

Employment: the last year before change

Introduction ⁽¹⁾

What stage has the European Employment Strategy (EES) reached in 2001? The Luxembourg process, which implements the EES, has been well tried and tested, and now seems generally stable: Member States draw up National Action Plans (NAP), based on annual guidelines, and the plans are evaluated in the Joint Report by the Commission and the Council. Finally, the Commission puts forward recommendations and the annual cycle is repeated ⁽²⁾.

From this point of view, 2001 marks the end of a five-year process, inaugurated in 1997 at the Luxembourg Jobs Summit, where it was agreed that the impact of the European Employment Strategy enshrined in the Treaty of Amsterdam would be evaluated after five years. Every Member State carried out a national impact analysis of the EES, at the end of January, for the purposes of this evaluation. Their results were to be available at the beginning of 2002. These should lead to a more or less thorough revision of the EES. In July 2002, the Commission is to issue a Communication on the revision of the strategy, and it already

¹ I should like to thank Amparo Serrano (ETUI) and Jonathan Zeitlin (University of Wisconsin-Madison) for their comments, as well as my colleague Ramón Peña-Casas.

² The Commission's work is also based on a less diplomatic internal report (European Commission, 2001a), which is now available on the Commission's website at http://europa.eu.int/comm/employment_social/

seems certain that the next evaluations will take place in 2006, and then 2010, in order to fully integrate the EES into the Lisbon process.

The Broad Economic Policy Guidelines (BEPGs) – a document used to co-ordinate economic and social policies – have been reinforced again this year by the addition of an extra section on pensions (see article in this edition). Economically, the downturn in growth after the terrorist attacks on 11 September has made the outlook more grim. This is the first test of the Luxembourg strategy’s ability to retain the support of Member States in a less buoyant environment. At the beginning of 2002, the Spanish Presidency had already tried to strike a new note by putting the emphasis on deregulation within the framework of the Cardiff process, so as to combat increased unemployment. It is worth noting that the “Employment” section of the summary document prepared by the Commission for the Barcelona European Council is largely concerned with the question of labour taxation (European Commission, 2002a). More disjointed than the BEPGs, the Cardiff process contains a section devoted to the labour market. This focuses on reforms of tax systems and social security benefits (EPC, 2001).

The conclusions of the Lisbon European Council in March 2000 (see last year’s *Social Developments in the EU*; Goetschy, 2001; Trubek and Mosher, 2001; Jacobsson, 2001), and of the Stockholm European Council in March 2001, introduced six horizontal objectives into the guidelines, which were still divided into four pillars: Employability, Adaptability, Entrepreneurship and Equal Opportunities. These were:

- a) to raise employment rates;
- b) to improve quality in work;
- c) to develop comprehensive and coherent strategies for lifelong learning;
- d) to increase the involvement of the social partners;
- e) to ensure a balanced approach between the four pillars;
- f) to develop social indicators.

These six cross-cutting objectives have been put together more by superimposing various dissimilar aims than by trying to create a coherent framework. However, they are the result of political decisions adopted by the various European Councils, so they can be deemed to constitute a framework of medium-term objectives for the modification/development of national labour markets.

Recommendations

The same stability can also be seen in the number of recommendations forwarded to the Member States since 1999. The vast majority of these recommendations are revamped versions of the previous year's. This is not surprising if one considers that the European Employment Strategy is a medium-term strategy, relating to the sometimes radical reform of long-standing practices. Yet all the research shows that such changes can only be carried out gradually. The Employment Committee has once again expressed the hope that these recommendations should be based on an accurate analysis of national situations (which suggests that this is not always the case), and that countries should be given the same recommendations for similar problems.

If we add up the number of recommendations made to each one in the last three years, the Member States can be divided into three distinct groups. The first group is made up of the three Scandinavian countries, plus the Netherlands, Ireland, Austria and Luxembourg. Portugal and the United Kingdom are in the middle. Finally, France, Germany, Italy, Spain, Belgium and Greece received the most recommendations (*i.e.* all the large countries, except the United Kingdom, and all the countries in Southern Europe, except Portugal).

**Table 1: The European Employment Strategy:
number of Council recommendations addressed
to each Member State**

	1999	2000	2001	Total
The Netherlands	2	2	2	6
Denmark	2	3	2	7
Ireland	3	2	3	8
Sweden	2	3	3	8
Austria	3	3	3	9
Finland	3	3	3	9
Luxembourg	3	3	3	9
Portugal	3	4	3	10
United Kingdom	4	4	4	12
Belgium	4	5	5	14
France	4	5	5	14
Spain	4	5	5	14
Germany	5	5	5	15
Italy	5	5	5	15
Greece	6	6	6	18

Source: European Commission, various years.

This result does not confirm the views of those who see the European Employment Strategy essentially as the Anglo-American system applied to the whole of Europe (Barbier, 2001). On the other hand, Germany for example is beginning to have difficulty in concealing its irritation at being one of the countries with the worst score every year. A series of reforms undertaken recently in Germany is hard to reconcile with the vision set out in the Employment Guidelines (taxation of casual jobs, early retirement).

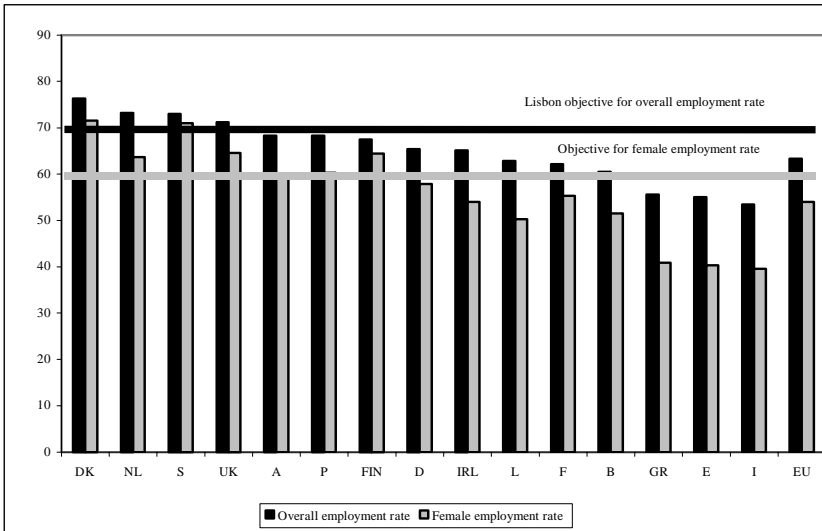
Although the Commission recommendations are supposed to relate to (non-) compliance with the Guidelines, models that apparently perform the best are likewise thrown into sharp focus. These are (small) countries where the unemployment rate is particularly low. According to Auer (2001), “*The four countries (Austria, Ireland, the Netherlands and Denmark) are among those which follow the principles of the European Employment Strategy quite closely, although their labour market policies and their social dialogue remain in specific national frameworks*”. This makes it possible to a certain extent to look at the question from another angle. Several countries have achieved positive results, by various means, in terms of lower unemployment and greater job creation but the most important thing, as Auer in particular has highlighted, is coherence between the various measures adopted. The European Employment Strategy, particularly the part relating to “activation”, therefore fits into different contexts. The Commission’s evaluation of EES implementation in these countries relates exclusively to its formal implementation and not to other possibly different factors accounting for the success of policies to combat unemployment.

As we have seen, this year is essentially one of transition, and the 2002 Guidelines are, on the whole, remarkably similar to those for 2001. However, certain shifts are worth pointing out, which is what we shall try to do in this chapter. Section 1 relates to the central issue of the employment rate, and in particular the employment of older workers. Section 2 looks at experience and debate on the subject of quality in work. Then we move on to the subject of lifelong learning. Four years down the line, it is also useful to assess the effective involvement of the social partners and local actors: this is the subject of Section 4. Finally, our last section relates to the effect of rapid and extensive enlargement on the EES.

1. The employment rate: a key target

Raising the employment rate (target: an average of 70% and 60% for women by 2010) has been a priority since the Lisbon summit (see critical analysis in the previous report). The graph below gives figures for the employment rate in 2000.

Graph 1: Employment rate in 2000



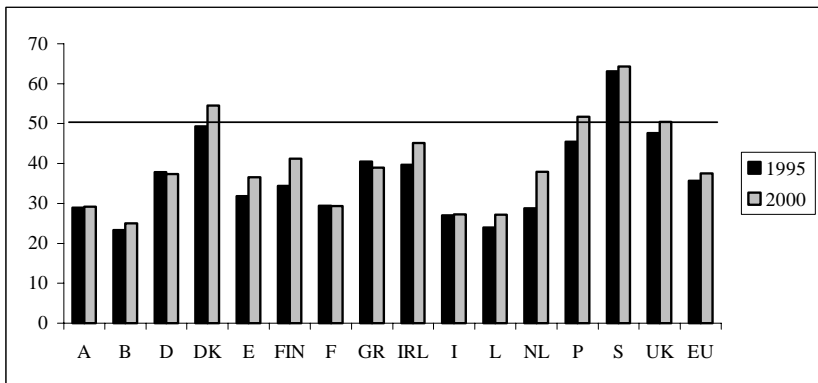
Source: European Commission, 2001b.

The Stockholm European Council (March 2001) reinforced these targets by defining intermediate targets for 2005. These were an overall employment rate of 67%, and a rate of 57% for women. A target employment rate of 50% by 2010 has been set for older workers (aged 55-64). The economic downturn makes it highly unlikely that these targets will be met. It is important to realise that these are average figures, rather than targets for each Member State. Thus, for Belgium and Spain to reach 70%, as many jobs would have to be created every year for nine years as in their best years for employment to date. Furthermore, only a few countries (generally those that have already achieved the Lisbon objectives, see European Commission, 2001b) have set themselves specific targets in this respect. The horizontal objective states that, at the Employment Committee's request, Member States should envisage setting national targets. For a while, the Commission worked on a scenario of employment rates for each country, but criticism was such that the idea was abandoned.

We would also point out that, in January 2002, the Commission submitted a report entitled “Increasing labour force participation and promoting active ageing” (European Commission, 2002b) which analyses the impact of rises in the employment rate in relation to life-cycle. The breakdown shows which are the main categories of people targeted. A Joint Report with the Council should be available for the spring European Council in Barcelona in March 2002.

The real innovation in 2001 was the focus on older workers. The increase in the employment rate for older workers who, in many countries, had been given incentives to leave the labour market (early retirement) is also related to the issue of pensions and pension funding (see article in this edition). This raises the question of quality in work, because workers themselves often choose to retire early from the labour market (this issue is now addressed by Guideline 3, see below). The problem is therefore broader, insofar as it affects the conditions of retirement as well as workers’ expectations. This means, *inter alia*, that employers must change their ways, no longer systematically making older workers redundant. That is why lifelong learning should cease to ignore the over 40s and the less well qualified, which is all too often the case today.

**Graph 2: Employment rate in 1995 and 2000
for the 55 to 64 year age group (objective: 50% in 2010)**



Source: European Commission, 2001b.

It is easy to accept that such a change can only take place in the medium term. It also has to be said that some governments have adopted measures which run counter to the scaling-back of early retirement pensions (Germany, see Hassel 2001; Spain, see de la Porte and Pochet, 2002). Furthermore, a series of major bankruptcies, such as for example the Belgian aviation company Sabena, have shown that this system can act as a useful social “shock absorber”.

The graph 2 illustrates the employment rate in 1995 and 2000 for workers aged between 55 and 64. It shows that, in five years, the employment rate rose by an average of 1.8% in the EU, from 35.7 to 37.5%. According to the latest available data, there will be a 0.8% increase in 2001 to 38.3%. The prospect of a 12.5% increase over 10 years, to 50%, as called for in Stockholm, is therefore wholly improbable. Only Sweden, at 64%, is well over the target. Three other Member States (Portugal, Denmark and the United Kingdom) have employment rates of just over 50%. Five countries are more than twenty per cent below target.

It seems that increased labour market participation by the over 50s is an essential aspect of the medium-term European agenda. This issue is also closely linked with that of the reform of public pensions.

2. Quality in work: a new approach

The question of quality in work has arisen in response to the European strategy, which initially focused too much on quantitative increases in employment rates. To sum up the problem in a slogan, we could say that it is a question of “creating jobs, but not just any jobs”.

Quality in work is explicitly referred to in the over-arching Lisbon objective, which envisages the Union moving not only towards more jobs, but towards more and better jobs. But the question is, what type of jobs should be created? In Nice, emphasis was placed on the quality not only of employment and training, but also of industrial relations and social policies to be incorporated into the European strategy in order to achieve the competitiveness and full employment objectives laid down in Lisbon. This subject was subsequently discussed at the Informal

Social Affairs Council in Lulea (January 2001), and at the Stockholm European Council (March 2001). During the second half of 2001, the Belgian Presidency made quality in work and the adoption of comparable indicators one of its social priorities.

Nevertheless, the debate has not been straightforward: it has never taken place in the open, but always behind closed doors in experts' meetings and specialist committees. Initial deliberations were devoted to defining the components of quality in work, because this is a problem with many different facets and is not easy to grasp. The Stockholm European Council named some specific areas, which did not entirely match those in the Nice conclusions, nor the conclusions of the Lulea Informal Social Affairs Council (in January 2001).

The Commission, for its part, identified ten areas contributing to quality in work in its Communication of June 2001. These areas will be used by the Employment Committee to construct a series of indicators (European Commission, 2001c):

- 1) Intrinsic job quality
- 2) Skills, life-long learning and career development
- 3) Gender equality
- 4) Health and safety at work
- 5) Flexibility and security
- 6) Inclusion and access to the labour market
- 7) Work organisation and work-life balance
- 8) Social dialogue and worker involvement
- 9) Diversity and non-discrimination
- 10) Overall economic performance and productivity.

The scope of these various areas is not always obvious. There does not seem to be any real guiding principle. The first thing to note is that the not inconsequential area of wages is disguised under the heading of "intrinsic job quality", together with the question of subjective job satisfaction. It is also noteworthy that some sensitive subjects such as

those of low-paid workers and the “working poor” have been “carried forward for more detailed examination...”.

Alongside the Commission’s proposals, the European Foundation for the Improvement of Living and Working Conditions in Dublin has also set up an expert working group on this subject, at the request of the Belgian Employment Minister. This issue has been the subject of two important conferences, the first organised by the Commission during the Swedish Presidency, the second by the Belgian Presidency and the European Foundation for the Improvement of Living and Working Conditions. Of course, no one is likely to be opposed to quality in work. The debates have therefore centred more on the real meaning of the term and on its defining areas (NB: a parallel reflection process has been conducted by the OECD).

Naturally, this subject has the support of the European Trade Union Confederation (ETUC). The European employers’ organisations have reacted positively to it, but with more or less substantial reservations. UEAPME (European Association of Craft, Small and Medium-sized Enterprises) stated in its position paper that “*since the quality of work intrinsically has a relative and subjective dimension, clarification of the objective to be reached (...) is therefore a prerequisite for its evaluation*” (UEAPME, 2001). CEEP (European Centre of Enterprises with Public Participation) for its part fully supported the Commission Communication and stated that it was particularly important for these values to be emphasised and upheld during the process of enlargement of the European Union. On the other hand, CEEP has difficulty with wage comparisons because “*one must also look at factors such as cost of living and quality of life relating to housing, transport, quality of public services etc.*” (CEEP, 2001). Like the other employers’ organisations, UNICE (Union of Industrial and Employers’ Confederations of Europe) supports the idea of quality in work as a whole, but wants only a very limited number of indicators (a maximum of ten) (UNICE, 2001). UNICE considers it more useful to implement the Lisbon strategy than to revive the debate about which approach to adopt in order to improve quality in work.

At a more political level, some of the areas proposed by the Commission have been roundly criticised. These include the issue of wages. The British government, in particular, did not want an income indicator, as it was afraid of being condemned for its “*working poor*”³). In the end, a trajectory indicator between employment and unemployment and between wage levels was adopted, the idea being to avoid the debate on low wages and to endeavour instead to focus on the subject of wage progression (or non-progression). In short, to envisage that low wages are acceptable if it is a temporary situation for the worker.

How can the quality of the social dialogue be measured? This question has also caused major difficulties. No key indicator has been attributed in this area. Six context indicators were examined, with no decision being reached. The same applies to the question of race discrimination: how can this be measured without any statistics on the groups discriminated against? In actual fact, discrimination is not necessarily based on nationality, but rather on distinctive signs which are more or less visible (name, skin colour, address etc.). Trying to define a reliable indicator – ethnic origin for example – would be like trying to quantify a taboo. Indicators relating to sexual orientation are even more complex. In order to prove indirect discrimination, the sexual orientation of all candidates would have to be known. That would, of course, violate privacy legislation (for interesting developments on this sensitive subject, see De Schutter, 2001).

Ultimately, 31 indicators were adopted, including seven “key indicators” and twenty-four “context indicators”. A number of other proposals for indicators are also included in the document.

³ Although, in fact, the United Kingdom does not have the largest number of “working poor” (people in work belonging to a household whose total cumulative income is below the poverty level). Compared with the European average of 8%, the United Kingdom has 7% “working poor”, whereas the rate is 9% in Spain and Greece and rises to 10% in Italy and Germany” (Marlier and Ponthieux, 2000).

Incidentally, one important indicator relates to the number of people employed, not voluntarily, in so-called “atypical” work (part-time work, fixed-term contracts and temporary work). Whereas a growth in part-time work has been encouraged at European level, discussions on the quality of employment now specify that such work must be voluntary. This means recognising and taking into account the difference between workers compelled to work part-time – and therefore to earn lower wages, sometimes with reduced social protection – and workers who have chosen to go part-time in order, for example, to look after their children. We would also point out that, with regard to accidents at work, UNICE has offered to establish common objectives with the trade unions. However, establishing indicators in this area also poses many questions. What would their aim be: to understand the situation more fully, with a risk that the figures would rise as more information becomes available, or to keep the figures down, with a risk that some employers would do deals with workers to prevent them from reporting accidents?

One of the most positive aspects of the debate on indicators is that everyone agrees it is an open-ended process: many of the indicators require technical improvements; others have yet to be produced (no fewer than seven, according to the Employment Committee’s proposal). It is therefore only the beginning of a dynamic process, not a finite list.

Incorporating quality in work into the Guidelines

Agreement was quickly reached on the Belgian proposal not to make quality in work the subject of a separate process. Progress has therefore been made chiefly within the framework of the European Employment Strategy, although according to the pronouncements made, quality must cover all areas of social policy.

With regard to the European Employment Strategy, a new cross-cutting objective B now reads: “*With a view to raising employment rates, promoting social cohesion and social progress, improving productivity and the functioning of the labour market, Member States will endeavour to ensure that policies across the four pillars contribute to maintaining and improving quality in work*”. It then lists the ten areas proposed by the Commission. More specifically, within the

Guidelines themselves, quality in work has been integrated into the following five:

Guideline 3: Developing a policy for active ageing

Guideline 7: Combating discrimination

Guideline 10: Employment in services

Guideline 11: Regional and local action

Guideline 13: Modernising work organisation

It is clear that the proliferation of processes and corresponding indicators is likely to lead to some confusion, particularly with regard to themes common to several processes (such as employment or social inclusion). What is more, there is no clear order of priority between the various indicators. To give just one example: compared with the nine performances indicators adopted for the EES in 1998, there were nearly 60 performance and policy indicators in 2001 (not including the 31 quality indicators)! The terminology adopted at the inception of the EES made a distinction between on the one hand performance indicators – divided into basic and structural performance indicators – and on the other policy indicators, sub-divided into input and output indicators. This proved difficult to put into practice and was ultimately a source of confusion.

One outcome of the discussions on indicators which have taken place within the various processes has been the establishment of a three-level hierarchical structure, which makes it possible to circumscribe more clearly the meaning of an indicator in relation to the context in which it is used (European level; national, regional and local levels). The Commission has adopted a simpler distinction between key indicators, aimed at measuring the progress made, and context indicators, aimed at aiding analysis by contextualising national policies and performances.

It must be emphasised that this work on indicators is being carried out in a very empirical and repetitious manner, as a reaction to political demands and the ability to obtain comparable data (thanks to the availability – or otherwise – of European surveys).

Given the proliferation of indicators in all the processes, the forty or so structural indicators selected to evaluate the Lisbon strategy are particularly important (European Commission, 2001d). In addition to the general economic climate, they measure various dimensions: innovation and research, economic reforms, employment, social cohesion and, since the Göteborg European summit, six indicators of sustainable development (for further details, see also article by R. Peña-Casas). A new structural indicator refers specifically to quality in work: this is the one on accidents at work. Furthermore, the indicator (also new) on male/female wage differentials can also be regarded as a quality indicator.

The difficulty with the question of quality in work is that it is not – and will never be – a process. It therefore has to be tagged onto the employment strategy guidelines, without however being the subject of an integrated approach at national level. We would emphasise that Belgium has produced a national report on quality in work, which measures the performance of individual countries by comparison with the European average (Federal Ministry of Labour and Employment, 2002). Work has also been done on this subject in France by the DARES (research department of the Ministry of Employment). However, at times of slowdowns in economic growth, the notions of quality and quantity may be contradictory. Added to which, the Spanish and Danish presidencies have not seemed to attach much importance to this issue. As a result, the development of quality criteria must be considered the beginning, not the end of a process; and yet this subject could well be dropped from the European agenda just as quickly as it appeared.

3. Lifelong learning: a multiform strategy with disappointing results

Having started from the concept of employability, which originated at the OECD (⁴), the European debate quickly turned into a debate on lifelong learning. The distinction between these two expressions may seem rather elusive, but we do believe that the two terms cover

⁴ This concept can be divided into two parts: on the one hand, financial incentives to work, and on the other, training.

different aspects. First of all, there is the “time” variable: employability is often based on the ability to be employable at a given point in time, whereas lifelong learning is based on the life/work cycle. Then there is the “strategy” variable: lifelong learning necessitates the development of a coherent and co-ordinated strategy which also takes initial training into account, whereas employability is more closely linked with economic factors (labour shortages, unsuitable training etc.).

The question of lifelong learning is therefore bound up with another subject – that of education – which leads to considerations around “making a European area of lifelong learning a reality” (European Commission, 2001e). The Education Council, for its part, has embarked on discussions about the improvement of initial training. Other initiatives such as e-learning must also be taken into account. However, the evaluation by the Commission and the Joint Report of national developments in the field of lifelong learning is mixed, to say the least. Although progress has clearly been made and overall strategies have been introduced in almost half of the Member States, these strategies are still in the early stages of implementation. *“In addition, in the majority of Member States, there is insufficient evidence of co-ordination and synergy between the competent Ministries. Also, few Member States set targets for increases in human resource investment or participation in further learning”* (European Commission, 2001b: 5).

In its evaluation of the Guidelines, the Commission identified three groups of countries in relation to the coherence of the strategy they are developing. According to the Commission, Denmark, the Netherlands, Finland, Sweden and the United Kingdom have already put into place the main elements of an overall strategy. Germany and France still need to look more closely at some aspects. The second group comprises Belgium, Ireland and Austria, where more coherence is still needed. Finally, Greece, Spain, Italy, Luxembourg and Portugal do not have a coherent overall strategy. It is of course necessary to distinguish between the medium-term trend, which seems promising, and the short-term situation, where progress is much slower.

Lifelong learning must also address itself in a much more direct manner to the increased risk of discrimination. It has in fact now been demonstrated that companies train mainly those who are already the best educated, particularly those between 20 and 40 years of age who are most productive.

Further to the report on “New labour markets” (European Commission, 2001f), we would draw attention to the creation of a high-level task force on skills and mobility. Its report, submitted in December 2001, contains 26 proposals under three chapter headings: geographical mobility, information and transparency. Guideline 6 on mobility was also reinforced in 2002. This flurry of activity included an action plan for skills and mobility put forward by the Commission (European Commission, 2002c).

4. Role of the social partners and local actors: still only marginal involvement

One of the arguments most often used in favour of the European Employment Strategy and, more generally, the Open Method of Co-ordination is that one of its aims is to involve more stakeholders in the definition and implementation of public policies. How does this affect the social partners and local actors? The Feira European Council (in June 2000) had called upon the social partners to play a more active part in implementing and evaluating the guidelines which fall within their competency. A cross-cutting objective has been devoted to them. Various guidelines also invite them to take action:

Guideline 6: Identification and prevention of bottlenecks;

Guideline 9: Combating undeclared work;

Guideline 11: Implementation of job creation strategies at local level;

Guideline 13: Modernising work organisation;

Guideline 14: Reviewing the existing regulatory framework;

Guideline 15: Agreements on lifelong learning;

Guideline 17: Tackling gender gaps;

Guideline 18: Reconciling work and family life.

We would point out that demands from the Commission and Member States for increased involvement of the social partners are becoming more and more insistent. They were repeated forcefully at the Burgos Informal Social Affairs Council, in January 2002. However, the aims (and room for manoeuvre and autonomy) of these demands have not been clearly spelled out. We shall return to this point below.

Participation by the social partners must be understood in relation to three criteria. First of all, their overall involvement in the process; secondly, their involvement in implementing the guidelines; thirdly, their autonomous role, especially in the implementation of the “adaptability” pillar.

a) Overall involvement

Evaluations, both by the Commission and by the trade unions themselves, are generally more positive in this respect now. According to the Commission, considerable progress has been made in Belgium, Germany, Denmark, the Netherlands, the United Kingdom and Portugal. However, the Member States did not all start from the same point, and overall involvement remains low in four countries – Ireland, Greece, the United Kingdom and Portugal (despite improvements in the last two). The ETUC’s evaluation runs along similar lines: there has been some improvement.

b) Involvement in implementing the guidelines

The Commission has undertaken an evaluation of the role and contributions of the social partners. It considers that the “*contributions of social partners still lack visibility and concreteness both at European and at national level. This is partly due to the specific, decentralised and also diverse situations of social partners in European and national contexts, which seem to make it difficult for them to make the most of their role within the EES, participating in the process which they basically support, but at the same time trying to maintain their autonomy and independence*” (European Commission, 2001: 17).

c) Independent involvement

Guideline 13 (Modernising work organisation) calls on the social partners to report annually on the progress made in modernising work

organisation, the state of implementation of agreements and the impact on employment and labour market functioning. The Commission notes that “no such process has been launched in any of the Member States”.

Whereas cross-cutting objective D states that “the social partners at European level are invited to define their own contribution”, attempts to encourage them to carry out independent processes under the “adaptability” pillar – particularly as regards work organisation – have been a failure. UNICE has stated on several occasions that it has no wish for this type of involvement. One of the problems is to introduce into government legislation a contribution managed by the social partners, who do not themselves have full control. Another difficulty is that employers consider modernising work organisation to be one of their managerial prerogatives. Finally, there may be other “symmetrical” fears. Although UNICE has long supported self-regulation and can rejoice at European developments, it is also afraid of an uncontrolled process which could have unexpected results (see the emergence of the subject of quality in work). An empirical study for France (Raveaud, 2001) illustrates the lack of commitment on the part of the French employers (MEDEF). Conversely, some trade unions fear that the process is nothing but talk and will have no practical impact. So why should they get involved?

Local actors

In addition to increased participation by the social partners, the Commission is trying to develop the local and regional dimension of the European Employment Strategy. Local stakeholders often know nothing about this European strategy (on Denmark and Sweden, see Jacobsson and Schmid, 2002). The 2001 Guidelines stated that “*all actors at the regional and local levels, including the social partners, must be mobilised to implement the EES (...)*”. And Guideline 11 stipulated that “*Member States will (...) encourage local and regional authorities to develop strategies for employment (...)*”. The local and regional dimension of the Employment Strategy is also firmly supported by CEEP (see Pochet and Arcq, 2001).

In its Communication, the Commission gives priority to a top-down view of the involvement of local actors. It explains that “*a local employment strategy should aim at developing employment on a given territory*”.

through an integrated set of measures and action plan. The strategy should consist in: targeting a local area; establishing a local diagnosis of strengths and weaknesses; identifying potential actors and developing mechanisms to co-ordinate their inputs; analysing opportunities and threats regarding employment in the targeted territory; and involving regional and national authorities, drawing from the relevant National Action Plan for employment? (European Commission, 2001g: 9).

It is immediately obvious that the involvement of local actors is not seen as a process enabling new problems to come to the surface or highlighting areas where national plans are inappropriate, or indeed making it possible to use indicators more relevant to local circumstances. The aim of their involvement is not to enrich or diversify the European strategy. According to the Commission, the aim is to increase the penetration of the ideas and measures contained in the national plans. Local actors are expected to draw on the NAPs; Community, national and regional authorities are expected to keep local actors informed and ensure their involvement in the NAPs. However, it may be that the European Employment Strategy will never really be able to develop until it accepts a bottom-up approach and genuine involvement: not involvement in the implementation of centrally adopted and relatively obscure measures, but in the actual preparation of the guidelines and the assessment of their effects by all concerned (on the bottom-up approach, see de la Porte *et al.*, 2001).

As we shall now see with regard to the applicant countries, the diversity of local experience is an issue which encompasses national labour markets confronted with problems other than those listed as priorities in the EES. There is something of a paradox here. On the one hand, all the Member States have signed up to a European Employment Strategy whose requirements must apply to every Member State. On the other hand, some say that there are big internal regional differences to be taken into consideration. The most obvious example is Italy, where there are significant differences between North and South. But other Member States are in the same situation, even if they do not necessarily say so at Employment Committee meetings (Belgium, Spain, Germany etc.). The question of the “universality” of the European strategy (some elements of which have even been taken up by the ILO) as against

specific national or regional situations which necessitate different guidelines will become acute when States with distinct labour markets enter the European Union. It is not a matter of comparing the EU countries with the future new Member States, but of pointing out that the diversity already in existence will be accentuated.

5. Extension of the EES to the CEECs: more questions than answers ⁽⁵⁾

The decision to enlarge the European Union rapidly to include at least ten new countries (by 2004-2005) raises the question of how useful and relevant the European Employment Strategy is to economies confronted, on the whole, with challenges quite unlike those of the present EU Member States. One of the aims of the Social Policy Agenda adopted in Nice was to “help the applicant countries take on board the European Employment Strategy”. As for the Commission, it has pointed out the need to “continue to prepare and align revisions of employment policies (leading to joint evaluations) with all the candidate countries”.

In accordance with the above recommendations, the Commission has undertaken to examine the employment policies of all the applicant countries. At the beginning of 2002, seven of them had been evaluated: the Czech Republic, Slovenia, Poland, Estonia, Malta, Hungary and Slovakia. Of the seven, only Malta and Hungary had not yet drafted a national plan. The examination of employment policies was based on the following questions:

- Have appropriate labour market structures already been put in place to enable participation in the single market?
- Are labour market and employment policy institutions sufficiently well developed to enable the Employment Strategy to be put in place at this stage?

⁵ This section is based on research carried out at the Observatoire by Katarzyna Gwozdz.

- Is the country's political, economic and social system mature enough for it to participate fully in the OMC?
- What are the priorities for the European Social Fund in terms of developing human resources?

The European Commission report "Employment in Europe 2001" highlights some noteworthy divergences (European Commission, 2001h). For example, "in contrast to the EU pattern where unemployment is typically higher for women than for men, most of the CEECs had higher male unemployment in 2000 (...). In terms of the employment rate, over-dependence on agriculture is clearly most acute in Romania, but is also substantial in Lithuania and Poland". On the other hand, services are underdeveloped, and considerable industrial restructuring has yet to be carried out.

Unlike in the European Union countries, employment and activity rates have fallen in the CEECs. Simply raising the employment rate to the average level reached in the Union in 2000 would mean creating 7% more jobs, or bringing three million more people onto the labour market. As for the social partners, their structure and involvement as actors are much less sophisticated than in the present EU Member States. Bearing in mind the difficulties, as mentioned above, experienced by the CEECs in taking part in the Luxembourg process, we may well wonder how capable the CEEC social partners will be of using the OMC to the full. Within this context, one cannot help wondering about the added value of the EES and the possible need to devise a special strategy tailored to the real concerns of these countries (and perhaps of some EU countries).

However, as is often the case, this seems easier said than done. There is in fact an obligation to implement the *acquis communautaire*, and one cannot really see on what legal grounds an exception could be made for employment (the European strategy is referred to in the Treaty). In addition, the Commission and most of the future Member States have undertaken to implement the EES. Of course, this is being done with considerable variations in the quality of the CEECs' national plans, in the degree of compliance with the guidelines and in the thoroughness

of the process, but we do seem to be moving in the direction of imitation rather than originality. This challenge was recognised by the Commissioner, Anna Diamantopoulou, who stated in a speech to the Informal Labour and Social Affairs Council in Burgos: “*Another major consideration on our side is the need to reform the EES to reflect the reality of an enlarged Union. (...) It will certainly lead to wider diversity between national labour market situations within the EU. An issue that should be fully considered*”. But she did not say how this should be done.

Evaluation of the European Employment Strategy: an obvious lack of transparency

After five years of implementation, the Commission’s evaluation of the European Employment Strategy looks at ten different issues. It is regrettable that the evaluation process is a highly confidential one, and that the much-needed debate about the advantages and disadvantages of the method, its success and failure, follows no common methodology. One might have thought that, in order to gain a more impartial perspective, each country could have combined its national research teams (who know the lie of the land) with a non-national research team (to afford a Community approach). This would have been more logical for a process which boasts exchanges of experience and good practice. Although it is difficult to predict the outcome of the evaluation, it does seem – in the light of the statements made by various parties – that we are basically moving towards a repetition of the process, rather than towards radical change.

Ten topics have been subjected to evaluation:

- 1) Prevention and policies of activation to employment
- 2) Tax reforms and benefits
- 3) Lifelong learning
- 4) Social inclusion
- 5) Administrative simplification and the self-employed
- 6) Creation of jobs in services, at local level and in the social economy
- 7) Taxation

- 8) Modernising work organisation
- 9) Equal opportunities
- 10) Changes in policy-making.

The first nine areas could provide the bare bones of future guidelines. Furthermore, it is often stated that European Council decisions are taken into consideration when adapting the guidelines every year. The Informal Social Affairs Council of 19 January 2002 reached a consensus on the need for “a simplification of the process (...), particularly by reducing the number of employment guidelines”. Further, “there needs to be closer co-ordination of all the strategies launched in the social sphere, making the process more agile, enhancing its simplification and preventing duplication”. An evaluation of the “peer reviews” has also been carried out in the area of active employment policies for 2000/2001 ⁽⁶⁾.

Conclusion

The development of the European Employment Strategy is still patchy. A great deal of attention has been paid to the first pillar, “employability”, to the detriment of the others. The Commission has observed that in 2001, Member States’ interest in the “equal opportunities” pillar actually decreased. By comparison with other OMC processes, employment has the advantage that the main stages of its implementation are written into the Treaty. The EES is therefore less subject than other processes to the pronouncements of successive European Councils. However, as we have seen with the horizontal objectives, the conclusions of European Councils do have some influence, not least on the cross-cutting objectives.

At present, the EES is undergoing the first real test of its credibility. The economic downturn and the low level of job creation – or even the rise in unemployment – in many Member States has brought to an end

⁶ More information can be found at <http://peerreview.almp.org/>.

a period in which economic growth made it possible to attribute a proportion of job creation to the EES.

The emerging decision to place employment and the Broad Economic Policy Guidelines side by side is perfectly rational. On the other hand, the Social Affairs Ministers will face a huge challenge in squaring up to their colleagues, the Finance Ministers, on unequal terms. The six-month time lag safeguarded the “independence” of Employment to some extent. It is important to note that the decision to make the spring European Council a defining moment will have repercussions on other procedures, such as social exclusion, which it will not be possible to keep separate.

Finally, the debate now underway on the next phase of the Employment Strategy highlights the need for a medium-term process to evaluate the results achieved periodically (every four years). The first evaluation exercise has been shrouded in such secrecy that the European strategy clearly does not satisfy the criteria on which it is supposed to be based: transparency, participation, full and open debate, collective learning etc.

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