

Gaby Umbach

# **Intent and Reality of the European Employment Strategy**

Europeanisation of National Employment Policies  
and Policy-Making?



**Nomos**

# Contents

|   |           |
|---|-----------|
| Foreword and Acknowledgement  | 5         |
| List of Graphs and Tables   | 15        |
| List of Abbreviations   | 19        |
| <b>1. Introduction – A First Snapshot of the Research Subject</b>   | <b>27</b> |
| 1.1 Research Focus: Key Aspects, Core Questions, and Most Distant Cases as Spine of Analysis  | 27        |
| 1.2 Research Design: Variables, Theses, and Methodology   | 31        |
| 1.3 Structure and Division: The Road Map for the Train of Thought   | 35        |
| <b>2. Theoretico-Empirical Frame of Reference: The Conceptual Backbone of Analysis</b>  | <b>38</b> |
| 2.1 Europeanisation through the OMC within European Multilevel Governance?: The Supranational $\Omega$ and A of Domestic Change through European Provisions | 38        |
| 2.1.1 European Multilevel Governance: Rapprochement to the Systemic Background of Europeanisation   | 39        |
| 2.1.1.1 The Governance Concept: Development and Surplus of an Analytical Approach   | 39        |
| 2.1.1.2 European Multilevel Governance: Co-ordination and Steering Processes within a Multilayered Political System   | 45        |
| 2.1.1.2.1 Systemic Premises: A Political System of Increasing Interweavement  | 48        |
| 2.1.1.2.2 Functional Characteristics: Policy-Making under the Conditions of Interdependence   | 50        |
| 2.1.1.2.3 Structural and Procedural Features: European Multilevel Policy Networks and Policy-Making   | 51        |
| 2.1.1.3 New Modes of Governance: Multilevel Policy Co-ordination through the Open Method of Co-ordination   | 62        |
| 2.1.1.3.1 Emergence and Expansion: A New Policy Instrument Rooting in National Reluctance to Transfer Sovereignty   | 62        |

## Contents

|           |   |     |
|-----------|---|-----|
| 2.1.1.3.2 | Characteristic Features: ‘Let’s Co-ordinate’ – Achieving Better Practice by Exchanging Best Practice  | 67  |
| 2.1.1.3.3 | Restrictions and Benefits: ‘Much Talk about Nothing’ or ‘Change through Exchange’?  | 74  |
| 2.1.2     | The Concept of Europeanisation: Why ‘Brussels’ Matters, Why ‘Back Home’ Matters and Why It is a Matter of Perspective                               | 79  |
| 2.1.2.1   | Multiple Definitions and Latent Concept Stretching – An Analytical ‘Wunderkind’ within a Conceptual ‘Tower of Babel’                                | 80  |
| 2.1.2.2   | Central Characteristics: ‘Up and Down and Cross’ – Scores of Ways to Impact   | 86  |
| 2.1.2.2.1 | Domains of Europeanisation: Domestic Targets of Adaptation Pressure – Increasing Complexity to Enhance Conceptual Lucidity                          | 91  |
| 2.1.2.2.2 | Categories of Europeanisation: Domestic Change between Retrenchment and Transformation  | 93  |
| 2.1.2.3   | Europeanisation and Domestic Change: Cause and Effect of Policy Change and Institutional Isomorphism – Different Sides of a Multi-Dimensional Coin? | 95  |
| 2.1.2.3.1 | Europeanisation of Public Policies: Means and Results of Policy Change in-between Policy Diffusion, Transfer, and Convergence                       | 97  |
| 2.1.2.3.2 | Europeanisation and Institutional Change: Institutional Isomorphism on the Winning Track?   | 102 |
| 2.1.2.4   | The ‘Whole Picture’ of Europeanisation: Key Elements Boosting or Blocking Domestic Change   | 105 |
| 2.2       | Intervening Variables Boosting or Blocking Domestic Change caused by Europeanisation  | 111 |
| 2.2.1     | Domestic and Cognitive/Normative Structures: National Institutional Capacity and Veto Points – Central Characteristics of the UK and Germany        | 112 |
| 2.2.1.1   | The United Kingdom: Integrated Leadership, Centralised Polity, ‘Trimmed’ Pluralism, Few Veto Points   | 112 |
| 2.2.1.2   | Germany: Fragmented Leadership, De-centralised Polity, ‘Corporatist Style’ Pluralism, Several Veto Points   | 122 |
| 2.2.2     | Domestic Public Policy and Timing of the EES: British and German Welfare State and Employment Policy Traditions – Fringes of a Gamut?               | 136 |
| 2.2.2.1   | The United Kingdom: Beveridge, De-regulation Thatcherite Style, and Blatcherism – Fast Track towards ‘New Labour’ Doing it the ‘Third Way’          | 138 |
| 2.2.2.2   | Germany: Bismarckian System, ORDO-Liberalism, Neo-liberalist Monetarism, Re-Unification – The Path towards ‘ <i>Neue Mitte</i> ’ Hunting for Growth | 146 |

|           |  |            |
|-----------|--|------------|
| 2.2.2.3   | The Constraints of Supranationalisation and Internationalisation: The Impact of European Economic and Monetary Integration, OECD, and IMF              | 156        |
| 2.3       | Guiding Assumptions and Theses: Harvesting the Conceptual Vineyard   | 158        |
| 2.3.1     | Europeanisation of Domestic Employment Policy Co-ordination Structures: Adaptation and Change Leading to Institutional Isomorphism?                    | 160        |
| 2.3.2     | Europeanisation of Employment Policies: Policy Transfer and Diffusion Leading to $\delta$ -Convergence?  | 165        |
| 2.3.3     | Applicability of the Europeanisation Approach: Misfit and Adaptation Pressure – Omnipotent Concepts To Explain Change Instigated by the OMC?           | 168        |
| <b>3.</b> | <b>The <i>Why, When, How, What, and In How Far</i> of European Employment Policy Co-ordination: Genesis, Characteristics, and Limits</b>               | <b>171</b> |
| 3.1       | <i>Why and When?:</i> The Path towards the EES – From Supplementing the Single Market towards the Lisbon Strategy                                      | 171        |
| 3.1.1     | From Rome to Essen: The Long Way from Supplementing the Single Market towards the Headstone of the Luxembourg Process                                  | 172        |
| 3.1.2     | From Essen to Lisbon and beyond: Path-Dependent Formal Emancipation Arriving at the Luxembourg Process, the EES and the Lisbon Strategy                | 178        |
| 3.1.2.1   | From Essen to Amsterdam: The Formal Constitutionalisation of the EES   | 178        |
| 3.1.2.2   | From Amsterdam to Luxembourg: The Pre-Ratification Kick-Off of the Luxembourg Process  | 184        |
| 3.1.2.3   | From the Luxembourg Process to Lisbon and Beyond: The Lisbon Strategy Putting the EES into the Sustainability Context                                  | 186        |
| 3.2       | <i>How and What?:</i> Structural-Procedural Aspects and Policy Paradigm of European Employment Policy Co-ordination – The ‘Letters’ and the ‘Practice’ | 189        |
| 3.2.1     | The ‘Legal Constitution’ of the Luxembourg Process: Structural-Procedural Aspects of the Written Proto-Type OMC  | 189        |
| 3.2.2     | The Underlying ‘Policy ID’: Spotlight at the Initial <i>What</i> of the EES  | 195        |
| 3.2.3     | Adaptation to the ‘Practice’: The Official Interim Assessment and the Streamlining of the EES – A Re-Interpretation of the ‘Legal Constitution’        | 199        |

## Contents

|   |  |            |
|---|--|------------|
| 3.2.3.1   | The First Five Years: Positive Interim Assessment, Rocketing Complexity – The EES Achieving Better Practice by Exchange of Best Practice?              | 199        |
| 3.2.3.2   | The ‘New’ EES: The 2003 Streamlining of Supranational Socio-Economic Policy Co-ordination  | 205        |
| 3.2.3.2.1   | Structural-Procedural Adaptation Aiming at Enhanced Synergy and Coherence: ‘Slimlining’ the EES?   | 205        |
| 3.2.3.2.2   | The 2003 New ‘Policy ID’ of the EES: From Four Pillars to Three Overarching Targets  | 209        |
| 3.2.3.3   | The 2003 and 2004 ‘Kok Reports’: Initiating the Re-Launch of the EES and the Lisbon Strategy – Re-Energising Implementation, Re-Calibrating Priorities | 212        |
| 3.2.3.4   | The 2005 Renewal of the Lisbon Strategy: Welding EGs and BEPG – Integrated Guidelines for Growth and Jobs  | 217        |
| 3.3   | <i>In How Far?:</i> European Employment Policy Co-ordination and the Constraints of Supra- and International Economic Integration                      | 218        |
| 3.4   | Interim Assessment: The Impact of the EES – Potential to Europeanise or ‘Fettered’ New Mode of Governance?   | 228        |
| 3.4.1   | <i>Why and When?:</i> The Slow Path of Bottom-up Europeanisation – Economic Mal-Performance Accelerating Up-Loading Processes                          | 228        |
| 3.4.2   | <i>How?:</i> New Ways of Europeanisation – Networking, Mutual Exchange and Learning as the Key to Domestic Change                                      | 230        |
| 3.4.3   | <i>What?:</i> A New ‘Policy ID’ to Europeanise National Employment Policies – The Activation Paradigm’s Potential to Attain $\delta$ -Convergence      | 235        |
| 3.4.4   | <i>In How Far?:</i> A New Mode of Governance Constrained by the Supranational Macro-Economic Integration Paradigm                                      | 239        |
| <b>4. Structural-Procedural Aspects in Practice: The ‘Living Constitution’ of the Proto-Type OMC – The Political Reality of the EES-PCN</b> |  | <b>241</b> |
| 4.1   | The Supranational Part of the EES-PCN: Cards Re-Shuffled Revealing a New Integrated Approach?  | 241        |
| 4.1.1   | The European Commission: The ‘Primary Administrator’ of the EES – Analysing, Preparing, Evaluating, Negotiating, and Drafting                          | 243        |
| 4.1.2   | The Council of the EU: Multilevel Switchboard of the New ‘Third Wayism’ Co-ordination Structure – The EES-PCN Going ‘A Little’ Public                  | 250        |
| 4.1.3   | The ‘Others’: The European Council, EP, ECOSOC, and CoR – The Eagle of Processes and the Mere ‘Also-Rans’?   | 255        |

## *Contents*

|         |   |     |
|---------|---|-----|
| 4.1.4   | The Social Partners: The EES-related Supranational Social Dialogue – Real Integration or Just Friendly Lip Service?   | 256 |
| 4.1.5   | Interim Assessment: The Supranational Part of the EES-PCN – A New Integrated PCN Interlinking Socio-Economic Policy Co-ordination Processes?                                | 263 |
| 4.2     | The National Ends of the EES-PCN: Bypassing Domestic Paths or Resilient Traditions at Work – Adaptation Leading to Institutional Isomorphism?                               | 270 |
| 4.2.1   | British Employment Policy Co-ordination: Integrated Leadership, Centralised Polity, ‘Trimmed Pluralism’, Few Veto Points, and the EES – ‘Strangers in the Night’?           | 270 |
| 4.2.1.1 | The Department for Work and Pensions: Pilotage of the British Part of the EES-PCN – Guiding, Steering, and Compiling the UK NAP   | 271 |
| 4.2.1.2 | The Department of Trade and Industry: Channelling the Social Partners – Business as Usual?  | 273 |
| 4.2.1.3 | Her Majesty’s Treasury: Paramount Economic Overlook – Who Pays, Surveys   | 274 |
| 4.2.1.4 | The ‘Others’: No. 10, the DfES, Parliament and the Devolved Administrations – Additional Protagonists or the Play’s Extras?   | 276 |
| 4.2.1.5 | The Social Partners: British Social Dialogue Traditions and the UK Part of the EES-PCN – Strait-Jacket for New Ways of Policy Co-ordination?                                | 277 |
| 4.2.1.6 | Interim Assessment: The UK Part of the EES-PCN – ‘Doing it the British Way’ in the Shadow of Centralisation   | 283 |
| 4.2.2   | German Employment Policy Co-ordination: Fragmented Leadership, De-Centralised Polity, ‘Corporatist Style’ Pluralism, Several Veto Points, and the EES – ‘Brothers in Mind’? | 286 |
| 4.2.2.1 | The Ministry of Finance: Pulling the Strings – Technical Lead as a Matter of Principle  | 288 |
| 4.2.2.2 | The Ministry of Economics and Labour: The ‘Window to the Outside World’ – Keeping an Eye on Policy Contents   | 290 |
| 4.2.2.3 | The ‘Others’: Inter-ministerial Co-ordination, the Subnational Level, and Parliament – Just Small Cogwheels within the German Part of the EES-PCN?                          | 291 |
| 4.2.2.4 | The Social Partners: German Social Dialogue Traditions and the Domestic Part of the EES-PCN – The Hare and the Hedgehog?  | 294 |
| 4.2.2.5 | Interim Assessment: The German Part of the EES-PCN – De-centralisation as Process-Guiding Principle – ‘If it Works for Us it also Works for Brussels’                       | 300 |

|  |            |
|--|------------|
| <b>5. Domestic Adaptation to the ‘Policy ID’ of the EES: Policy Transfer and Diffusion Leading to <math>\delta</math>-Convergence in the UK and Germany?</b>   | <b>305</b> |
| 5.1 British Employment Policies under the EES: Deviating from Beveridge, Thatcherite De-regulation, and Blatcherism while ‘Building Up’ Domestic Employment Policies?  | 306        |
| 5.1.1 The ‘Stand-Alone’ EES (1997/98-2002): Autonomous Europeanisation Power and Embeddedness of the EES’s ‘Policy ID’ into British Traditions?  | 307        |
| 5.1.1.1 ‘Building the Base’ in 1997/98: The ‘New Deal’ and the EES – Fraternal Twins See the Light of Day?   | 309        |
| 5.1.1.2 Further ‘Constructing the House’ in 1999: The Extension of the New Deals – Tending to All-embrace the Workforce  | 315        |
| 5.1.1.3 Taking Care of ‘Interior Fittings’ in 2000: Consolidating Domestic Policies in the Light of Good Performance   | 320        |
| 5.1.1.4 ‘Corralling the Plot’ and ‘Unshuttering the Windows’ in 2001: Defending and Fine-Tuning Policy Choices For a More Inclusive Labour Market  | 326        |
| 5.1.1.5 ‘Outbuilding the House’ and ‘Designing the Grounds’ in 2002: Keeping to the Domestic Approach and Adapting Structurally to Devolution  | 331        |
| 5.1.2 ‘Extending the Driveway’: Expanding Existing Policy Approaches under the Streamlined EES (2003-2005) – Europeanisation Impact Intensified or Blurred?  | 339        |
| 5.1.3 Interim Assessment: The EES’s Impact on British Employment Policy Priorities – Policy Transfer and Diffusion leading to $\delta$ -Convergence?   | 348        |
| 5.2 German Employment Policies under the EES: Deviating from the Bismarckian System, ORDO-Liberalism, ‘Global Guidance’, Neo-liberalist Monetarism, and the ‘ <i>Neue Mitte</i> ’ under the Burdens of Re-Unification? | 356        |
| 5.2.1 The ‘Stand-Alone’ EES (1997/98-2002): Autonomous Europeanisation Power and Embeddedness of its ‘Policy ID’ into German Traditions?   | 357        |
| 5.2.1.1 Adapting the ‘Old Edifice’ to New Functions in 1998: The Conservative-Liberal Coalition Government’s Remedies and the First German NAP   | 357        |
| 5.2.1.2 ‘Tearing down Old Walls’ and ‘Building the Base’ in 1999: The ‘ <i>Neue Mitte</i> ’ and the Start of Its Socio-Economic Reforms  | 363        |
| 5.2.1.3 Cost Control to Continue Re-Construction in 2000: Laying the Budgetary Grounds for Further Socio-Economic Reforms  | 369        |
| 5.2.1.4 Waiting for the ‘Blueprint’ to be Designed in 2001: Evaluating Existing Approaches Instead of Launching New Activities   | 375        |

## Contents

|           |   |            |
|-----------|---|------------|
| 5.2.1.5   | The Start of ‘Fast-Track Construction’ in 2002: Reform Boost after Years of ‘Dawdling over’ Substantial Modernisation                                   | 382        |
| 5.2.2     | ‘Speeding up the Construction Process’: Post Reform Boost Trends under the Streamlined EES (2003-2005) – Europeanisation Impact Intensified or Blurred? | 392        |
| 5.2.3     | Interim Assessment: The EES’s Impact on German Employment Policy Priorities – Policy Transfer and Diffusion leading to $\delta$ -Convergence?           | 405        |
| <b>6.</b> | <b>Final conclusions: Guiding Assumptions and Theses Re-visited</b>   | <b>413</b> |
| 6.1       | The EES’s Europeanisation Impact on the UK and Germany – ‘Get Together’ or ‘Mind the Gap’?  | 413        |
| 6.1.1     | Europeanisation of British and German Policy Co-ordination Structures and the Supranational EES-PCN: Interactions Becoming an Integrated Approach?      | 413        |
| 6.1.1.1   | The National Level: Domestic Institutional Paths and Interactions Running into the EES-PCN – Europeanisation Leading to Institutional Isomorphism?      | 413        |
| 6.1.1.2   | The Impact of the EES on European Multilevel Policy Network Structures: A Lock, Stock, and Barrel New Performance or New Lyrics in Old Sceneries?       | 421        |
| 6.1.2     | British and German Employment Policies under the EES: Proximity and Rapprochement to its ‘Policy ID’ – Converging Trends, Remaining Differences         | 429        |
| 6.2       | The Europeanisation Approach, the EES, and the OMC: Theoretico-Analytical Mission Accomplished?   | 438        |
| 6.2.1     | The EES, the OMC, and Europeanisation: Impact without Analytical Grounds or a Case of ‘Phantom’ Adaptation Pressure?                                    | 439        |
| 6.2.2     | Explanative Benefits and the Need to Broaden the Analytical View in order to Explain Domestic Change and Persistence                                    | 441        |
| <b>7.</b> | <b>Annex</b>  | <b>444</b> |
| <b>8.</b> | <b>References</b>   | <b>449</b> |
| 8.1       | Interviews  | 449        |
| 8.2       | Sources   | 449        |
| 8.3       | Literature  | 458        |