

# Surviving the EU? The Future for National Employment Models in Europe

Jill Rubery

Gerhard Bosch

Steffen Lehndorff

# Ambiguity of EU's role in promoting or undermining survival of distinctive models

Modernisation as a means of survival of European social model(s).

Changes required to:

- Meet new needs
- Meet external threats
- Mitigate costs of demographic change

OMC allows path specific route to modernisation

BUT

Identifies common EU wide challenges and ways of meeting challenges-  
may not be sufficiently reflective of variety

Variety/distinctiveness may be based on core characteristics that may be  
challenged in some cases by reform

Social policy not seen as a productive factor (except under Larsen)-  
Focus is on reform of welfare and tax systems not on needs of the  
productive economy/ developing comparative advantage

# Untangling the impact of the EU on social models

- Main impact not within employment and social policy agenda
  - macro economic and competition policy
  - hard law not soft law
- Disentangling independent domestic policy agenda from EU influence
  - OMC compliance sufficiently vague to be compatible with no change
  - EU used to legitimise policy agenda but selectively
  - But persistent messages, reinforcement of EU rhetoric may influence domestic policy agenda

# The EU's modernisation agenda : some methodological problems

- Depoliticization of social model reforms- agenda independent of
  - national politics
  - distributional issues
- Internal EC politics/ dominance of economic directorates
  - rejection of notion of social policy as a productive factor-
  - failure of job quality initiative
  - focus on employment/welfare not employment/production relations

# The EU's modernisation agenda : some methodological problems

- Hybridisation
  - ideal is eclectic collection of 'best practice'-
  - national models praised and criticised on a guideline by guideline basis
- Single peak rejected but flat peak rather than multi-peak as methodology
  - no systematic analysis of complementarities
  - new member states expected to develop social model through piecemeal policy development- no mapping of alternative paths
- Flexicurity communication an attempt to provide holistic analysis but reveals underlying problems of approach
  - different problems and starting points but towards common hybrid end
  - Productivity improvements through reallocation of resources not through innovation/ pushing out production frontier
  - logic of models not respected- who pays for internal training for external mobility?

# Impact of EU on specific national models

- Gap between EU objectives/ orientations and national model- measured by outcomes and orientations
- Exercise of political will –to implement or not implement
- Characteristics of national model and interactions with EU policies- more idiosyncratic than captured by CME/LME distinction

# Competition policy

- Capital markets liberalisation

UK, Sweden ahead of the EU

Germany- most affected

- Posted workers

Limited problems where collective agreements extended

Problems for Sweden, Germany within CME

- Competition in public services

Austria –commitment to collective bargaining coordination being challenged by privatised companies

# Macroeconomic policy

- Macroeconomics affects perception of underlying strength of model- credit expansion in UK outside Eurozone interpreted as indication of robustness
- Eurozone/ stability and growth pact
  - forces attention to the supply side even when not the main problem
  - inhibits catch-up/ social innovation



# Employment and social policy

## a) hard law

- Depends on regulation gap- of nine EU member states UK, Hungary, Greece most affected by hard law regulations (more than France, Germany, Sweden, Austria, Italy, Spain)
- Even high standard countries such as Sweden have had to make some adjustments to process –equality law, posted workers
- Role of social actors also important –e.g. active use of law by trade unions and EOC in UK

# Employment and social policy

## b) soft law

- Spread of activation
  - even where passive benefits not an issue
  - Mode of implementation reflective of national model
  - Most radical change in Germany- no comparable extension of benefits e.g. in Italy
- Flexicurity
  - widespread response to call to allow flexible employment
  - variable take up even in context of active incentives
  - variations in potential impact- mobilise inactive women or turn full-time employment for women to part-time?
  - limited development of flexicurity and impact of flexible working on life time equality (pensions) not included in approach

# Employment and social policy

## b) soft law

- Gender equality
  - promotion of gender equality linked to headcount employment rate – compatible with very different models of equality
  - lack of job quality focus means limited impact on gender pay gap
  - important extension of employment policy to childcare

# The future of European social models

- EU defence of social models is at best partial
- synergies between productive efficiency/comparative advantage and strong social protection has been lost/not developed for service economy
- need focus on job quality to develop productive economy and make welfare state affordable (raise fiscal basis/reduce claimants)
- EU approach is limiting/constraining catch up and social innovation
- focus on costs minimisation not designing new systems
- Need more holistic analysis/recognition of complementarities within specific national models
- Policy approach needs to be more ambitious and more integrated