the consistency of the reforms implemented, as expressed, in particular, in the Commission recommendations, endorsed by the European Councils. This early period of the EES was also one of intense work by the parties involved, to draw up and gradually implement the other instruments in the process, particularly those with a Community dimension. Such as setting up the Employment Committee, rapid development of a battery of European indicators reflecting the Employment Guidelines, setting out the procedures for reporting and peer reviewing, financial support for the reforms (European Social Fund) and for the participation and cognitive aspects of the OMC process (financing for the European bodies involved in the dialogue, support for research into and gathering of comparable data, setting up the European Employment Observatory and a peer review system to identify and promote good practices). As well as focusing on the technical and logistical aspects of the process, it was vital to reach agreement on the content and use of these key elements or bodies of the EES OMC. The first Employment Guidelines, published in 1998, were then structured around four fundamental pillars, which would remain the same until 2001: employability (activation and employability), entrepreneurship, adaptability (of both labour markets and workers) and equal opportunities. These pillars were broad enough to ensure that the reforms undertaken by Member States at national level could be housed under the Employment Guidelines, without overturning Member States’ own political priorities and decision-making/consultation systems.

1.2 The Lisbon Strategy

In the wake of the implementation of the Treaty of Amsterdam, the EU, at the Lisbon Council in March of 2000, adopted an overarching

strategy. The main objective of which was to enable Europe, over the next decade, 'to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion' (European Council, 2000). According to the Lisbon Strategy, this goal would be achieved by encouraging positive interaction between economic, employment and social reforms. The Göteborg European Council of June 2001 would also include environmental considerations. The OMC, as a tool for flexible policy coordination, was extended to a number of social policy areas (combating poverty and social exclusion, pensions and healthcare), and the EES was given an important role within this overall strategy.

This desire for the integration of various policy areas resulted in considerable diversification of the Employment Guidelines during this period. In line with the Lisbon Agenda, Member States' employment policies had to pursue three general and interdependent objectives: full employment, quality and productivity at work, and social cohesion and inclusion. Gender equality, and then employment quality, were cross-cutting objectives which applied to each guideline. In other words, each guideline must also be considered in terms of its specific implications in these two areas. Around ten guidelines would then be (re)defined to meet the general objectives of the EES³. Essentially, themes already contained in the broad chapters used to structure the Employment Guidelines were redistributed to separate guidelines. Some themes thus became more prominent and were given more importance within the EES (active ageing, financial incentives, undeclared work, professional and geographical mobility, etc.) whilst others rapidly disappeared (regional disparities) or were realigned (the transformation of undeclared work into regular employment was replaced by the need for a considerable reduction in undeclared work). The end-result was a multi-faceted but somewhat complex and unclear picture of structural employment policy reforms interacting with economic, social and

3. 1. Active and preventative measures for the unemployed and inactive; 2. Job creation and entrepreneurship; 3. Coping with change and promoting adaptability and mobility; 4. Promoting the development of human capital, education and lifelong learning; 5. Increasing the labour supply and promoting active ageing; 6. Gender equality; 7. Promoting the integration of disabled people on the labour market and combating discrimination against them; 8. Using incentives to enhance work attractiveness; 9. Transformation of undeclared work into regular employment; 10. Addressing regional employment disparities.

environmental policies. The content of these Employment Guidelines would change only slightly in the years up to 2003. In 2003-2004, the processes and general thrust of the Lisbon Strategy EES would be reassessed in a very partial and non-consensual way. Nevertheless, it would undergo a drastic reform, which would take the form of the introduction of the Growth and Employment Strategy in 2005 (Conter, 2012; Barbier J-C., 2004; Peña-Casas, 2004; Pochet, 2004; Watt, 2004).

1.3 The Growth and Employment Strategy

In 2005, the content and procedures of the Lisbon Strategy and the EES underwent a radical change. The recast Lisbon Strategy, renamed the Growth and Employment Strategy (GES), was adopted by the Spring Council of March 2005, thus marking an important turnaround in the development of the EES (European Council, 2005). The economic agenda was clearly given pride of place and the key role within the GES: the other aspects were valued only in so far as they made a quantitative contribution to growth and employment. The priorities set for the EES, and, more broadly, the Lisbon Strategy, were strongly refocused on growth and the Broad Economic Policy Guidelines (BEPG). The GES must be geared, in essence, to models involving innovation, the internal market and administrative deregulation to promote economic growth and employment (Zeitlin, 2007; Begg, 2006).

In this context, the EES had to give priority to a quantitative increase in employment, through greater flexibility of labour markets and workers. The qualitative side of work was pushed into the background, even though it was still referred to in the main objectives. From now on, the EES would be focused on three principal objectives (attaining full employment, improving quality and productivity at work and strengthening social and territorial cohesion), and its scope would be clearly defined in terms of key priorities (attracting and retaining more people on the labour market, increasing labour supply and modernising social welfare systems, enhancing the adaptability of workers and businesses, and investing more in human capital by improving education and skills).

Apart from this change in doctrine, the governance processes for the GES and the EES were also significantly modified. The process was rationalised, to encourage maximum convergence of national structural

reforms to meet economic objectives (streamlining). The process would now be multiannual and simplified, with a view to improving coordination of the cooperation processes for social policy (EES and Social OMCs), economic (BEPG) and budgetary policy (SGP). The Employment Guidelines were now merged with the Broad Economic Policy Guidelines to form the Integrated Guidelines for Growth and Jobs (IGGJ), which became the backbone of the GES. The Employment Guidelines themselves became just a minor sub-set (one third of the IGGJ), relatively unimportant compared to the microeconomic and macroeconomic guidelines. They were set for a three-year period (2005-2008)⁴ and were then renewed with no major changes. The Social OMCs were also rationalised and re-synchronised to coincide with the GES timetable, while remaining separate from the IGGJ. Their content was also refocused on their contributions to employment and growth. The Member States no longer had to submit separate national action plans, but, rather, National Reform Programmes (NRPs), bringing together economic, employment and social reforms. The Commission drew up a 'Community Lisbon Programme', which set out the actions to be carried out at Community level to support the GES. The processes were thus very similar, but, at this stage, still relatively autonomous. The national institutions involved in planning employment, economic and social reforms still decided, relatively autonomously, on the strategy priorities for these reforms. They also continued to use existing instruments (plans, indicators, joint reports, peer-reviews, etc.). The Commission would then bring together the outcomes of the three policy areas in one single document, highlighting the actions taken by Member States to implement structural and budgetary reforms. On this basis, it made draft recommendations, which were then discussed and adopted at each Spring Council. This system already foreshadows the process of the Annual Growth Survey, which would later be used to implement the Europe 2020 strategy.

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4. Guideline 17: implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion; - GL 18: promote a lifecycle approach to work; - GL 19: ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive; - GL 20: improve matching of labour market needs; - GL 21: promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners; - GL 22: ensure employment-friendly labour cost developments and wage-setting mechanisms; - GL 23: expand and improve investment in human capital; - GL 24: adapt education and training systems in response to new competence requirements.

One of the consequences of the re-targeting of the GES measures and the rationalisation of the economic, employment and social policy processes would be to affect the sometimes delicate balances existing between the various parties involved in the processes. Synchronisation with the budgetary process (SGP) and the integration/assimilation of the EES with the BEPG would increase the power of economic policy institutions compared to their counterparts in the area of employment and social policy. This shift in balance occurred at both European and national levels. Within the Commission, the Directorate General for Economic and Financial Affairs (DG ECFIN) increasingly imposed its policy directions on the other DGs, particularly DG Employment and Social Affairs. At national level, the bringing together of policies into one sole strategy, and the practical need to express this at European level in one programme (NRP) covering all the strands, meant that now programmes were subject to more coordination from Prime Ministers (or their equivalent) and Councils of Ministers. These Councils themselves had their own traditional hierarchies of portfolios. The fact that the Commission had generally been hesitant to strike a balance between divergent views both in its own ranks and between Member States only strengthened this tendency (Conter, 2012; Barbier J-C., 2011). An implicit hierarchy became explicit. In some ways, it was not only political processes which were integrated and made subject to a new hierarchy: the same occurred to the parties to the process. This was a long way from the vision, which now seemed somewhat naïve, of a harmonious and positive balance between economic, budgetary and employment policy areas. Such was the vision proclaimed at the outset of the Lisbon Strategy, which some were now referring to as an ‘incoherent combination of economic liberalism, social-democratic aspirations and neo-Schumpeterian technological determinism’ (Amable *et al.*, 2009: 25). The various economic crises affecting Europe in the past few years have merely intensified this process. As well as an imbalance between powers, we see a democratic deficit, which has worsened with the introduction of the Europe 2020 strategy, and, especially, of the new European economic governance. National, regional and local governments have little space and time to examine, and try to influence, the content of the NRPs and recommendations. The same is true for the social partners and civil society; their views carry little weight in the discussion, compared to the threat of sanctions if countries do not respect the binding commitments entered into as part of the strengthened system of economic and budgetary governance. (Barbier C., 2012; Degryse, 2012; Barbier J-C., 2011).

2. The EES, Europe 2020 and the new economic governance

2.1 The EES and Europe 2020

The dramatic economic crises which shook Europe at the end of the first decade of the 21st century, the effects of which may well remain with us for years to come, helped to further increase the imbalance between policy areas and political processes at the time when the EU's new overarching strategy for 2010-2020 was being drawn up. Once again, no thorough, consensual analysis was carried out of the result of the strategies applied during the previous decade or the lessons to be learned from this – as was the case when the Lisbon Strategy mutated into the GES (Conter, 2012; Peña-Casas, 2010; Pochet, 2010). In a context more than ever constrained by the need for budgetary austerity, the new strategy could not be ambitious in its objectives or require a significant change to the dominant paradigms. It took over, therefore, most of the content of the GES while accentuating the 'rational' and 'simplified' integration of policies to the benefit of economic growth. The Europe 2020 strategy, adopted at the European Council of June 2010, also came up with a strategic slogan: to turn the EU into a 'smart, sustainable and inclusive economy, delivering high levels of employment, productivity and social cohesion, and setting out a vision of Europe's social market economy for the 21st century' (Council of the European Union, 2010a). This is extremely close to the famous slogan of the Lisbon Strategy, except that, interestingly, the reference to job quality has been dropped, replaced by productivity. The strategy is centred on three fundamental political priorities, referring to 'drivers' of growth (so-called smart, sustainable and intelligent growth), which must be stimulated. Five headline targets are set for the EU, to be met by 2020, as well as national targets which the Member States set themselves and which they must endeavour to meet by the same date. These are assessed by the use of eight indicators (cf. appendix 1 for details). The general directions for the structural reforms to be undertaken by the Member States in their NRPs are still set out in integrated guidelines. There are, however, far fewer of these than previously: their number has been reduced from 24 to 10. The Member States must set national targets, list 'brakes on growth', and present structural policies to remove these. As was previously the case, various financial instruments are made available to Member States to help with these reforms. These

are the same as those used in the GES, as they were already agreed upon for the budgetary programming period 2007-2013 (European Social Fund, Globalisation Adjustment Fund, PROGRESS programme, etc.). The Commission, for its part, assesses the progress made and makes political recommendations. As well as providing financial support from the structural funds, the Commission has also developed 'initiatives' designed to stimulate growth and sustainable jobs at European level. It has introduced a set of seven 'flagship initiatives', linked to 'engines for boosting growth' (cf. appendix 1). The flagship initiatives 'Youth on the move' and 'An agenda for new skills and jobs' are those most explicitly related to employment. As well as these flagship initiatives, there is an 'Employment Package' and a 'Social Investment Package', both of which are designed to support the flagship initiatives relating to employment and social inclusion. Recently, another support measure has been added to these: the 'Youth Guarantee', to provide extra help with finding jobs to young unemployed people, of which there are many, particularly in these years of economic crisis.

2.2 The EES and the new economic governance

The new economic governance of the EU is based on three 'pillars': a reinforced economic programme subject to closer surveillance, measures to maintain stability in the eurozone and measures to help recovery in the financial sector. The first of these three is of particular interest here, since it deals with the workings of the Europe 2020 strategy. However, this pillar of European economic governance provides, above all, the context for a further strengthening of economic and budgetary processes. A set of agreements or 'pacts' between Member States (Euro+, Six-pack, Two-pack) and even a new budgetary pact (the 'Treaty on stability, coordination and governance in the EU') considerably tighten up budgetary discipline and rectitude. This change in the system of European governance is particularly radical since sanctions are put in place, to be applied if Member States do not meet their commitments. It is not possible here to go into the details of this systemic overhaul (for a detailed critical analysis, cf., in particular, Conter, 2012; Degryse, 2012 and Barbier C., 2012). We will, however, underline three aspects. The first is that the Europe 2020 strategy is clearly sidelined in this new system of governance, especially since, unlike the budgetary and economic processes, no sanctions can be applied. The second point

relates to the introduction of a new working method, the ‘European Semester’, which enables a discussion of economic and budgetary priorities at the same time each year. This method is not as new as it might seem, since it continues, largely, the monitoring and coordination process already introduced in the GES. The time-frame, however, is even shorter (six months), which has certain consequences, particularly on the participation of the various parties to the process. Finally, with the sidelining of Europe 2020, the EES as such has become far less prominent in the overall system of governance.

2.3 Does the EES still exist?

So what remains of the EES in the new European economic governance? The question seems justified, since the EES seems somewhat lost in the middle of these new arrangements for European governance.

It has disappeared, firstly, from European rhetoric. The EES as such is no longer mentioned anywhere in the European texts. Instead, we see references to the Europe 2020 strategy. It has also disappeared from current procedures. In a previous edition of this collection, we gave a detailed analysis of how the Social OMCs, particularly the Social Inclusion OMC, had gradually faded into the background, as they were brought more closely into the Europe 2020 strategy and the new European economic governance. We also wrote of the damaging effect of this sort of shift, and referred to the considerable efforts which had to be made by the parties to these OMCs to clarify whether these processes, and their contributions to Europe 2020, were to continue (Peña-Casas, 2012). The same seems to be occurring with the EES, as a method. The procedural measures of the EES, as a political process in its own right, are gradually fading away or even disappearing completely.

The Employment Guidelines, now included in the Integrated Guidelines, are now only three in number, but still reflect the content of the previous EGs⁵. Europe 2020 contains something new: one of its

5. Guideline 7: increasing labour market participation of women and men, reducing structural unemployment and promoting job quality; Guideline 8: developing a skilled workforce responding to labour market needs and promoting lifelong learning; Guideline 9: improving

employment guidelines refers to social inclusion. In its wording it contains the main points of the common objectives of the Social OMC, while clearly highlighting labour market participation as a key weapon in the fight against poverty (active social inclusion) and the need to reform social protection systems to ensure that they are sufficiently effective, at the same time respecting budgetary constraints and the need for long-term sustainability. This new guideline also refers to the more cross-cutting aspects which were previously included in the EES guidelines, such as equal opportunities or non-discrimination.

The National Action Plans on Employment, as key documents in the EES OMC process, are no longer mandatory, since the content of the employment reforms is set out as required in the NRPs. Nevertheless, these national plans play a key role in the OMC, since they reflect a national consensus on employment policies, and are to be used as the starting point for the Commission's analysis and, ultimately, the recommendations made to Member States. Member States, however, still have the option to retain their National Action Plans, but only as documents annexed to the NRP, if they so wish. The most recent Annual growth survey process showed that not all EU Member States felt it necessary to draw up a national plan and to maintain its use at Community level. In a recent Resolution, the European Parliament strongly deplores the fact that some Member States have not felt it necessary to provide a national plan, by way of an annex, and regrets also that the Commission has not required countries to provide such a plan (European Parliament, 2013). The resolution goes even further, and criticises certain Member States for not engaging with most of the Europe 2020 employment and social policy objectives. It also highlights the democratic shortcomings of Europe 2020 and urges the Commission and the Council to substantially improve participation of national parliaments and social partners in the drafting of the strategic guidelines.

The extensive range of more than 100 indicators for monitoring progress on the EES, patiently developed over time, have also disappeared from the scene. The *Compendium* of EES indicators, which listed them,

the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education; Guideline 10: promoting social inclusion and combating poverty.

has not been officially updated since 2010. New tools, to be used by the Employment Committee and the Social Protection Committee, have been developed, but these cover a far more restricted set of areas (Joint Assessment Framework). Indeed, this is not the only example of closer integration between employment and social policy. The two Commission flagship reports on employment (Employment in Europe) and social affairs (The Social Situation in the EU) have now been brought together into one sole report on Employment and Social Developments in Europe (European Commission, 2013).

The Joint Employment Report (and social issues), which was at the heart of the EES OMC process, has been very much streamlined (22 pages) and now essentially gives a brief diagnosis of the situation on European labour markets, and highlights the key issues for the Commission's Annual Growth Survey. It is now just one of several annexes to this survey (European Commission, 2012). Since Europe 2020 is centred on examination of the NRPs, the guidelines given in these take precedence when it comes to the final analysis of the Annual Growth Survey, leading to the recommendations made to Member States.

The main procedures used for the EES have, therefore, been significantly altered in Europe 2020. However, the key principles of the EES are more present than ever in Europe 2020 (activation, employability, adaptability, and flexicurity). The difference is that they are no longer presented as EES principles, but, rather, as Europe 2020 principles helping to overcome the obstacles to growth. In this context, as underlined by Bernard Conter, ideas such as minimising labour costs (wages) and social protection expenditure receive greater emphasis in the Europe 2020 agenda, since they are strongly supported by economic actors in times of strict economic and budgetary restraint (Conter, 2012). These founding principles of the EES have lasted, because the strategy includes so-called 'key concepts' which have survived the various changes in the dogma of the EES, from its birth until now. They have done so largely because they were originally included with a view to coordination between the various EMU processes (the Cardiff and Cologne processes), and have, over time, become established as agreed models for developing employment policies. Most of these key-words have lasted throughout the lifetime of the EES (activation, employability, adaptability, flexibility, active

ageing, balancing work and non-working life, modernising social protection), while others (quality of employment, gender equality and non-discrimination) were soon sidelined (Conter, 2012; Barbier J-C., 2011). The reason for the survival of the former principles is linked to their very nature. These are not well-structured concepts in the original epistemological sense of the word, but, rather, 'quasi-concepts'. This is the expression used by Paul Bernard to describe 'these hybrid mental constructs increasingly used by politicians, both in order to identify possible shared readings of a situation and then to confirm and strengthen these. I describe them as 'hybrid' because they have two aspects: they are, firstly, based, partially and selectively, on an analysis of the relevant data. This enables them to be relatively realistic and to enjoy the aura of legitimacy conferred by a scientific method. Secondly, they are vague enough to be adapted easily to various situations, flexible enough to follow the day-to-day meanderings and requirements of politics' (Bernard, 1999: 2). It is this lack of clear definition which makes it so difficult to say exactly what is meant by these concepts, in practical terms, but which also explains why they are accepted and used so readily and widely by all participants in flexible governance procedures such as the EES or the OMCs. These quasi-concepts give the impression that progress is being made – convergence towards common goals – while, at the same time, masking the differences between national situations and between the reforms undertaken to meet these goals. Their somewhat vague outlines enable relative agreement to be reached between parties to the OMC, since each can understand them in a way to suit his or her own national circumstances (Heidenreich and Zeitlin, 2009; Serrano Pascual, 2009; Mailand, 2008). The perfect example of this sort of quasi-concept is 'flexicurity', which has been accepted, with some difficulty, as a key principle of the EES and the GES since the middle of the first decade of this century, but which Member States still understand in varying ways (Bekker, 2011; Jorgensen and Madsen, 2007). To give an example involving countries which first used this quasi-concept – Denmark and the Netherlands – while both speak of flexicurity, they use it to mean different things. This ambivalence also explains why it has not been possible, at European level, to go beyond a definition of 'common principles of flexicurity', which are couched in broad enough terms to cover diverse national policies. The risk when these quasi-concepts become widely used is that their complex content will be very much over-simplified. The debate on flexicurity, for example, has gradually

lost its complexity and has been reduced, in political debates, to an over-simplistic trade-off between flexibility for companies, on the one hand, and security for workers on the other (Bekker, 2011; Burroni and Keune, 2011). This lack of clear definitions also largely explains why these ‘quasi-concepts’ have survived in Europe 2020 and the new European economic governance. Their imprecise and consensual nature has meant that they can easily be adapted and assimilated by these processes, to pursue, almost exclusively, objectives relating to growth and budgetary discipline, which have been present in the background since the beginnings of the EES. In the future, however, these quasi-concepts will no longer be presented as products of the EES, but of Europe 2020.

Conclusions

During its fifteen-year lifetime, the EES has been re-formed to fit three overarching European strategies, at a time of almost-permanent economic crisis, interspersed with brief periods of recovery and growth. During this time, even if there have been some changes to its content, the EES has retained its main approach of focusing on labour supply, and has sought to find synergy with the other cooperation-based processes relating to the economic and budgetary aspects of EMU. Ultimately, the real changes over this period have been to the hierarchical relations between economic, social, employment and environmental policy areas. The Lisbon Strategy aimed at sustainable economic development based on a reasoned and harmonious equilibrium between the various spheres of political action. Now, however, the focus has shifted to an approach in which employment and social policies are strongly subordinated to the objectives of growth and budgetary discipline. The ideological shift from the Lisbon Strategy, to a growth and employment strategy in 2005, altered the fragile equilibrium between employment, economic and budgetary policies. Economic and budgetary policies now overshadowed employment policies, and, increasingly, determined alone the content of the latter. This hierarchy was very much reinforced with the introduction of the new Europe 2020 strategy, and, above all, with the inclusion of this strategy in a new framework for European economic governance. It is true that the ‘ideas’ of the EES survived these changes, but they would be seen, from then on, as part of Europe 2020.

In this context, the EES was centred around a core of key-concepts, the primary goals of which were to enable labour markets and workers to adapt more easily to the ups and downs of the market (employability, human capital and flexicurity), and to maximise the numbers in employment, by keeping people in work and helping to find work for those currently inactive. The hybrid and undefined nature of these 'quasi-concepts' made it easier for the parties involved to agree on the EES 'ideas' during its lifetime, especially since these key guidelines for employment policy had always been closely linked to the economic and budgetary processes of the EMU (Cardiff and Cologne) (Verdun, 2013). It was therefore relatively easy to 're-focus' them on their contributions to increasing employment and boosting economic growth. This doctrinal shift, already clearly established in 2005 with the reformulation of the Lisbon Strategy to create the Strategy for Growth and Employment, reached its pinnacle in Europe 2020, and, especially, in the new framework for European economic governance. With the help of the economic crisis, this subordination of employment (and social) policies became an absolute value.

In this context, the EES has faded into the background, to such an extent that we could well ask if it still exists; it seems to have vanished from European rhetoric and in terms of its procedures. The EES is no longer mentioned, yet its basic principles remain in Europe 2020, where they play, indeed, a key role. However, the original method of flexible political cooperation between Member States, and the consensus-forming tools patiently developed through this method, are no longer clearly to be seen. This does not mean that they have disappeared: they have just moved into the background. In a previous contribution to this collection, we described the patient and determined reaction to these changes, initiated by the vast majority of European and (often) national parties to the Social OMC process, with a view to restoring participation of these parties, as well as retaining the key principles and the status of the OMC itself, as a contribution to and recognised part of Europe 2020 (Peña-Casas, 2012). The European and national participants in the EES took similar action for similar reasons. Social partners, Parliaments and Ministers of Employment and/or Social affairs strongly voiced their desire to be more closely and visibly involved in the Europe 2020 process (European Parliament, 2013; ETUC, 2013).

Even if these voices of protest might encourage some optimism as to the long-term survival of the EES OMC within Europe 2020, it is still difficult to say whether the EES might at some stage gain in prominence within the new European governance system. The effects of the economic crisis, which seem unlikely to disappear in the medium-term, and the current degree of subordination of these policies to economic growth objectives seem to suggest otherwise, as does our experience of the first three years of implementation of Europe 2020. Even though it is becoming increasingly clear that budgetary austerity, as an absolute goal, is very damaging, and although some Member States are calling it into question, most other Member States are still convinced that such austerity is necessary. This is where the real problem lies. There is no longer a real consensus between Member States as to a common project for economic and social development; and the glue holding the project together – European solidarity – is increasingly called into question by some. The gradual disintegration of the EES OMC is also, and above all, the outcome of a stated lack of interest of some Member States in a process for the shared coordination of policies. The Commission, by doing away with the mandatory status of the OMC and its measures under Europe 2020, has opened a Pandora's box which it had been possible to keep closed up until then. It will therefore be difficult in coming years to reach a consensus in Europe as to the 're-Lisbonisation' of Europe 2020, in order to achieve a balanced approach to policies which will be more propitious to growth and economic and social development. One way out of this stalemate could be to allow a multi-speed Europe, where groups of countries could share common goals, or a single currency, and could agree on limited reforms (Defraigne, 2013). What is certain is that such a solution would not be viable in the long term.

The situation is unlikely to change until 2014, when the mid-term review of Europe 2020 will take place. Past experience shows that these times of assessment and redefining strategy do not necessarily result in fundamental changes to the dominant paradigm: ever more of a financial market economy and ever less of a social market economy. 2013 will be the year to attempt to make a significant change in the guiding principles of Europe 2020 and of economic governance. It will also be a crucial time to try to restore some of the autonomy of employment policies, by re-formulating the EES and giving it greater visibility. Nevertheless, as the previous strategic evaluations of 2004

and 2010 were somewhat summary and not particularly democratic, we should not, perhaps, expect too much.

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Appendix 1

The EES and Europe 2020

European common targets

- Employment: 75% of 20-64 year olds to be employed;
- Research, development and innovation: 3 % of the EU's GDP to be invested in research and development;
- Climate change and energy: greenhouse gas emissions to be reduced by 20% (even by 30%, if the conditions are right) compared to 1990; 20% increase in the share of renewable energy; 20% increase in energy efficiency;
- Education: reducing the school drop-out rate to less than 10 %; at least 40% of 30-34 year olds completing tertiary education;
- Poverty and social exclusion: at least 20 million fewer people in or at risk of poverty and social exclusion.

Indicators for monitoring national targets

- Employment rate by gender for 20-64 year olds;
- Gross domestic expenditure on R&D (GERD);
- Greenhouse gas emissions – base year 1990; (4) Share of renewable energies in gross final energy consumption;
- Energy intensity of the economy (indirect indicator of energy intensity of the economy, currently being developed);
- Early school/training leavers, by gender;
- Tertiary education by gender, 30-34 year olds;
- People at risk of poverty or social exclusion (combination of three sub-indicators: people living in households with very low work intensity, people at risk of poverty after social transfers, people living in a situation of severe material deprivation).

The flagship initiatives of Europe 2020

- A digital agenda for Europe: creating sustainable economic and social benefits from a digital single market based on fast, secure internet and interoperable applications;

- Innovation Union: turning ideas into jobs, green growth and social progress with action to support innovation and innovative businesses;
- Youth on the Move: mobility programmes offering young Europeans the opportunity to study, train, work or start a business in another EU country;
- Resource efficient Europe: supporting the shift towards a resource-efficient, low-carbon economy that offers opportunities for sustainable growth;
- An industrial policy for the globalisation era: maintaining and supporting a strong, diversified and competitive industrial base in Europe, offering well-paid jobs in a less carbon-intensive economy;
- An agenda for new skills and jobs: concrete actions to improve flexibility and security in the job market, ensure people have the right skills for today's jobs, improve the quality of jobs and the conditions for job creation;
- European platform against poverty and social exclusion: supporting work at all levels to meet the objective set by the EU: at least 20 million fewer people living in poverty and social exclusion by 2020 (European Commission, 2010).