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Labour Market and Social Policy Reform in the EU: EU (and European!) Experiences for Asia

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1. Traditional EU Social Policy

- EC/EU tradition of regulatory statehood
- exclusion of *national* redistributive policies from the EU agenda (except in supranational structural policy)
- weak Euro-corporatism

2. Recent changes

- background: common market, Treaty reform and - perhaps - transnational social class formation
- objective problems: low growth rates, unemployment, more recently acknowledged failure of the Lisbon agenda of global economic leadership and failure of the European Constitution to become adapted
- policy entrepreneurship at the European level: what can be done to add to national labour, social and pension policies?
- Answer: development of a shared discourse at the European level and interaction with other fields of policy-making at the EU level to support national labour and social policy reform

3. Open method of co-ordination (OMC)

- E.g. OMC Employment, part of the 'European Employment Strategy' (EES) includes National Action Plans (NAPs), peer review and benchmarks thereby assuming 'policy learning' in regular evaluation cycle ('iterative learning') - nevertheless ongoing doubt about its actual existence as a policy rather than discourse: does the peer review process evaluate actual policy or rhetoric?
- Analogy: European Song Contest (Bernard Casey)
- Problem: low level of media and national institutional interest in NAP and peer review, thus low level of peer pressure
- However, policy-networks and epistemic community at the European level are a precondition for the generation of future norms and values to inform policy-making at a later point (Atkinson *et al.* 2004)
- Next step (if any!) would be the setting of social policy targets at the European level:

If countries initially focus their target setting on social outcomes that are seen as particularly important to their own situation, then different countries may have different targets, and these may or may not be directly linked to the common EU indicators. *This would still represent a significant step forward, given the impact which explicit adaptation of targets can have* (Atkinson *et al.* 2004: 68, emphasis added).

4. What (if anything) could be learned from EU/European experiences in Asia?

4.1. EU experience

- The development of new discourses at the supranational level - such as agreement on new statistical evaluation of national policies at the supranational rather than national level - can help to establish new agreed terms of reference for future EU policy-making (e.g. Eurostat and 'social indicators')
- However, supranational discourse can also remain a permanent sideline show if national policy-makers remain hesitant to accept such joint terms of reference
- Supranational discourse at the EU level can serve to compete with other already existing institutions (OECD, US experience, learning within welfare state regime types etc.)

4.2. European experiences

- Most recently: regime change *is* possible (see German case of abolition of Bismarckian type of status maintenance in unemployment insurance and major pension cuts by the centre left government after 2003)
- Less recently: regime change can be consolidated (neo-liberalism of a new type in Britain)
- Convergence of centre left and centre right around neo-liberal ideas
- Structural problem for future social policies: the increased degree of individualism/flexibility in society demand more flexible social policies
- How can state-provided social institutions become more flexible (e.g. decentralised agencies of local integration instead of employment services)?

4.3. Policy specific recent experiences

- General trend towards increased means-testing (e.g. UK, D)
- Limits of 'funny' means testing (e.g. low take-up of child saving bonds in UK)
- Very high level of administrative confusion at the implementation stage of 'in work benefits' or 'tax credits' in the UK, high spending on administration rather than actual benefit provision in the process)
- Nevertheless: some commitment to the introduction of income floor (rather than minimum market wage) for the low paid through 'in work' benefits (e.g. UK, F, possibly D) due to earlier breakdown of older mechanisms of solidaristic income distribution such as sectoral bargaining
- State subsidies for the extension of low-paid jobs in the commercial sector and new state-administered redistribution outside of the workplace and in the tax/benefit system
- Experiment with new social programmes for the long-term socially excluded

Some recent relevant literature

Recent textbook chapters

- Rhodes, M. (2005) 'Employment Policy: Between Efficacy and Experimentation', in Wallace, H., Wallace, W and Pollack, M.A. (eds), *Policy-Making in the European Union*, 5th ed., Oxford: Oxford UP, pp. 279-304.
- Falkner, G. (2003) 'The EU's Social Dimension', in Cini, M. (ed.), *European Union Politics*, Oxford, Oxford UP, pp. 264-77.

Recent journal articles on mechanisms of governance and discourse

- Atkinson, A.B., Marlier, E. and Nolan, B. (2004) 'Indicators and Targets for Social inclusion in the European Union', *Journal of Common Market Studies*, 42(1), 47-75.
- Casey, B. and Gold, M. (2005) 'Peer review of labour market programmes in the European Union: what can countries really learn from each other?', *Journal of European Public Policy*, 12(1), 23-43.
- Dostal, J.M. (2004) 'Campaigning on expertise: how the OECD framed EU welfare and labour market policies – and why success could trigger failure', *Journal of European Public Policy*, 11(3), 440-60.
- Jepsen, M. and Pascual, A.S. (2005) 'The European Social Model: an exercise in deconstruction', *Journal of European Social Policy*, 15(3), 231-45.

Recent journal articles on substantive policies

- Bluehdorn, I. (2004) 'Future fitness and reform gridlock: towards social inequality and postdemocratic politics?', *Debatte*, 12(2), 114-36.
- Eckardt, M. (2005) 'The open method of coordination in pensions: an economic analysis of its effects on pension reform', *Journal of European Social Policy*, 15(3), 247-67.

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