

Coalitions and decision-making arenas – reformulating the European Employment Strategy

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1. Introduction

While being able to generate growth and increase employment rates, Europe has for largest part of the past 30 years nevertheless had to struggle with high level of unemployment. This is one of the most important reasons why the EU member states adopted an employment strategy, but also pressure from the Delors Commission (1985-95) to balance the EMU and the single market with a social dimension played a role. At the Luxembourg summit in 1997 it was agreed that European Employment Strategy (EES) should take the form of an annual circular process, starting with employment guidelines setting out common priorities for member states' employment policy, followed by National Action Plans for Employment¹ (NAPs) and ended by a Joint Employment Report, where the Commission and the Council jointly examine each NAP and might issue country-specific recommendations. Following this, the Commission was to present a new proposal for revision of the employment guidelines accordingly for the following years to be agreed upon in the Council². At the Lisbon summit in 2000, this cycle became known as the Open Method of Coordination (OMC), or the Lisbon Strategy, and spread to other areas of EU regulation.

The EES was revised in 2003 in order to simplify and focus it. This revision, however, did not prevent a widespread believe that the EES had lost its momentum and that the overall Lisbon Strategy had developed into a far too uncoordinated and too complex bureaucratic process with little real effect on member states' policies. Therefore, the EES was reformed yet again in 2005 as part of the mid-term review of the Lisbon Strategy.

Whereas the implementation of the strategy in the member states has gained substantial academic attention, only a few studies published in English (Goethy 1999; Johansson 1999; Van der Riel & van der Meer 2002; Jobelius 2003; Watt 2004; Barbier 2004; Deganis 2006) have *systematically* analysed policy formulation processes at EU level. Most of these are outdated, as they hardly cover the policy processes leading to the revision of the EES in 2003 or the following period, including the role of the two so-called Kok-groups. Finally, the studies leave open a number of important questions regarding the processes themselves, power balances and collaboration between the involved key actors.

To address these gaps, this article will focus on the processes of revising the EES. The article attempts to answer the following questions: 1) *How does decision-making in the ongoing reformulations of the EES take place* (including patterns of co-operation between the actors) and 2) *is the European Commission or the member states most influential in these processes?* Due to lack of space, the role of actors that have been less influential than the Commission and the member-states – such as the European social partners and the European Parliament – will largely be left out of the analysis.

Drawing on this analysis, it will be argued, that the *Commission has lost - and the member states gained - influence* in the reformulations of the EES during the present decade, and that

¹ The 2005 revision that merged several OMCs, the NAPs have been replaced by the broader National Reform Programmes.

² Beside this yearly cycle described below, a peer-review process takes place including civil servants from the Commission and the member states as well as academic experts.

member-states and the Commission have formed coalitions during the processes. The Commission is not only a policy broker, but has to some extent acted as a member of one of these coalitions. Moreover, some of the key actors have attempted to change decision-making arena – and to exclude issues from these arenas – in order to reach their goals.

After this introduction, the relevant literature will be reviewed and the theoretical framework of the paper will be presented in the following section. This section is followed by three sections in which the empirical cases are analysed: The EES revision in 2002-03; the first Kok report 2003; and the high Level Group and the Lisbon revision 2004-05. The sixth and final section includes a discussion of the findings and the conclusions.

2. EU-level process studies of the EES so far: coalitions and power-relations

Three of the abovementioned seven studies analysing the policy processes behind the EES at EU-level draw on a concept of coalition. The studies early on the EES pay particular attention to the role of key-persons within these collisions.

Johansson (1999), for example, uncovers the ‘transnational coalition’, which promoted an employment title in the Amsterdam treaty. A key person was Allan Larsson, who initially played a role as the chairman of the Party of European Socialists’ (PES) working group on employment policy and later as the Commission’s Director-General for Employment. The working group also included socialist MEPs as well as representatives from the European Trade Union Confederation (ETUC). PES started its lobbying activities after the Copenhagen European Council in 1993 by circulating a message that employment should be given top priority. Hence, in 1995 when Allan Larsson became Director-General for Employment and Social Affairs, close links with the trade union movement were already established. Trade union influence was further facilitated by the fact that a number of prime ministers at that time (Poul Nyrup Rasmussen (Denmark), Wim Kok (The Netherlands) and Jean-Claude Juncker (Luxembourg) were former trade unionists. Socialist or social-democratic governments coming into power in a number of member states further strengthened the impact of the forces working to promote an European employment policy, as did the enlargement with Sweden and Finland. Indeed, the coalition played a crucial role in the agenda-setting phase, although its influence diminished when the agenda setting phase shifted to the policy formulation phase.

Van der Riel and van der Meer (2002) focus on the same period in their study of the ‘advocacy coalition’ for the European employment policy. Although they acknowledge the important role of Allan Larsson and the PES group, their study emphasise more strongly the role of the Commission in general, the role of the European Parliament in the agenda-setting phase, and the role of the Swedish government in keeping the issue on the agenda up to 1997.

The term ‘advocacy coalition’ derives from the Advocacy Coalition Framework (ACF) formulated by Jenkins-Smith and Sabatier (1993). These coalitions are knitted together by a common belief system, which is a set of values priorities and causal assumptions about how to realise them. They operate within ‘policy subsystems’ understood as the interaction of actors from different organisations who follow and seek to influence government decisions in a particular policy area. There is often more than one coalition within a subsystem. The subsys-

tems involve multiple levels within government. To study a coalition, it is, according to the authors, necessary to have a time perspective of one decade or more. A coalition change because of external changes in the environment of the subsystem, which will cause changes in the framework of and resources allocate to the coalition. In the subsystem ‘policy brokers’ mediate between the different coalitions.

ACF - including the concept of policy brokers - are also adapted by Deganis (2006) in her recent analyses of the EES. Deganis finds that although the Commission in many acts as facilitator and policy-broker within the EES, these roles are sometimes marginalized and replaced by altogether more self-interest oriented practices. The Commission has purposefully sought to increase its standing within the EES by taking advantage of its formal powers and responsibilities, most notably with regard to its special relationship with the Secretariat of the Employment Committee, and by establishing and conscientiously upholding a fictitious sole right of initiative within the field of employment policy.

Another study looks into the first revision of the EES in 2003 and questions the neutrality and the broker role of the Commission even more. Watt (2004) emphasises the development in the guidelines from the proposal to the final version that, inter alia, included a reduction in the number of quantitative targets and a weakening of some of the proposed targets into declarations of intent. Watt sees in this as a clear indication of the power of the member states and a weakening of their willingness to submit to EU constraint. Here, the Commission acts clearly as an actor with self-interests and not only as a policy broker.

Jobelius (2003) analysed the same decision making-process, but found that the Commission did make intensive use of their agenda-setting power, aiming to open up gateways for future member state-critique in form of more quantitative targets in the guidelines. Contrary to this aim, a considerable number of member states indicated continuous opposition against the commission’s proposal. As decisions had to be made, the commission dispensed from most of its proposed targets as both actors had no interest in a failure of the procedure.

These five studies do to some extent illuminate the policy processes, but are rather inconclusive regarding the power relations between the Commission and the member states. Moreover, the studies are not specific about the patterns of cooperation between the key actors.

In the following an attempt will be made to overcome these shortcomings. The focus in what follows will be on the 2003 and 2005 revisions and, additionally, the related processes around a taskforce and a high level group (both led by the former Dutch prime-minister Wim Kok) in between the two revisions. The theoretical point of departure will be ACF as presented above, but also the concept of decision-making arenas will be applied as well. The article draws on policy documents and 48 semi-structured interviews conducted between October 2004 and May 2006 with 45 interviewees, including: EU-level and national level civil servants³, EU-level social partners; members of the European Parliament; representatives from the two Kok

³ The national level civil servants were mostly of two types: The Council’s Employment Committee (EMCO) representatives and civil servants involved in drawing up of NAPs/NRP. EMCO is where most important decisions on the EES de facto are taken. It includes civil servant representatives from the member states and two representatives from the Commission..

groups; and academic experts.

3. The EES revision 2002-3

3.1 Agenda setting

From the outset in 1997, it was decided that the strategy should be able to show results within a five-year period. Therefore, a large-scale evaluation was carried through in 2002. The main conclusions from this evaluation - coordinated and concluded by the Commission - were that the EES had: raised the profile of European employment policies; led to a stronger priority of employment policy at the national level; led to convergence towards successful employment strategies; affected other policies than traditional labour market policies; and created a new framework for policy-making (European Commission 2002).

The evaluation had, according to the interviewees, no major influence on the following revision. The official discussions on the revision started in January 2002 and continued well into 2003. A common belief among the member states was that the strategy and its employment guidelines had become far too complex. Simplification was needed. Moreover, the focus should be more on output and less on input and the number of guidelines. Also the number of quantitative targets under each guideline was to be reduced to reduce peer pressure and remove bureaucracy.

However, not all countries were equally active in influencing the revision. A coalition - in the following named the 'minimalist coalition' - was formed by some EMCO representatives to secure that the revision would contain fewer and more output-centred guidelines as well as have a more simple overall structure.

The coalition started out - according to some interviewees - as a joint Danish-British initiative in the spring of 2002 before the Danish presidency in the autumn of the same year, whereas other interviewees stated that the coalition has a longer history. Other representatives joined this coalition during 2002, including those from the Netherlands, Ireland, Spain, and - according to most interviewees - at a later stage also Sweden, Austria and Germany.

In addition to being one of the initiators of the minimalist coalition, the UK played an important role within it as an informal 'opposition leader'. This role involved bilateral meetings with member states, arranging meetings with the coalition before the EMCO meetings, and acting - explicitly or implicitly - as a spokesperson for the whole coalition. That the UK was assigned this role has to do with several factors. The fact that the UK is one of the three largest member states means that their arguments carry special weight in EMCO and gives the UK the administrative capacity to use resources on a large scale to prepare and coordinate the coalition. On top of this, several interviewees pointed to the high level of professionalism of the UK representatives and their support base along with the advantage of being native speakers of English. However, all this would have been irrelevant had it not been for the strong commitment and clear goals of the British government and its representatives in EMCO. 'Being at the heart of Europe', as was Tony Blair's vision for the UK, means in relation to the EES a commitment to limit the level of regulation. Of all the member states, according to

some of the interviews, the UK government initially came up with the most radical suggestion for the revision: to boil it down to only three guidelines and three targets connected to each of the guidelines.

The actors that the ‘minimalist coalition’ was in opposition to, counted the Commission, Belgium, Luxembourg and - for most of the period in focus - France. Representatives from these countries did not to the same extent share the goals of few output-oriented guidelines. They were generally more open to extensive labour market regulation and tended to focus more on the quality of employment, including job security. For most of the period a number of Southern European countries (Portugal, Italy, Greece) also participated in this coalition, which could be termed the ‘regulation coalition’.

3.2 The first and second communication

From these initial discussions with the member states, the Commission issued a first communication in July 2002 - ‘Taking stock of five years of the European Employment Strategy’ - on the future of the EES and the experiences of the first five years. Their main suggestion was ‘to simplify the guidelines without undermining their effectiveness’. This should be achieved by, *inter alia*: having clearer definitions of the overall improvements; a concentration of priorities; an increased emphasis on the results to be achieved; and a focus on implementation rather than on the annual elaboration of guidelines (European Commission 2002).

To a large extent this first communication reflects the wish for simplification, which most of the member states had agreed upon during the initial discussions. Most of what later became the main lines of the revision can be found in this communication although the most controversial part of the revision - the quantified targets and the wording of the guidelines themselves - was not agreed upon until a later stage.

[Table 1 about here]

Based on the consultation process with the European social partners, the European parliament and others, as well as discussions in EMCO and between the relevant General Directorates, the Commission issued a second communication entitled ‘The future of the European Employment Strategy – A strategy for full employment and better jobs for all’ in January 2003 (European Commission 2003). Although this communication presented the new goals and the new guidelines ‘without prejudging at this stage the precise architecture of future guidelines’ (ibid: 9), three new goals of the EES (to create full employment; quality and productivity at work and strengthened social cohesion and inclusion) as well as the themes, if not the final wording, of the ten final guidelines were already present in this document. Compared with the final version there are - apart from the important issue of the precise wording and order - only one significant and two minor differences: there is no guideline on immigration in the final version, but ‘mobility’ has been added to the adaptability measure, and ‘increased labour supply’ to the guideline on promoting active ageing.

3.3 Draft and final guidelines

The second communication was discussed at the informal Council meeting in January in Nafplio, Greece. At this meeting the ‘minimalist coalition’ (which at this point comprised the

UK, Denmark, Spain, the Netherlands, Ireland, Sweden and Germany) aired a general dissatisfaction with the second communication and the line proposed by both the Commission and the Presidency (Greece). Criticism was raised both regarding the scale of the Commission's proposal (the eleven priorities mentioned above) and the Presidency's proposal (nine priorities). The Presidency added new priorities to those of the Commission: reduction of undeclared work, integration of immigrants, integration of the young and unemployed in the labour market, and reduction of regional inequalities. The coalition hereby found that the agreement to formulate simpler guidelines requiring less bureaucracy had not been respected. Furthermore, the coalition wanted the guidelines to focus on full employment and a reduction of the number of indicators and quantitative targets.

France, Belgium, Luxembourg, Portugal and the representative from the European Parliament, on the other hand, supported the line of the Commission/Presidency. According to this 'regulation coalition' all three areas in the 'social triangle' - more jobs, better jobs and more social inclusion - should be included in the new strategy. These actors were also positive towards the Commission's new priorities of immigration and regional inequalities.

The guideline on immigration was however removed, because this issue at the time was considered too controversial to gain consensus. Some member states were unwilling to give immigration such a high visibility which would be the case by adding a guideline on it. The guideline on undeclared work was a priority of the Greek presidency. It proved impossible to remove this guideline since the issue divided the 'minimalist' coalition along a North-South divide. Many representatives from the Northern European countries' felt that undeclared work was a minor problem in their own countries. They feared that expenses from future EU actions in this area in Southern Europe where the problems are believed to be of greater dimensions. Some of the Southern European countries, on the other hand, saw undeclared work as a major labour market problem.

Apart from the issues of immigration and undeclared work, the guidelines themselves were more or less settled, and the negotiations in this phase were mainly concerned the number and the level of ambition of the quantified targets. Several countries in the 'minimalist coalition' felt that both the number and the level of ambition within the indicators were contradicting the message from the majority of member states - to have a simplified strategy with few output-oriented indicators. At the meetings in EMCO in April and May 2003 this was discussed and the number of quantified targets was reduced substantially.

However, most of the national-level interviewees were of the impression that the net-effect of the whole process was close to zero. Comparing the 2002 guidelines and targets with those from 2003, it appears that if the official numbering and wording is used, the number of guidelines did in fact decrease, whilst the number of quantitative targets increased.

4. The European Employment Task Force 2003

4.1 Agenda setting

Even before the revision process ended in July 2003, a new initiative related to employment

policy was launched. The interviewees offered several explanations for the initiative that led to the set up of the European Taskforce under the leadership of Wim Kok, the former Dutch prime minister, known for a number of successful labour market reforms in the Netherlands during the 1990s. The UK plays a leading role in all of the explanations. According to some, the UK felt that the EES had become inactive and they wanted another instrument, a more inter-governmental instrument. Others saw the Employment Taskforce as a reflection of the British government's EU strategy, which follows the line of reasoning that if the UK was able to spearhead a reform of the EU, then the government would be able to reverse the sceptical British public opinion on the role of the EU.

A third explanation offered by the interviewees for the important role of the UK is related to the situation in Germany. The aim of the initiative - taken by Blair and Schröder - was reportedly to assist the German reform process, especially the so-called Hartz reforms of social and labour market policy; something that would also strengthen Schroeder vis-à-vis Chirac. Although Chirac's name at a later stage was added to the initiative, the French government was not among the initiators; it was taken despite the position taken of the French government.

The Commission, too, played a role in the set up of the taskforce, but their role was initially to try to prevent the initiative. The initiative was taken at a time when the revision of the EES was well under way, but not completed. So why reform what was already being revised? The explanation that DG Employment is inclined towards seems to have been that the initiative was an attempted 'hostile take-over' from the UK and other member states in order to establish an inter-governmental employment policy as a substitute, and not a supplement, to the EES, which was partly driven by the Commission. Fuelling the Commission's fear was the fact that the UK-driven discussion in the agenda-setting phase on the necessity to push for reforms did not even mention the EES.

When the initial attempts to block the initiative failed, DG Employment encapsulated it by offering to supply the Taskforce with a secretariat, to ensure that the Taskforce's report would fit the EES. The members of the secretariat were high-ranking civil servants, including Antonis Kastrissiakis, the Director in DG Employment, and H  l  ne Clark, then Head of Unit in the unit responsible for the EES (A/2). The secretariat also included a representative from DG for Economy and Finance (DG ECFIN) to secure the macro-economic consistency and avoid damage to public finances in the member states, and especially to ensure that no 'structurally damaging' demands were made, i.e. agreements that could bend incentives of companies and individuals in wrong directions.

Regardless of the plausibility of the explanations, the official proposal to set up an Employment Taskforce did come from Blair, Schr  der and Chirac prior to the Spring Council in Brussels in March 2003. In their letter, the three Heads of State and Governments emphasised that the taskforce should be seen as a supplement, not an alternative, to the EES and that the taskforce should publish a report including specific initiatives by the end of the year.

4.2 Setting-up the taskforce and drafting the report

The official decision to set up the Employment Taskforce was, as mentioned above, taken at the Spring Council in March 2003. The European Council 'invited the Commission to estab-

lish a European Employment Task Force to help identify practical reforms that could have the most direct and immediate impact on the implementation by Member States of the revised Employment Strategy' (Council of the European Union 2003). Thereby, the Commission's strong role in the initiative and its close relation to the EES seemed secured.

After having consulted the member states, a chairman was appointed by the Commission. According to some interviewees, discussions took place in the Commission, as well as among some member states, with respect to who should chair the task force. The UK proposed Peter Sutherland, who was chairman of Goldman Sachs International and BP plc, as well as former Director-General of WTO and GATT. However, the Commission wanted a less business-oriented person and appointed Wim Kok. The other representatives were appointed by the Commission but again after consultation with the member states.

The task force had only six months to write the report. It met seven times for one or two-day meetings. The work was organised around the discussions of a number of specific topics. The discussions were then summarised by the secretariat. In fact, the members of the secretariat were not only summarising the discussions between the Taskforce members – they also participated actively in the discussions, both when invited and on their own initiative. This was not seen as problematic by the interviewed task force members that praised the assistance the secretariat provided.

The work was lead by Wim Kok, whose position as a chair included mediating between the different positions taken by the members. The interviewees agreed that Wim Kok led the taskforce in a very professional manner and that he was sufficiently powerful to push forward his own wishes, for instance to change the secretariat's drafts according to what he believed had been agreed by the group members. Despite of these cases of 'arm-wrestling', the interviewees from the group found the secretariat did a good job.

The interviewees disagreed to some extent on what issues were the most controversial issues, but identified four issues that were controversial and difficult to agree upon. One issue was directly related to the EES and its revision. One part of the group had a general positive impression of the EES and the Lisbon process, whereas another was more critical regarding these processes. Moreover, this part of the group found that EU in general was lagging behind USA and wanted a discussion of this in the report – something that was not included. The other controversial issues were the explicit use of 'faming, naming and shaming' of member states; the balance of flexibility and security; and references to the high frequency of temporary contracts in some member states.

4.3 The final report

The final report (European Employment Task Force 2003) was published in November 2003 and was given the telling title 'Jobs, Jobs, Jobs'. Stressing the significance of the title, the report concluded by listing four requirements: 1) increase the adaptability of workers and enterprises, 2) attract more people to the labour market, 3) invest more and more effectively in human capital, 4) ensure effective implementation of the reforms through better governance (among other things through strengthening the role of country-specific recommendations).

In general, the report was well received by nearly all actors. A couple of interviewees described it as a more ‘balanced document’ than expected, because it included both economic and flexibility aspects along with social security aspects. Most interviewees found the report more focused on implementation and action, and simpler and clearer, than the texts of the EES. However, at the same time the interviewees emphasised that in reality the content was not different from what could be found in the EES.

The national governments welcomed the report without exception. The British government was – perhaps not surprisingly – the most enthusiastic supporters. One British interviewee stated that not only had the report influenced the employment guidelines and pushed the discussion on flexicurity forward – the four requirements had also been taken up at the national level because they were easier to handle than the employment guidelines. In general, however, the interviewees could not point out specific impacts from the Kok report, despite their positive evaluation.

The Commission was less enthusiastic of the report. From their perspective, the problem with the report was not so much its content – that were similar to what could be found in the EES – as it was the danger that the report would take-over the position the EES previously had had. However, they had to accept it, since they, to some extent, had been involved in it, and all member states as well as most other actors seemed to find it useful. Outright criticism of the report was scarce, but some social NGOs were slightly worried about the report, due to its limited focus on social inclusion. Other observers regarded the report as an expression of a new neo-liberal route.

That these sceptical voices drowned in the general applause may be due to the fact that there was something for everybody in the report, and furthermore that it refrained from being too controversial. Even without extensive formal consultation, the taskforce succeeded in avoiding controversial issues for the member states by not tipping the balance between economic and social aims, and in not directly confronting the Commission. At the same time, at least some aims and demands of the EES were communicated in a slightly clearer and sharper way than previously – not least the demand to ‘walk the talk’ by implementing reforms and guidelines already agreed upon.

The success of the report left the Commission with no choice but to allow the Kok report to have some effect on the EES, even though the EES had just been reformed the same year. This was done by framing the EES’ employment recommendations according to the four commandments of the Kok report. Apart from that, another important outcome of the report was that Wim Kok was asked to prepare the midterm review of the Lisbon strategy (see below).

5. The High-level group and the Lisbon revision 2004-05

5.1 Agenda setting: The High Level Group

It was, essentially, the Spring Council that mandated the Commission to set-up a High Level Group ‘to contribute to the mid-term review of the Lisbon-process’. The review itself was de-

cided already when the Lisbon-process was launched in 2000. The Commission appointed Wim Kok as chair. After the success with the Employment Taskforce, he was the obvious choice and there were among the interviewees no reports of alternative candidates. Some of the group members were appointed by the Commission and others by the member states.

The group had more members and was less dominated by academics compared to the Employment Taskforce. Including the chair it consisted of 13 representatives including politicians and representatives academia, business and trade unions. The chair of the British consultancy The Work Foundation, Will Hutton, worked as a ‘rapporteur’ for the group. He was proposed by the British government and approved by the Commission. The appointment of representatives was, in general, not controversial according to the interviewees. However, in one case the selected representative appeared to have been a compromise. The Commission - more precisely the President Romano Prodi - proposed the former Secretary General Emilio Gabaglio from the European Trade Union Congress (ETUC), but he was refused by the Italian government, probably because he was too left-winged in the eyes of the Italian government.

The secretariat-assistance was delivered by people from the Secretariat-General and DG ECFIN. Hence, an important difference from the Employment Taskforce was that DG Employment was not represented in the secretariat. Therefore, DG Employment made quite an effort to ensure that the secretariat was fully informed about their priorities. This ‘economist bias’ of the secretariat was not the only difference from the Employment Taskforce. Also the presence of a ‘rapporteur’ was a clear signal that Wim Kok this time would not grant the secretariat the main responsibility for drafting the text. But there were nevertheless similarities with the secretariat of the first Kok group. For example were disagreements between the secretariat and the group also this time reported to be numerous and serious, but they took primarily place in the beginning of the process.

Six meetings – each lasting one to three days - took place from May to October 2004. Similar to the first Kok group, the interviewees disagreed to some extent about what were the most controversial issues. A number of issues were pointed to: use of IMF or Eurostat statistics; finding a balance between the three main pillars of the Lisbon Strategy; the status of the findings of the first Kok report; ‘naming and shaming’; the role of monetary and fiscal policy in generating employment; a possible connection between working hours during the working year and the GDP; the service-directive (which was already at that time discussed in various EU-institutions, but only found its final form in the spring of 2006); and, finally, the use of the word ‘flexibility’.

Nevertheless, the tough negotiations, repeated rewritings and disagreements did not prevent the interviewees from expressing satisfaction with the report. Wim Kok was again very much praised for his strength as a leader, his ability to mediate and secure consensus at the same time as he succeeded in getting his own visions for the reports through. Compared to the first Kok group, Wim Kok was actually in a better position to control the process with a personal assistant as part of the group and, not least, with a ‘rapporteur’, and not the Commission secretariat, holding the pen on the main part of the report.

The Executive Summary of the report (High Level Group 2004) lists the most important actions under the five headings in chapter 2. These are: 1) The knowledge society: increasing Europe's attractiveness for researchers and scientists, making R & D a top priority and promoting the use of information and communication technologies; 2) the internal market: completion of the internal market for the free movement of goods and capital, and urgent action to create a single market for services; 3) the business climate: reducing the total administrative burden; improving the quality of legislation; facilitating the rapid start-up of new enterprises; and creating an environment more supportive to businesses; 4) the labour market: rapid delivery on the recommendations of the European Employment Taskforce; developing strategies for lifelong learning and active ageing; and underpinning partnerships for growth and employment; 5) environmental sustainability: spreading eco-innovations and building leadership in eco-industry; pursuing policies which lead to long-term and sustained improvements in productivity through eco-efficiency. Finally, the executive summary sums up the responsibility of the institutions (High Level Group 2004). The order of the chapters is of importance, and the interviewees confirmed that realising the knowledge society was the main message in the report.

5.2 Chosen OMCs and the Barroso plan

After a great deal of turbulence regarding the approval of the Commissionaires, the Commission took office in November 2004 approximately at the same time as the High Level Group delivered its report. It soon became clear that the Lisbon Strategy was the most important issue for the new President of the Commission, Barroso.

In the run-up to the revision, most actors found that the Lisbon-process had developed into far too broad a process. They claimed that it was about everything and therefore nothing and that it contained too many guidelines and targets. Therefore, the Lisbon process needed to be more focused. It was also clear that some of the strategy's main targets – the employment rate target of 70 percent overall, 60 percent for women and 50 percent for older workers in 2010 - would be difficult to reach in some countries. However, changing the targets was not discussed.

The first important question in relation to the mid-term review of the Lisbon process was to decide which OMCs should continue to be under the umbrella of the Lisbon strategy. There was from the outset no doubt that the Broad Economic Guidelines would still be part of the Lisbon Strategy, partly because the new Commission and its President were considered to have a more liberal and 'economic' orientation than the previous one, and partly because the Broad Economic Guidelines are treaty-based and, therefore, impossible to abandon without another treaty revision. The employment guidelines are also treaty-based (the Amsterdam Treaty), but there were nevertheless some worries in DG Employment, ETUC and in some national governments that they would get a much lower status after the revision. Other major uncertainties were in connection to the other OMCs – those on social inclusion, pensions, health and education. In the end the solution was to include those parts of the education OMC that are directly linked to employment, most importantly lifelong learning. The discussions about which OMCs to include and exclude took place in the Economic Policy Committee (EPC) and the Social Policy Committee (SPC), but not in EMCO. What might have been a danger in the eyes of some actors – and an unspoken aim for others – was that the OMCs ex-

cluded from the Lisbon agenda could be marginalized and would eventually slowly fade out.

The Commission's Communication to the Spring Council 2005 was published in early February 2005 (European Commission 2005b). The title 'Working Together for Growth and Jobs – A New Start for the Lisbon Strategy' repeats the new priority of the Lisbon Strategy from the second Kok report: growth and jobs. The communication does not include actual guidelines, but include a list of actions under 15 headings (see table 2) gives a good indication of what was to be expected. The actions are classified under three headings of 'A more attractive place to invest and work', 'Knowledge and innovation for the growth', and 'Creating more and better jobs'.

DG Employment decided already in late 2004 to classify the new guidelines along three of the first Kok report's four 'requirements'. However, one important divergence from the Kok requirements, namely the adding of 'and modernise social protection systems'. According to interviewees from the Commission this was added after pressure from DG Employment to keep social inclusion on the Lisbon Agenda.

With respect to the EES, the only important new feature of substance - compared to the previous guidelines - is found under the heading 'Creating more and better jobs'. This is the 'Youth Pact'. There are also three other important changes proposed, but these are related to governance and are found in chapter 4 'Making the partnership deliver on growth and jobs'. Firstly, the proposal is to integrate the Broad Economic Guidelines and the Employment Guidelines – not only by cross-references as in the 2003 revision, but by including them into a single set of 'integrated guidelines'. Secondly, at the national level 'National Action Programmes' for growth and jobs should match the guidelines and replace the NAPs and other national OMC reports. Thirdly, to increase national ownership of the member states' were called to appoint a "Mr. or Mrs. Lisbon" to co-ordinate the different elements of the strategy.

The member states' reaction to the Barroso Plan at the Spring Council was generally speaking positive. However, the Council insisted on giving higher priority to the knowledge society than on competitiveness and made more references to the social inclusion issue (European Council 2005; Barbier et al. 2005). About 1/3 of the member states found that social inclusion had received insufficient attention in the Barroso Plan.

Also at the Spring Council - and before that in EMCO - the future of national specific recommendations and 'naming and shaming' was discussed. Some member states resistance against 'naming and shaming' and the recommendations were, according to several interviewees, widely shared and more marked than previously. The Commission decided therefore to leave out – at least temporarily – the national-specific recommendations from the coming Annual Progress report (including the Joint Employment Report). The argument was that the revision and the new type of national report (NRP) led to a situation where it inappropriate with recommendations the first year, mainly because the first year's report would focus on policy formulations/strategies. Recommendations could then return to the annual Progress Reports the following year when the national report would concentrate on implementation. However, many interviewees from both the EU-level and the national level doubted that this would happen due to resistance from some member states. Supporting this forecast was the

observation that the Commission's Vice-President Verheugen at several occasions has expressed himself in negative terms about 'naming and shaming', and even stated that the decision to exclude naming and shaming was taken independently of the reactions from the member states (EurActiv 2005).

5.3 Draft and final guidelines

The Communication with the draft guidelines went out from the Commission in April 2005 (European Commission 2005). The draft Broad Economic Policy Guidelines and the draft Employment Guidelines were now in the same document. Whereas there were 10 employment guidelines in 2003-2004, the number was reduced to eight in the communication.

A comparison between the draft guidelines and those from 2003 leads to five observations: Firstly, apart from the three overall employment rate targets (70 percent overall, 60 percent women, 50 percent older workers) in 2010, there are no targets in the draft guidelines. Secondly, the first employment guideline (Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion) has an overarching character. It resembles one of the horizontal guidelines that were abandoned in the 2003 revision of the EES. Hence, it is surprising that the Commission proposed such a guideline and interviewees from the Commission were also surprised that the member states did not reject it in EMCO.

Thirdly, three features have disappeared from the draft employment guidelines compared to the 2003 adopted guidelines: entrepreneurship, which was covered by the micro-economic guidelines, and gender equality. Fourthly, a number of issues have changed 'status' in that they have become either more or less prominent or more explicitly addressed compared to the 2003 guidelines. However the fifth - and maybe most important - observation is that the aggregated effect of these changes is minor, with the exception of the removal of the majority of the quantitative targets. Furthermore, the reduction to eight guidelines could be argued to have led to broader and less focused guidelines.

That the proposed changes were minor might be one of the explanations why EMCO's decision making process on the draft guidelines - according to the interviewees and compared to the revision process in 2002-03 - ran much more smoothly. One of the issues that led to some discussion in EMCO was the more explicit reference to wage issues in the employment guidelines. This might be related to the fact that some countries have both representatives from Ministries of Finance as well as from Ministries of Employment/Work (and Social Policies) as representatives. Representatives from the Ministry of Finance, *inter alia*, Sweden and Finland opposed to discuss the issue in EMCO, but wanted it to be reserved for the ECOFIN councils and the Economic Policy Committee meetings.

A comparison of the draft and the final guidelines (table 2) confirms the picture of a less dramatic exercise compared to the similar process in the last revision. The most important change compared to the draft was the re-introduction of the quantitative targets - however, not in the main text of the guidelines, but in a sort of an annex. Indeed the quantitative targets clearly had a less prominent position than in the 2003 guidelines. According to the DG Employment interviewees, the re-introduction of the targets happened after pressure from most of

the countries from the minimalist coalition minus Ireland, but plus Sweden. The number of guidelines was the same and only two of the titles have been slightly reformulated. Regarding the texts of the guidelines a fair amount of reformulation, as well as adding or removal of bullet points. However, most of these were of minor importance.

[Table 2 about here]

A controversial issue in the revision process was the relative weight of the economic and the employment aspects of the revised Lisbon Strategy, including the guidelines. The worst case scenarios among those who wanted a continuation of an European employment policy was that the EES would be totally abandoned, sidelined or reduced to insignificance did not happen. Nevertheless, the employment guidelines ended up having a subordinated position vis-à-vis the economic guidelines, in that there they made up the minority of the total number of guidelines, and in that they were placed in the end of the document. However, the interviewees from DG Employment were satisfied with the position the employment issue achieved in the revised Lisbon strategy. One interviewee from DG Employment adds that especially from April, when the draft employment guidelines were added, the position was satisfying. Most, but not all, of the EMCO-representatives from the member states also found that the employment guidelines make up a suitable part of the revised Lisbon Strategy, whereas a few found that the economic part is too dominating.

6. Discussion and conclusion

The development of the EES described above show the importance of coalitions and changes of decision-making arenas. It also shows a development where *the Commission to some extent has lost, and the member-states gained*, influence:

The role of coalitions is clearest in the 2003-revision. However, it is an open question which of the two coalitions can be said to have been most successful in influencing the revisions of the strategy in 2003: the ‘regulation-coalition’ that succeeded in adding a number of quantified targets to the guidelines, or the ‘minimalist-coalition’ that succeeded in reducing the Commission’s proposal to a simpler, but not radically different document, from the one supposed to be reformed. Although the Commission plays the role as a policy broker in many regards, the *Commission has de facto acted as a member of the regulation coalition* in relation to some processes, especially the 2003 revision.

The coalitions appears to have played a less explicit role in the 2005 revision, partly because the process was less conflict prone, partly because the greater number of member states have made the coalitions even less stable and even less clearly demarcated than they were before. Some new member states hesitated to take strong positions in EMCO and were at the time of the interviews not easy to place in the coalitions, whereas others were spread across the two coalitions. Poland and some of the Baltic States were leaning towards the minimalist coalition, whereas Hungary, Slovenia and Cyprus were leaning towards the regulation coalition. However, the overall impact of the 2004-enlargement will properly be to strengthen the policies persuaded by the minimalist coalition due to the political orientations of the new member

states' governments.

The importance of the decision-making arenas are most clearly illustrated by the first Kok report. The set-up of the Employment Taskforce was an *attempt to shift the decision-making arena* to maximize the opportunity to reach a political goal. The process was more of an inter-governmental process than the 2003 revision, in that it was the member states (Germany and especially the UK) that set the agenda, and the Commission that acted reactively.

The initiative to set-up the second Kok group was different, because the Commission had a strong role in it. The work-processes, however, were similar on a number of points. The two coalitions had a less explicit role in this process and in the following revision of the whole Lisbon strategy in 2005, but decision-making arenas again played a role, although in another way this time. In the 2005 revision, the power-games played were not so much about the use of a supra-national or an inter-governmental decision-making arena, but about which areas to include and exclude in the more or less new decision-making arena, the revised Lisbon strategy.

That the member states in general have been able to increase their influence on the strategy and the Commission has lost influence has not dramatically changed the content of the EES. However, the use of pressure on the member states through 'naming and shaming' seems to have diminished, which could be explained by the increasing power of the member states. Moreover, a limited impact is seen from the change in political orientations of the member states. When the EES was established in the mid-1990s, the majority of the member states had socialist or social-democratic governments, and the EES was said to have a social-democratic orientation (van der Riel & van der Meer 2002; Madsen 2003). At the time of the revisions in 2003 and 2005 the majority of the governments are right-wing or centre-right governments. Although the change of the member states' general political orientation and the change of Commission are not strongly reflected in the employment guidelines, at least some interviewees did feel a change resulting in a focus on quantity and not quality of jobs and a focus on 'make work pay' rather than on security, had taken place - in other words, a change preferred by the minimalist coalition. So, the EES has proved to be relatively flexible in terms of ability to absorb political changes.

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Table 1: Number of EES pillars, aims, targets and employment guidelines, 2002-03

Pillars + adopted guidelines and targets 2002	<p><i>4 pillars</i></p> <p><i>6 horizontal guidelines (objectives)</i></p> <p><i>18 guidelines</i></p> <p><i>3 quantitative targets (excl. the three general)</i></p>
Second communication: 'headings', January 2003	<p><i>3 overall aims</i></p> <p><i>11 guidelines</i></p>
Commissions proposal: main aims, guidelines and targets, April 2003	<p><i>3 overall aims</i></p> <p><i>10 guidelines</i></p> <p><i>14 quantitative targets (excl. the three general)</i></p>
Main aims + adopted guidelines and targets, July 2003	<p><i>3 overall aims</i></p> <p><i>10 guidelines</i></p> <p><i>8 quantitative targets (excl. the three general)</i></p> <p>Guideline headings:</p> <ul style="list-style-type: none"> • Active and preventive measures for the unemployed and inactive • Job creation and entrepreneurship • Address change and promote adaptability and mobility in the labour market • Promote development of human capital and lifelong learning • Increase labour supply and promote active ageing • Gender equality • Promote the integration of and combat the discrimination against people at a disadvantage in the labour market • Make work pay through incentives to enhance work attractiveness • Transform undeclared work into regular employment • Address regional employment disparities

Table 2 – Adopted overall aims and employment guidelines headings 2005-08

<p>Adopted EG July 2005</p>	<ul style="list-style-type: none"> • Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion <p><i>Attract and retain more people in employment., increase labour supply and modernise social protection systems</i></p> <ul style="list-style-type: none"> • Promote a lifecycle approach to work • Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people and the inactive • Improve matching of labour market needs <p><i>Improve adaptability of workers and enterprises</i></p> <ul style="list-style-type: none"> • Promote flexibility combined with employment security and reduce labour market segmentation, having regards to the role of the social partners • Ensure employment-friendly labour cost development and wage-setting mechanisms <p><i>Increase investment in human capital through better education and skills</i></p> <ul style="list-style-type: none"> • Expand and improve investment in human capital • Adapt education and training systems in response to new competence requirements
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