Industrial Relations Journal 39:6, 488–509
ISSN 0019-8692

Surviving the EU? The future for national employment models in Europe

Jill Rubery, Gerhard Bosch and Steffen Lehndorff

ABSTRACT

The claim by the European Union (EU) to be both the moderniser and the effective saviour of distinctive European ways of doing things is challenged by this review of the multi-tiered influence of the EU on change in national models. Competition and macroeconomic policy is argued to be more significant than soft law in reshaping national models and in constraining innovation and change to meet new conditions. Lip service is paid by the EU to different paths of development, but the contradictions and synergies across institutional and policy approaches that underpin the notion of varieties of capitalism go unrecognised. European employment models are seen as primarily contributing to social protection, but the potential role for distinctive models to promote comparative advantage, as under varieties of capitalism analysis, is not on the policy agenda.

INTRODUCTION

The theme of this annual European review is on the extent of change and continuity in European employment models, drawing on new empirical evidence and on new assessments of the forces for both change and continuity. This article contributes to that debate by focusing on the role of the European Union (EU) in promoting and shaping the direction of change and reform of European employment models. The EU has explicitly taken on the role of reshaping national employment regimes through its adoption of the Lisbon agenda and in particular the European Employment Strategy (EES). Thereby, the EU has necessarily opened up the question of the survival of distinctive national employment models linked to varieties of capitalism (VoC). European Member States provide many of the archetypical models for VoC that have been successful in the world economy but eschewed a deregulated and primarily market-oriented approach to employment (Amable, 2003; Coates, 2000; Hall and Soskice, 2001). Thus, the future of these national employment models is critical for the question as to whether there remains—in a globalised world—scope at

❒ Jill Rubery is Professor at the European Work and Employment Research Centre, Manchester Business School, University of Manchester; Gerhard Bosch is Professor and Director and Steffen Lehndorff is Senior Researcher and Department Head at the Institut Arbeit und Qualifikation University of Duisberg-Essen. Correspondence should be addressed to Jill Rubery, European Work and Employment Research Centre, Manchester Business School, University of Manchester, Booth Street West, Manchester M15 6PB, UK; email: Jill.Rubery@manchester.ac.uk

either the national or the European level for developing or maintaining distinctive national employment models that combine productive efficiency with quality employment and social protection.

The EU's position on this issue is, to say the least, ambiguous. On the one hand, the EU reform agenda is legitimated as a means of preserving distinctive European values and ways of working. Furthermore, the adoption of the open method of coordination (OMC) as the means through which modernisation is promoted across the EU allows for Member States to follow their own path-specific route in addressing apparently common problems and challenges. On the other hand, by promoting a common or Europe-wide view of both challenges and ways to meet those challenges (Jepsen and Serrano Pascual, 2006), doubt is being cast on the sustainability of variety, particularly where the reforms challenge some of the distinctive characteristics of national models. Moreover, the rationale for a distinctively European approach to employment and welfare is primarily linked to social objectives; the role of distinctive national employment and social models in enhancing European comparative advantage in the productive economy tends not to be considered, even though this is a key proposition in the VoC literature. In practice, the EU's approach, particularly since the reform of the EES in 2003, is to focus on the relationship between employment and the reform of the welfare and tax systems.

Untangling the role of the EU in the reshaping of national employment models is further complicated by two factors. First, the main impact of the EU on national employment models may stem not from its policies to promote change in employment regulations or institutions but from its policy interventions in areas such as macroeconomic management and competition policy. Importantly, these policy areas are more strongly enforced—coming under the general term of hard law—but without explicit account being taken of their impact on employment, particularly the quality and security of employment; in practice, the EU's soft law on employment and social policy is more of an afterthought and has not been mainstreamed into the overall policy stance of the EU. Second, the espoused reform policy in the employment and social area may not be the driver of policy change within Member States; even though all Member States prepare action plans that in some sense conform to the common guidelines, there are doubts over both their consistency with EU policy and, further, whether they signify any real change in national policies.

To explore these issues further, in the second section we assess the EU's policy objectives in the reform of national employment models. In the third section, we draw on examples from the experience of selected EU Member States to look at how the elements of EU policy are impacting in practice on national employment models. We review three areas of 'hard law', competition policy, macroeconomic policy, and employment and social directives, before turning to the influence of soft law on employment and associated welfare policies. In the final section, we argue for the mainstreaming of employment and job quality across the EU's policy mandates in order to provide renewed and more effective linkages between the EU's economic and social agendas.

THE EU'S APPROACH TO REFORMING NATIONAL EMPLOYMENT MODELS

The EU began to promote a shared vision for a reformed European Social Model in the 1990s, a development that took a more explicit form with the emergence of the

EES in 1997 and its associated OMC. Member States follow common guidelines to produce action plans but can move at different speeds and according to their own specific path of development.[1] OMCs now apply in a range of areas, including social inclusion extending to health and pensions. These soft law developments have been effectively incorporated into the *acquis*, the set of rules and processes that new Member States are expected to introduce in preparation for membership (Keune, 2006).

The EU's position is that reform is required if Europe is to achieve its stated goals in the Lisbon agenda of becoming a leader in the knowledge society while ensuring a cohesive and inclusive society, consistent with long-established European values and norms. Reform is needed to adjust to fundamental changes in social and economic systems—for example to modernise models formed in an era of Fordist manufacturing and the dominant male-breadwinner household, to respond to the external threats or challenges (Hay *et al.*, 1999) that are classified under the ubiquitous term globalisation, and to reduce the costs of current models due to changing demographic conditions, particularly the ageing of European society.

Much of the EU's policy rhetoric focuses on preserving the distinctive European way of doing things, in line with shared values and norms, through modernisation. Moreover, the OMC permits Member States to follow reform paths that draw on their own heritage and distinctiveness. Whether the reform process will in the end allow the retention of distinctive national employment models nevertheless remains ambiguous. While the European models should continue to diverge from the US model, they are expected to share common orientations, even if following different patterns and paths of reform to the stated goal. Four problems for the survival of national models can be identified with this policy process.

First, the EU-level programme of reform seeks to depoliticise highly political issues; the EU has promoted the idea of shared problems and a common set of appropriate solutions that exists outside of Member States' own political cycles and agendas (Jepsen and Serrano Pascual, 2006). The debate over problems and solutions is also conducted without specific concern for distributional impacts (Begg, 2008: 434). Not only does this apolitical approach endanger the historical compromises and systems of collective representation of interests through which the variants of national model emerged, but it also leaves the EU unable to provide guidance on how to achieve distributional aims. For example, its much touted aim of closing the gender pay gap is promoted without a clear view of the changes needed in areas such as wage-setting arrangements to achieve such an outcome as wages are implicitly regarded as determined through market rather than political processes (Rubery *et al.*, 2005). Yet the VoC literature takes differences in degrees of wage equality as a key characteristic of different national models, and treats these differences as underpinned by differences in both institutional arrangements and social norms.

Second, the EU's approach to reform has largely abandoned the idea of social policy as a productive factor that is central to the production approach to VoC. The literature on VoC or business systems (Crouch *et al.*, 2001b; Whitley, 1999) may be considered as providing a national- or regional-level equivalent to the resource-based theory of the firm in the form of collective competition goods. The resource-based view of the firm (Barney, 1991) sees competitiveness as dependent on path-specific

[1] Although there are some common quantitative targets.

accumulation of human capital, tacit knowledge and social capital that is relatively unique and inimitable, rather than on passive responses to external market stimuli. At the national level, it is the set of specific and interlocking national institutional arrangements that confer comparative advantage. In the European context, the high road development model has been strongly associated with a social partnership model of governance. High skill and high efficiency are seen as an outcome of high trust employment relations. The early stages of the EES and the initial development of the Lisbon strategy did promote the notion of social policy as a productive factor (Hermans, 2005); a creative and innovative society, according to this approach, had to be founded on high trust relations. This argument was put at an EU presidency conference in 1997 shortly before the EES was launched.

> If social cohesion and stability are thus recognized as productive resources, then surely the contradiction between social justice and economic efficiency breaks down. Social policy can then no longer be perceived as leading to consumption related benefits, taken out of an efficient economy by distributive politics. Social policy itself becomes a productive resource which, instead of countering economic policy by protecting or 'decommodifying' labour, comes to play a part in improving the economy's performance potential. From this perspective, social policy and economic performance are closely, perhaps even indissolubly, interconnected [Hemerijck, 1997, quoted in Hermans, 2005: 8].

In practice, however, this policy approach was not effectively implemented for a number of reasons. This approach was promoted strongly by DG Employment (then DGV), through its then Director General Allan Larsen, but other parts of the Commission and the Council of Ministers took the more traditional line that social policy is subservient to economic and competition policy, to be paid for out of, rather than contributing towards, economic prosperity. Furthermore, macroeconomic concerns over public expenditure have restricted opportunities to develop productive social policies. And, finally, the EES effectively sidesteps issues of promoting change in the production systems itself, including work organisation, by placing responsibility on social partners. While this supports a continuing role for collective regulation, the end result has been that the EES addresses the employment/welfare state interface, not the employment/production interface. Concern is more with the varieties of welfare states (Esping-Andersen, 2002) than with varieties of production systems (Hall and Soskice, 2001; Hollingsworth and Boyer, 1997). This outcome prevails despite efforts made at times to return to social policy as a productive factor. Most notably in 2001, the EU adopted a policy to promote job quality on the grounds that it 'links the dual goals of competitiveness and cohesion in a sustainable way, with clear economic benefits flowing from investing in people and strong, supportive, social systems' (CEC, 2001: 3). Again, this focus on job quality has never really been realised. Even the indicators of job quality failed to focus on actual job characteristics following the rejection of potential indicators such as pay or collective representation as too politically sensitive (Goetschy, 2002). Job quality was further downplayed after the 2004 reform of Lisbon where the focus was simplified to 'growth and jobs'. Even last year's intervention by the German presidency to relaunch job quality within the EES strategy has been effectively ignored by Member States, according to the 2007/8 Joint Employment Report (CEC, 2008: 9).

This relaunch of job quality has been overshadowed by the strengthening of the focus on flexicurity (Dieckhoff and Gallie, 2007). Flexicurity, as set out in the 2007 flexicurity communication (CEC, 2007), does deal with both internal and external flexibility and with the different starting points and different priorities of Member States in developing flexicurity strategies. However, in practice, the main focus of the four pathways to flexicurity that it sets out is with improving quality transitions, whether this be from flexible to permanent work (pathway 1), from internal labour markets to external mobility (pathway 2), from high inactivity among specific groups to a more inclusive labour market (pathway 3) or from high dependency on benefits to higher employment (pathway 4). These are shorthand descriptions of the proposals, and pathway 2 does allow for a parallel focus on developing skills within internal labour markets, but the dominant emphasis is on skills for mobility, not skills to promote innovation or high performance within organisations to generate comparative advantage. Within the VoC literature, there is recognition of different routes to high-skill economies—through education or through training, and through internal labour markets or occupation-based training. However, the flexicurity proposal—in line with the dominant perspective of the EES—favours a hybrid approach, focusing more on redeployment and absorption of shocks. It is unclear whether in the case of, say, the German occupational training system, the proposals imply further and deeper development of specific occupational capabilities, which might promote organisational capabilities, or whether, in anticipation of a future decline in demand for their current occupation, staff should begin retraining for alternative types of employment and to facilitate organisation-to-organisation mobility. The emphasis is on the latter, but not only is it difficult to persuade employers that they should simultaneously invest in employees and promote their external employability, but the primary focus is on productivity through reallocation of resources rather than on productivity through pushing out the production frontier.[2]

The third issue is whether, even given the narrower objective that efficient national models should provide for reallocation of resources in a context of security and protection, the EES might be expected to strengthen or weaken current national models. The EES promotes a model that is both idealised, combining all apparently desirable attributes or orientations, and a hybrid, based on eclectic elements picked from 'best practice' of a range of EU Member States. As Jepsen and Serrano Pascual comment,

> Rubbing shoulders in the European arena is a variety of different national models used to articulate the social question, a situation that is in stark contrast to the process of gradually institutionalised social responses that accompanied the development of industrial societies in member countries. . . . The ideological position of the ESM [European Social Model] is therefore complex, insofar as its construction is taking place in a common cultural vacuum, while one of its aims is the construction of just such a common culture [Jepsen and Serrano Pascual, 2006: 7–8].

Moreover, the implications of one element of the model for other aspects are not identified. Even Member States praised as effective role models for their policies in one area may be critiqued, sometimes within the same document, for other aspects of their policies even when there is a direct linkage between the two attributes. Rarely are the positive and negative elements put together so that Member States, implicitly encouraged to follow best practice, are forewarned about necessary complementary policies, such as higher taxes, or about tradeoffs between different policy goals. For example, in the employment task force report (CEC, 2003), both Sweden and

[2] It is notable that the lifelong learning strategy of the EU has had limited impact, with no marked increase in participation noted in the 2007/8 Joint Employment Report despite a 2005 request for Member States to develop a lifelong learning strategy. Within the lifelong learning strategy approach, there is little recognition of the problems of who designs, funds and benefits from training—whether it be employers, individuals or indeed the state (through improved economic performance and reduced welfare dependency). Greater recognition of these conflicts might lead to a clearer vision of what lifelong learning may be for and who should develop and fund it.

Denmark are championed for their high employment rates and flexicurity policies but enjoined to pay attention to reducing fiscal pressures or marginal tax rates, without reference to the importance of the tax base for promoting high employment (e.g. through state-provided childcare in Sweden) or for funding high benefits to reduce the social costs of flexibility in Denmark (Gazier, 2006; Madsen, 2004).

In failing to recognise complementarities between policies in creating a distinctive national model, the EES is implicitly rejecting the notion of multiple efficient forms of capitalism that are distinctive and not readily imitated—multi-peak capitalism to use Freeman's terminology. Freeman (2000) contrasts three different approaches to the VoC: the single-peak version represents a one best way of doing things to which all countries must aspire; multi-peaks, in contrast, represent a range of alternative ways to high performance through the adoption of sets of alternative complementary policies, but borrowing a policy from another set of complementary policies may cause a national model to move down from a high-performing peak to a low-performing valley. The third 'flat peak' approach assumes there are many ways to achieve high performance but also few risks in learning from and adapting models on a piecemeal basis, drawing on examples of 'best practice'; the implications are that there are no valleys to fall into as a consequence of engaging in learning and adapting from other models. The EES is founded on the principle that there is not a single-peak model, a one best way of doing things—normally represented by the United States—but instead of the multi-peak seems to adopt the notion of a flat peak. The recent communication on flexicurity may have gone further than the EES in promoting a holistic analysis by setting out a number of possible paths to deal with the various 'problems' of labour markets through a mixed policy package, involving training systems, employment protection and benefit arrangements, and to vary according to starting points. However, this approach does not overcome the problem already identified that the end goal is still a common hybrid rather than a recognition of the existence of distinctively different long-run outcomes compatible with economic prosperity and social protection. Moreover, although unusually the need for improvements in social protection—for example benefits—is recognised, the thorny issue of how to reconcile this policy option with macroeconomic requirements to reduce public expenditure is not addressed.

Just as there are problems with the best-practice approach, so are there parallel problems in the identification of those problems that the reform programme is intended to address. The traditional or outdated ESM model, to which the EES is set up in opposition, is also essentially a hybrid and has much in common with a traditional or stereotypical Eurosclerosis view of European models, involving 'too high' employment security, welfare benefits, early retirement or tax wedges, 'too limited' use of preventive or activation policies, wage differentiation by region or flexible employment opportunities. Within this framework, there is insufficient attention paid to the specifics of the problems in a particular Member State, for example whether low employment rates reflect lack of activation or flexible work policies or demand deficiency. As Seferiades (2003) comments, the EES has presumed that Greece, with its low employment rate, has been suffering from problems of sclerosis and rigidity while the fact 'that Greece is a country combining high unemployment with low labour costs and a large (almost infinitely flexible) informal economy casts serious doubt on the validity of key EES policy presuppositions. If this is so, the premature (and unduly stifling) supply-side framing of unemployment characterizing the EES must be undone' (*ibid.*: 199).

While for EU15 countries the EES's effect on national models may be limited (see below), its influence on applicant countries and new Member States is potentially greater as they seek to comply with the *acquis*, in its hard and soft elements. However, although the prescribed best practice may be followed—for example the setting up of social partnership institutions—they may not function in the intended way but may be more reliant on the support of the state because of a weak legacy of institutions or social norms to underpin the social partnership (Lafoucriere and Green, 2006). To some extent, the effect has been limited by the low priority attached to the social dimension to the *acquis* in monitoring by the Commission (Keune, 2006). Nevertheless, the process has resulted in changes to discourses and cognitive policy maps within the applicant countries, even if financial restrictions have limited the range of new policy approaches. Moreover, for those new Member States still trying to establish their employment and welfare model as a result of having entered the capitalist framework relatively recently, the patchwork approach of the EES may be a particular problem. By failing to map out alternative and potentially equally valid routes, in line with a VoC or multi-peaked approach, the end result may be to leave the path clear for the adoption of a more Anglo-Saxon liberal model.

The fourth problem with the EES approach to the modernisation of national models is that the impact of other aspects of EU policy, particularly competition and macroeconomic policy, in shaping and reshaping national models may be even greater. Employment and social policy is subservient to the economic policy framework, a situation that has been increased by the integration of the EES into the national reform programme (Rubery *et al.*, 2006; Zeitlin, 2007). Thus, in the next section, to assess the role of the EU on national employment models, we review not only the impact of soft but also various aspects of EU hard law on national models.

THE EU AND CHANGE IN NATIONAL EMPLOYMENT MODELS: EXAMPLES FROM SELECTED MEMBER STATES

There are three factors that can be expected to influence the effect of EU policies on national employment models.

1. The impact of EU policies depends on the gap between the EU's policy approach, measured either by orientation, such as extent of focus on activation, or by policy outcome (such as employment rate relative to EU targets), and the current orientations/outcomes of the national model.
2. National political will influences the implementation of policies, and this in turn depends upon the extent to which EU policies are taken up by actors and become an active factor in national policy agendas.
3. The impact of EU policies will vary between types of national models, but the impact may be quite different even among countries that have been classified as belonging to the same 'variety' of business systems or welfare systems. This is because typologies do not capture all the differences between country models (Bosch *et al.*, 2009). If policy change interacts with idiosyncratic differences, diversity among previously apparently similar systems may increase.

To simplify, we divide the influences of the EU into those related to hard law (or rules), with specific attention to competition policy, macroeconomic policy and the hard law *acquis* in the employment area, and those related to soft law or the OMC, with specific attention to the EES. There is no clear boundary between these influences, and the potential for complementarities, synergies and contradictions between these influences need to be recognised. The impact of both types of policy lever will also depend upon whether there is a link between adherence to the policy and access to resources through the structural funds. This factor may strengthen the impact of EU policy in low-income countries where structural funds are financially important.

We draw here on examples from EU Member States. Many of these are derived from the experiences in nine EU Member States, that is, those studied within an EU Framework 6 (EU FP6) project on the dynamics of national employment models.[3] These nine include three of the classic exemplars of VoC: the UK as a liberal market model; Germany as the archetypal conservative welfare state and coordinated market economy model; Sweden as another coordinated economy model but also as an exemplar of social democratic welfare states. France is also often regarded as a key example of state-led capitalism, while Hungary provides a post-transition economy example. Austria provides a further example of a coordinated market economy, but this time a much smaller country, with a stronger history of state ownership and a stronger system of social partnership based on mandatory employer membership of Chambers of Commerce, than its near neighbour Germany. The final three countries are all from Southern Europe (Spain, Italy, Greece), and all share the Mediterranean family-based welfare model and some elements of a coordinated market economy model, combined with large informal sectors. No attempt is made to provide a full analysis of change within these models (see Bosch *et al*., 2009); the focus here is on explicitly selective examples to illustrate the range of impacts of EU policy.

EU hard law and regulation and change in national employment models

There is an effective hierarchy of EU hard law regulation, starting with product market regulation, the area most actively enforced, through macroeconomic regulation, where there is a common currency and interest rate but enforcement of public expenditure targets is weaker, to employment and social legislation where enforcement depends more on action within the nation state[4] than monitoring by the EU.

Competition policy

National employment models, to be sustainable, have to be able to compete within international markets. However, historically, control over national borders and the rules governing competition in product and capital markets facilitated the development of distinctive models (Scharpf, 1999). The impact of EU competition policy on national employment models thus comes from:

[3] This article draws on studies produced as part of an EU FP6 project on the dynamics of national employment models (http://www.dynamoproject.eu). In addition, the article draws on knowledge and information accumulated through 10 years of evaluating national action plans on employment from a gender equality perspective through the first author's role as coordinator of the EU's experts groups on gender, social inclusion and employment. Details of this work can be found using the following websites: http://ec.europa.eu/employment_social/gender_equality/gender_mainstreaming/gender/exp_group_en.html; http://www.mbs.ac.uk/ewerc/eggsie.

The authors would also like to acknowledge the support of the International Institute for Labour Studies, ILO Geneva, in this work on the role of the EU; an initial and longer working paper on this topic was prepared for the institute. We are grateful in particular for comments from Lydia Fraile and from Jonathan Zeitlin.

[4] And the willingness of actors to take cases to the European Court of Justice.

- European-wide policies on capital markets;
- The opening up of competition between national employment regimes in a wider range of areas;
- The opening up of the public sector to private sector ownership and to the delivery of public services through private providers.

Liberalisation of capital markets is a core element of the European project, but its implications vary according to the 'variety of capitalism'. The country that has been most affected here is Germany, renowned for its reliance on patient capital rather than the short-term open markets favoured by the EU project. Research suggests that the German capital market still continues to work somewhat differently (Deeg, 2005; Vitols, 2003). Nevertheless, the change within the national model is undoubtedly significant, limiting opportunities for organisations to take a long-term perspective. Another example of EU-induced change is Austria, where significant changes were made in 1993 just before accession. In contrast, liberalisation in the UK and Sweden occurred in advance of, and independently from, EU influence.

The potential for cross-border competition to challenge national employment models has become a major area of controversy because the scope for such competition within the same national space was extended not only by the services and posted workers directives (Bosch *et al*., 2007; Cremers *et al*., 2007) but also by the increased flows of migrants post enlargement, expanding the pool of workers potentially available for low paid or irregular work. High-wage countries may be most vulnerable, particularly those sharing borders with low-wage economies and where sector-level pay agreements are not legally enforced. Employment standards are easier to maintain where legally binding collective regulations are extended to all companies (Austria, France, Italy, Spain and Greece out of the nine Member States considered here) or where effective trade union pressure to ensure common standards prevails (Scandinavian countries including Sweden). However, large informal sectors, such as in the southern countries, reduce the effectiveness of such protection, particularly in construction and some service sectors. In Hungary and the UK, protection of employment standards tends to be limited to the national minimum wage.

Although Germany might be expected to start from a position of strong regulation, certainly in comparison with the UK, it in fact provides an example of an unexpected or differentiated effect within the group of regulated coordinated economies. Germany has no national minimum wage and has relied on voluntary enforcement of sector collective agreements, backed up in some cases by legal enforcement on non-participants. However, the state has to a large extent stepped back from its policy of extending some collective agreements because of a lack of employer support; collectively-agreed employment standards are thus exposed to competition from posted workers and domestic organisations that have withdrawn from the sector-level agreements. The effect has been to bring the issue of introducing a national minimum wage onto the policy agenda, but because of the strong social norm that the state does not interfere in collective bargaining (Bosch and Weinkopf, 2008), this approach has been resisted. One of the very few, and increasingly endangered, exceptions has been the extension of a minimum wage agreement in the construction industry. A similar route has been chosen, albeit with difficulty, in postal services. Sweden, another coordinated economy, also faces problems in its regulation of labour standards because of the Laval judgment, which has questioned the legality of enforcing standards on posted workers through collective regulation. Sweden, in its implementation of the Posted Workers Directive, chose not to refer to the terms and conditions of generally valid collective agreements under Article 3.8 that would have enabled these conditions to be enforced because of a strong social norm that wage determination is the prerogative of social partners alone (Cremers *et al*., 2007). The Laval case appears to be leading to some rethink of this position (EIRO, 2008) as employers remain supportive of labour market-wide employment standards, unlike in Germany, where the impact of the EU policy is exacerbated by the opportunity it provides for employers to question the traditional model. Here we have examples of the importance of national political will and the specific role of national actors in determining outcomes.

The EU has been prompting the opening of product markets, including those previously served by public monopolies, on the basis of the benefits of competition for productivity and innovation. However, this push for competition and the associated moves to privatisation is also informed by the view that those in protected industries enjoy benefits as privileged insiders at the expense of both labour market outsiders and the consumer of public services. Thus, although pursued under competition policy, there is also an objective to change the organisation of labour markets. The notion that the public sector offers a good-practice example for the private sector, as Crouch and colleagues have suggested (Crouch *et al*., 2001a; Wickham, 2005), is discounted. Again the impact of product market competition and associated privatisation on national employment models has depended upon starting points; Austria had had to make the most rapid changes to its ownership structure as state ownership was a core part of its postwar reconstruction model. Moreover, in Austria it is the privatised companies that are doing most to challenge the traditional sector-level forms of regulation, including bringing in company-level agreements (Hermann and Flecker, 2009). In contrast, privatisation in both the UK and Sweden again occurred in advance of EU pressure on opening markets but with very different results. Sweden has largely maintained a system of high and regulated employment and pay standards (Anxo and Niklasson, 2006) while privatisation in the UK has been associated with reduced collective bargaining and widening wage dispersion. In some coordinated economies such as Italy, however, the main impact has been to redistribute rents—from public to private sector monopolies—while employment conditions in these privatised sectors remain relatively protected (Simonazzi *et al*., 2009).

This opening of public sector markets may have consequences for the survival of a distinctive European social model or models that go further and deeper than the employment arrangements themselves. Wickham (2005) has argued that the attack on the role of the state in providing public services and public employment, as embedded in EU competition policy, may undermine the commitment to the public realm and the legitimacy of the state that sets the European social models apart from the US VoC. However, it is also the case that the belief in the public realm may in the end also limit the extent to which European citizens will tolerate provision of public services by the private sector.

Macroeconomic policy

The macroeconomic policy promoted by the EU's growth and stability pact also impacts upon national models in differentiated ways, again of three types.

1. Macroeconomic policy affects the growth rate of economies, thereby changing perceptions over whether the national model is successful or failing.

2. The removal of macroeconomic adjustment tools such as devaluation or interest rate variation has increased the focus on supply-side reforms to national models.
3. Macroeconomic regulations limit the scope for innovation and change in social policy, thereby also limiting learning and catch up.

In relation to these three factors, the selected Member States again provide examples of variations according to starting points, national political agendas and the national model specificities.

Even though macroeconomic performance is itself in part a consequence of eurozone rules, macroeconomic outcomes have been used to legitimise pressure for reform of national models. In Germany, it was the high and persistent unemployment that created pressure for reform of the labour and capital market and led to the implementation of the Hartz reforms that reduced the length and level of unemployment benefits. In contrast, the UK's model was promoted by its government and even by the EU as proving the benefits of appropriate supply-side conditions for strong non-inflationary growth, even though its exclusion from the eurozone may have been more important in enabling the increase in public expenditure to both stimulate growth and renew the public infrastructure (Coutts *et al.*, 2006). It is remarkable how quickly these perceptions of national models as successes or failures have changed in 2007–08 as the credit crunch hit Britain; the reliance on strong manufacturing and export performance and less use of credit to fuel consumption and house prices, which has characterised the Germany economy over the past decade, has suddenly been rediscovered as a potentially more stable route to long-term prosperity.

The impact of the euro on national models has depended upon the state of public finances and the extent of reliance in the past on mechanisms such as devaluation to manage the economy. Thus, Italy has not yet found an effective replacement for currency devaluation, its traditional tool to re-establish international competitiveness (Simonazzi *et al.*, 2009). Germany, in contrast, was more attuned to using internal deflation to maintain international competitiveness, and had influenced the design of the eurozone rules around this approach (Hay *et al.*, 1999). However, the outcome was to depress domestic demand to the point of generating high unemployment, which in turn fuelled pressure to reform the model, even as international competitiveness improved. Restrictions on the use of fiscal policy leave actors with few options other than to turn to supply-side measures to stimulate employment or growth, even when activation policies are clearly unable to compensate for a gap in labour demand. These problems have been particularly acute in Southern European countries where activation and labour market deregulation have been promoted by the EU as a means of resolving what amounts to a problem of demand deficiency behind the persistent low employment rates (Karamessini, 2007; Seferiades, 2003).

An example of how the macroeconomic rules inhibit policy innovation is found in the case of Hungary. From 2000 onwards it had begun to reject the simple liberal, market economy model it had followed when first integrating into the capitalist system and had started to pursue policies more in line with a form of Rhenish capitalism and neo-Keynesian macro policy (Neumann and Tóth, 2009). This process came to an abrupt halt and was reversed by the government in 2006, mindful of the need to improve its macroeconomic performance, measured by eurozone rules, if it were to be a successful applicant to the eurozone.

Macroeconomic policy is stimulating change in social policy but primarily to reduce public expenditure, particularly on pensions. The priority attached to macroeconomic conditions is inhibiting a full reform of pensions that might extend coverage to excluded groups. Pension reforms in many Member States are in fact reinforcing rather than reducing segmentation of the labour force, contrary to the espoused objectives of, for example, the flexicurity policies. Extensions of contribution years and moves to defined contributions over defined benefit schemes have most negative impact on part-time workers and women, even if more allowance is made for years spent in care work in some of the pension reforms (Rubery *et al.*, 2006). In Italy, for example, the focus of pension reform was not the inadequate coverage of pensions but, instead, the reduction of costs, although the benefits for the older generations in core jobs have been preserved (Simonazzi *et al.*, 2009). Macroeconomic regulations are stimulating a rethinking and modernisation of the welfare system, but the direction of travel is often not towards a more inclusive system, more in keeping with diversified and flexible labour markets. Instead, the objective of reducing future costs is often more easily achieved by reducing rights of the young who are furthest away from retirement.

Employment and social rights

The third area of hard law considered here is that of employment and social protection, specifically the raft of directives that Member States must transpose into national law if their standards are below the minima set by European legislation. Again, the impact depends upon the starting point of the Member States. For many, there has been only a limited need to adjust national legislation as the EU directives' minimum standards may fall below national standards. This is the case particularly in Member States such as Sweden with high existing labour standards. However, as we have already discussed, the development of legal standards, as opposed to ones promoted and enforced through collective regulation, is causing some problems for Sweden. It is thus not only in the substantive content but also in the form of regulation that the EU has an impact on national models.

Greece, Hungary and the UK stand out among the nine Member States considered here as cases where EU directives have expanded legal employment rights, particularly in the area of equal opportunities, but also in relation to rights for those on non-standard contracts. EU health and safety legislation has been important in changing regulations in Greece but less so, for example in the UK, where this area of law was already well established. In Greece and Hungary, the criteria in the reporting requirements of the structural funds increased the attention paid to issues such as equal opportunities; that is, the attention paid to elements of the legislation is reinforced where there is a link to access to resources. In both cases, however, the enforcement mechanisms remain weak, even if the EU has been able to put new issues on the policy agenda.

In the UK, the attention paid to EU law has in part been driven by the trade unions, who have actively utilised the law to further collective bargaining agendas. The trade unions have supported individual cases through the employment tribunal systems to put pressure on employers to adjust pay, working time and other employment arrangements in the interest of equal opportunities and have mobilised the acquired rights directive to protect the terms and conditions of workers outsourced from the public sector. This active use of European law by UK trade unions can best be explained by the sharp confrontation between relatively strong unions and a hard line Conservative government in the 1980s. In the absence of any social compromise, the unions resorted to European law to provide some protection against the downgrading of employment rights. Other Member States have either made more use of social compromises or the trade unions and/or the legal framework for enforcing employment rights have been too weak for such a strategy to work. Here we find a key example of how the impact of the EU depends on the take-up of opportunities to utilise EU policies and regulations within the domestic political agenda.

Soft law, the EES and change in national employment models

In this section, the focus is on the influence of the EU through non-binding interventions and the associated dialogue on how European employment and welfare systems should develop. The EES is, by design, expected to shape the orientation of the policy agenda rather than produce common policies or immediate convergence of outcomes. Its influence is necessarily diffuse, and there are also clear differences between Member States in the public awareness of the process (Zeitlin, 2005). The separation of the influence of the EU from other factors cannot be done with any degree of precision; one of the main reasons for suggesting that policy change may be at least in part attributed to the EU is the consistency of the messages promoted by the EU through the EES since 1997 and even before, reinforced by the construction of specific EES and Lisbon strategy terminology such as employability, activation, social partnership, flexicurity or even the knowledge society (Barbier, 2006: 135; Jepsen and Serrano Pascual, 2006: 36) and by the promotion of similar orientations and objectives in the structural funds. The penetration of these terms into national discourse varies but all Member States have to engage, to at least some degree, with the debate in Europe conducted through these terms.

We divide the EES model into three main elements—promoting employment through activation and making work pay; promoting flexicurity including lifelong learning; and promoting equal opportunities for women and men. Again, using our three-pronged analysis of the impact of the EU, related to starting points and distance from the EU model, engagement of national political actors and specificities of the national model, we find significant but variable impacts on national employment models.

Activation and making work pay

Preventive and activation measures for the unemployed and policies to make work pay are at the heart of the EU's agenda for 'modernising' welfare systems. The EES's initial quantitative targets were set in respect to actions for the long-term and young unemployed and it is this area that has therefore received most attention. The focus is both on activation to reduce welfare costs and preventive measures to reduce entrapment in long-term unemployment. The path of activation—and the balance of the focus between benefit reduction and preventive measures—has been clearly influenced by both starting points and the characteristics of the national model.

The notion of proactive policies to enable or encourage the unemployed to move back into work was new to several Member States, including most of the Southern European countries such as Italy, Greece and Spain. In part this was due to the limited development of unemployment benefits, particularly in Italy and Greece, so the presumption of a high fiscal cost to passive policies was not fully valid. Moreover, the EES does not focus on the more obvious policy imperative, that is to extend unemployment benefit entitlements to those not currently covered, except as part of its flexicurity strategy (see below). Although activation policies are still only partially developed in the Southern countries, their increasing importance can be attributed to two factors: first, the constraints on macroeconomic policy has forced a focus on supply-side policies; and, second, access to the structural funds has both required evidence of activation and provided the means of funding new activation policies.

Within the Member States with more developed or comprehensive welfare systems, the characteristics of the national model have influenced the definition of the problem to be addressed and the approach to activation adopted (Barbier, 2005). Thus, in some cases, the outcome is the perpetuation of the national model—albeit along evolving lines—while in others there is more evidence of change in the underlying approach. The UK, France and Sweden can be considered to be following activation policies that fit with their national models. The Swedish model is built on activation as a means of productive redeployment of its human resources; in the 1990s it refocused on promoting skills and education in line with the Rehn Meidner approach of using activation to enhance the quality of labour supply (Anxo and Niklasson, 2006), although since 2006 there has been a somewhat renewed focus on restricting unemployment benefits. The UK, in line with its liberal model, has focused on incentives both to move off benefits (sticks) and to enter employment (carrots) through strengthening of work-seeking requirements combined with in-work benefits. However, the form of activation still differs from that adopted in the United States, another liberal model; incentives to move into work have had to be more generous because of the stronger commitment to social assistance and the much larger size of the benefit-dependent population in the UK (Barbier, 2006). Meanwhile, the French approach to activation has been described—again in line with the mixed nature of the French model—as a hybrid Beveridgean/Bismarckian system where, in response to high unemployment, large subsidised employment programmes have been set up, coupled with an income guarantee system that is not dependent on willingness to seek work (Barbier, 2005). Commitments to social solidarity and social inclusion are maintained alongside expanding opportunities for work experience. Germany provides an example where recent changes to policies are potentially changing the underlying characteristics of the model. Not only are benefit levels being cut for the long-term unemployed, but the notion of supporting the unemployed to allow for matching of job vacancies to skills is giving way to a work-first policy (Bosch *et al.*, 2007; Kemmerling and Bruttel, 2005). This review suggests that the EES has extended the application of the concept of activation, sometimes to Member States where this is not the key issue. This policy approach has resulted in more incremental than radical change in national models, with Germany perhaps the exception, with the roles played by the three pillars of social protection—the state, the labour market and the family—showing more continuity than change.

The activation policies are thus far from generating even functional equivalents, in relation to the EES objectives of promoting high employment to resolve fiscal constraints and ensure social inclusion. All the policy variants have very different implications for public accounts and for social inclusion and equity. These potential contradictions with the EES overall objectives are not usually highlighted in evaluations of Member States national action plans; indeed, as we have argued, the OMC approach seems to allow not only for different paths to policy objectives but also for differences in outcomes to be overlooked, except to the extent that these are captured by the chosen indicators of employment performance. For example, Germany has been criticised for its income-splitting household taxation system that is at odds with its gender equality policies, but the links between this system and the growth of mini jobs has not been highlighted. Likewise, policies to promote active ageing through changes to the retirement age or contribution records are not analysed for their impact on those following the flexible employment paths promoted by the flexicurity policy.

Flexicurity

A fundamental axiom of the EU's modernisation policy is that national models should allow for flexibility in employment forms and working hours. It is the Southern European countries and also new Member States that have been most subject to recommendations to remove obstacles to part-time work and other forms of flexible working (see CEC, 2003). These messages are not based on any deep analysis of the likely impact and the link to the national model; in most new Member States, women's employment rate is low because of the impact of early retirement during restructuring and because of long—often three-year duration—maternity leaves, which may also have the effect of distancing mothers from the labour market (Rubery *et al.*, 2006). In this context, a general promotion of part-time work could run the risk that current full-time working opportunities for prime-age women might begin to be offered only on a part-time basis, even though full-time working is well established in both labour market and family systems, surviving the transition to capitalist labour markets. Similar doubts must be entertained with respect to recommendations—for example in the Kok report—for Portugal to remove obstacles to part-time working when the full-time model is well established.

The persistence of the message favouring non-standard employment has meant that even the most reluctant Member States have responded. Not only is temporary work and agency work now normally regularised, but obstacles to part-time work have also been removed. In the case of Greece, part-time work is positively incentivised but with little impact, both because of strong social norms against part-time work and because of demand deficiency (Karamessini, 2007). More change is evident in Italy (following the Treu and Biagi law reforms) and in Spain but with the effect that non-standard work is concentrated among the young and women, thereby contributing to segmentation (Banyuls *et al.*, 2009).

Flexicurity has been largely ignored by Member States up until the 2007 National Reform Programme, where the Joint Employment Report (CEC, 2008: 12) notes an increasing interest with at least seven countries said to be improving protection for those on temporary contracts. Many Member States are also in the process of implementing the directives giving equal treatment for flexible workers (although the agency directive is still blocked). Recommendations from the EU are also promoting more the joint flexicurity approach with enjoinders, for example to Spain to reduce segmentation between fixed-term and permanent workers or the Netherlands to provide opportunities for part-timers to return to full-time work. Here the EU again has a hybrid model in mind with a diversity of employment contracts but not an overwhelming share of flexible work contracts. The flexicurity communication does start to identify policy mixes to deliver high-quality outcomes, but the significant effects of flexible working on life chances are still underplayed. The flexicurity policy does suggest that the mini jobs in Germany should be subject to social protection, but there is less focus on the fact that mini jobs are also restricted to short hours and low pay with few prospects for promotion while part-time work in Sweden is often carried out within a framework of continuing rights to full-time employment.

Gender equality

Gender equality was identified in the five-year review of the EES (CEC, 2002) as one of the areas that had had most impact on Member States in the 1997–2002 period. Since then the equal opportunities focus has been struggling to survive, first with the loss of the equal opportunities pillar of the EES, followed in 2004 by the disappearance of the gender equality guideline; instead, in the national reform programme, gender issues are integrated under various guidelines, particularly that on the life cycle but also within the full employment guideline, covering the Lisbon target of a 60 per cent female employment rate by 2010. The outcome has been not only a decline in gender visibility but also a tendency to regard gender equality issues as only to do with life-cycle problems—and thus with part-time work and childcare. The EU has continued to press for childcare improvements in its recommendations to Member States and still makes some attempt to prompt Member States to close gender pay gaps. However, in this context, the EU has little to offer in the way of policy approaches as the EES does not make links between the gender pay gap and issues such as wage structures, minimum wage levels, the impact of part-time work on segregation and lifetime careers or indeed the policies and practices of employers. Thus, while gender equality has been kept on the agenda—in part because of the employment rate target—the focus is primarily on activation, through part-time work and childcare, and not on a fully mainstreamed approach to gender equality which would require significant attention to those institutional arrangements that shape income distribution and labour market power. The hybrid model that the EES promotes is compatible with very different models of female employment; for example, the target of a high female employment rate is only on a headcount basis, not full-time equivalents, allowing for variations in the distribution of employment volume between women and men. While this allows for the variations in national models, there remains a fundamental ambiguity in the unequivocal adoption of a gender equality goal, yet the acceptance of policy agendas that may be regarded as at odds with this normative goal. Overall, a certain gender blindness still remains at the heart of the EES in the evaluation of policy packages or underlying national models, despite the apparently innovative embrace of both gender equality and gender mainstreaming in the formulation of the policy.

The significance of the EU's promotion of gender equality depends again on starting points and on the importance attached to the issues by national political actors. At one extreme, Sweden already had well-established principles of gender equality before joining, and one of the factors in the campaign for a no vote for joining the EU was that gender equality measures would be reduced rather than enhanced. At the other extreme, the EU has been the main driver behind gender equality measures and policies in Greece, including first through the legal framework and latter through the EES, evident in the development of policies for childcare, extended leave and even processes for gender mainstreaming of policy. Here the reinforcement of the same principles through the structural funds may also have had an impact. There is some evidence also that the EU, by putting gender equality issues on the table, may have generated some more lasting momentum at the Member State level. For example, Spain has new acts on dependency and equality that may signify a more sustained gender equality approach. Germany has also begun to change its policy and instead of only supporting inactive mothers is moving towards income-related maternity pay and expanding childcare for those less than three years old. Neither of these countries have strong national records of pursuing gender equality issues, and Germany of course retains its income-splitting tax system that discourages female participation. There are considerable signs of change even in those countries renowned for national models based on strong male breadwinners, but the impact of the EU on these developments is, of course, difficult to disentangle and they are often not mentioned in national reform programme reports. The clearest evidence for an impact can be found in the area of childcare as most Member States have reported policies to improve childcare since the adoption of improvements in childcare as a target in 2000, with specific targets formulated in 2002. Although availability and affordability still varies widely, the adoption of a childcare policy also signalled that the EU recognised that achievement of employment targets required changes in both welfare and family systems. In that sense, the approach fits with a concern to consider national models across a range of different institutional arrangements and policy spheres, but, as we have demonstrated, this holistic approach to employment policy has by no means been fully followed through.

THE EU AND THE FUTURE OF EUROPEAN SOCIAL MODELS

The impact of the EU on national employment models is complex and multi-tiered. This complexity is associated with the problems of establishing the counterfactual, that is, what would be happening to national models without the influence of the EU. The complexity is enhanced by the intertwining of EU levels and national policy actors and the fact that the strongest influence on national employment models comes from areas other than the employment and social policy agenda. Three main implications for the future of national employment models under the influence of the EU can be identified from this review of both EU policies and their interactions with policy change at the Member State level.

The first is that, despite rhetoric to the contrary, the EU's defence of the European way of doing things and the need for an alternative to the US model is only partial and neglects the contribution that institutional arrangements can make to the development of distinctive comparative advantage in the production sphere. Instead, the role of national models is primarily to provide for smooth reallocation of resources, investments in human capital and social protection. The potential for social policy to be a productive factor is only partially aspired to, let alone implemented. On this basis, while welfare and family systems, and indeed social norms with respect to employment arrangements, are likely to remain diverse in the foreseeable future, the potential for these employment models to provide for a distinctive role for European countries within the world economic systems is diminished. This failure to link employment models to the production sphere has two further consequences. First, the impact of EU hard law in the area of competition policy on employment outcomes is not given direct consideration, despite the integration of employment with economic policy under the national reform programmes. Competition policy as hard law is more effectively implemented than the EES and is posing more significant challenges to national employment and social models by promoting regime competition and the restructuring of ownership and capital markets, with significant consequences for the organisation of employment and maintenance of labour standards. Second, without a clear focus on the need to promote and develop job quality within the production sphere, the ability to sustain over the long term the welfare and social protection that characterises the set of European social models may be in jeopardy. Job quality, measured by, for example, productivity and pay, acts as a means of funding the welfare system—by adding to the fiscal base. Job quality, measured by security of employment, reduces the chances of individuals needing welfare support, thereby reducing the drain on the fiscal base.

The second implication from this review is that even though the EU sees itself as promoting change and innovation in national models, in practice it is also restricting societal innovation by limiting opportunities for Member States with low social provision or job quality to 'catch up' with more developed EU Member States. Such catch-up problems include creating more inclusive social protection, providing new types of services (childcare and elder care) and providing for new investments in skill development (through both lifelong learning and increased investment in human capital). The scope for such adjustments is constrained by a lack of resources and strict fiscal rules; a focus on more inclusive social provisions and protection and extension of new services to match new needs would provide an opportunity for positive integration and convergence. The EU should be commended for promoting childcare; however, the focus is on availability, not affordability, perhaps as the latter would highlight contradictions between the employment and social policy and the macroeconomic and public expenditure policies. A process of 'catch up' does not imply that Member States should be following the policies of the past, but it is by allowing the scope for positive new developments that one might promote societal innovation and institution building. The more restrictive policy approach focuses on minimising the cost of existing provisions rather than on designing new systems to meet new conditions. A very important issue here is allowing Member States the fiscal space to be innovative and to plan for long-term change; the opportunity for other Member States to learn from, for example, the Danish flexicurity system, is extremely constrained where fiscal rules and international pressure prevent Member States from developing a quality benefit system to support the flexibility policies that provide the virtual circle, promoted by the EU through its rhetoric but constrained through its conservative fiscal policies.

The third implication is that the EU needs to stop promoting policies simply because they fit with individual guidelines, and instead pay more attention to the potential for contradictions across policy areas. Without serious efforts to identify contradictory elements within the policy mix, the scope for developing effective policy responses to new challenges is limited. A key example is pension reform where the extension of contribution years and retirement ages is promoted to reduce take-up of early retirement while the impact of these changes in contributing to gender inequality over the life course remains hidden. The notion of complementary and contradictory policies brings back the notion of multi-peaks in the performance of national models; that is, the introduction of a policy into a specific model may lead to reduced rather than enhanced performance even if it appears highly productive elsewhere. There may still be scope for learning or emulation, but policy transfer needs to be subject to systematic analysis of costs and benefits, of tradeoffs as well as synergies. The role of the EU may also be to put pressure on Member States to consider revising the core characteristics of their models, particularly when these have become clearly out of step with current needs, for example when most households no longer fit a male-breadwinner household model or when industrial relations or training systems remain oriented to manufacturing while the vast majority of employees are in services. However, in order to play such a role effectively, the EU needs to develop a more sophisticated and holistic analysis of each national model to identify the range of areas in which complementary changes may need to be introduced.

EU policy with respect to the modernisation of European employment models may thus, in practice, lack ambition. This lack of ambition is seen in the limited scope for real social innovation and new institution building at a societal level within a framework that is still primarily oriented towards removing 'rigidities' from existing models. Furthermore, the systematic neglect of opportunities to build positive linkages between employment and the production system through a focus on job quality may in the end undermine the project of preserving a strong social dimension to the Europe model. However, a more ambitious project for reform is not yet on the agenda; it would require the mainstreaming of employment and social objectives throughout the EU's policy agenda, that is, to require an analysis of how elements in the policy mix impact on job quality and social protection and of how a job quality approach could contribute to the achievement of the economic as well as the social goals of the EU.

References

Amable, B. (2003), *The Diversity of Modern Capitalism* (New York, Oxford University Press).

Anxo, D. and H. Niklasson (2006), 'The Swedish Model in Turbulent Times: Decline or Renaissance?' *International Labour Review*, **145**, 4, 339–371.

Banyuls, J., F. Miguélez, A. Recio, E. Cano and R. Lorente (2009), 'The Transformation of the Employment System in Spain: Towards a Mediterranean Neoliberalism?', in G. Bosch, S. Lehndorff and J. Rubery (eds), *European Employment Models in Flux: A Comparison of Institutional Change in Nine European Countries* (Basingstoke, Palgrave) (forthcoming).

Barbier, J.-C. (2005), 'The European Employment Strategy: A Channel for Activating Social Protection?', in J. Zeitlin, P. Pochet and L. Magnusson (eds), *The Open Method of Co-ordination in Action: The European Employment and Social Inclusion Strategies* (Bruxelles, Peter Lang) pp. 417–466.

Barbier, J.-C. (2006), 'Has the European Social Model a Distinctive Activation Touch?', in M. Jepsen and A. Serrano Pascual (eds), *Unwrapping the European Social Model* (Bristol, Policy Press) pp. 123–144.

Barney, J. (1991), 'Firm Resources and Sustained Competitive Advantage', *Journal of Management*, **17**, 1, 99–120.

Begg, I. (2008) 'JCMS Symposium: EU Governance after Lisbon', *Journal of Common Market Studies*, **46**, 2, 413–450.

Bosch, G. and C. Weinkopf (eds) (2008), *Low Wage Germany* (New York, Russell Sage Foundation).

Bosch, G., J. Rubery and S. Lehndorff (2007), 'European Employment Models under Pressure to Change', *International Labour Review*, **146**, 3–4, 253–277.

Bosch, G., S. Lehndorff and J. Rubery (eds) (2009), *European Employment Models in Flux: A Comparison of Institutional Change in Nine European Countries* (Basingstoke, Palgrave) (forthcoming).

CEC (Commission of the European Communities) (2001), *Employment and Social Policies: A Framework for Investing in Quality*, COM (2001) 313. Available from: http://ec.europa.eu/employment_social/employment_analysis/com2001_0313_en.pdf (accessed 27 August 2008).

CEC (Commission of the European Communities) (2002), *Impact Evaluation of the European Employment Strategy Technical Analysis Supporting COM (2002) 416 final of 17.7.2002* ('Taking Stock of Five Years of the EES'). Available from: http://ec.europa.eu/employment_social/employment_strategy/eval/papers/technical_analysis_complete.pdf (accessed 27 August 2008).

CEC (Commission of the European Communities) (2003), *Jobs, Jobs, Jobs: Creating More Employment in Europe*, Report of the European Employment Taskforce chaired by W. Kok.

Available from: http://ec.europa.eu/employment_social/employment_strategy/pdf/etf_en.pdf (accessed 27 August 2008).

CEC (Commission of the European Communities) (2007), *Towards Common Principles of Flexicurity: More and Better Jobs through Flexibility and Security—COM (2007) 359 final 27 June*. Available from: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0359:FIN:EN:PDF (accessed 27 August 2008).

CEC (Commission of the European Communities) (2008), *Joint Employment Report 2007/8*. Available from: http://register.consilium.europa.eu/pdf/en/08/st07/st07169.en08.pdf (accessed 27 August 2008).

Coates, D. (2000), *Models of Capitalism: Growth and Stagnation in the Modern Era* (Cambridge, Polity Press).

Coutts, C., A. Glyn and B. Rowthorn (2006), *Structural Change under New Labour*, Department of Economics Discussion Paper Series, Oxford University. Available from: http://www.economics.ox.ac.uk/Research/wp/pdf/paper312.pdf (accessed 27 August 2008).

Cremers, J., J. E. Dølvik and G. Bosch (2007), 'Posting of Workers in the Single Market: Attempts to Prevent Social Dumping and Regime Competition in the EU', *Industrial Relations Journal*, **38**, 6, 524–541.

Crouch, C., D. Finegold and M. Sako (2001a) *Are Skills the Answer?* (Oxford, Oxford University Press).

Crouch, C., P. Le Galès, C. Trigilia and H. Voelzkow (2001b), *Local Production Systems in Europe. Rise or Demise?* (Oxford, Oxford University Press).

Deeg, R. (2005), 'The Comeback of Modell Deutschland? The New German Political Economy in the EU', *German Politics*, **14**, 3, 332–353.

Dieckhoff, M. and D. Gallie (2007), 'The Renewed Lisbon Strategy and Social Exclusion Policy', *Industrial Relations Journal*, **38**, 6, 480–502.

EIRO (European Industrial Relations Observatory) (2008), 'Unions Fear ECJ Ruling in Laval Case Could Lead to Social Dumping', European Industrial Relations Observatory online. Available from: http://www.eurofound.europa.eu/eiro/2008/01/articles/eu0801019i.htm (accessed 27 August 2008).

Esping-Andersen, G. (2002), *Why We Need a New Welfare State* (with Duncan Gallie, Anton Hemerick and John Myles) (Oxford, Oxford University Press).

Freeman, R. (2000), 'The U.S. Economic Model at Y2K: Lodestar for Advanced Capitalism', *Canadian Public Policy: Special Supplement on Structural Aspects of Unemployment in Canada*, **XXVI**, 1, S187–S200. NBER Working Paper no. 7757. Reprinted in D. Coates (ed.) (2002) *Models of Capitalism: Debating Strengths and Weaknesses* (Cheltenham, Edward Elgar).

Gazier, B. (2006), 'Flexicurity and Social Dialogue, European Ways', Seminar on Flexicurity Brussels hosted by Commissioner Spidla 18/05/2006. Available from: http://ec.europa.eu/employment_social/employment_strategy/flex_steps_en.htm (accessed 27 August 2008).

Goetschy, J. (2002), 'A Transition Year for Employment in Europe: EU Governance and National Diversity under Scrutiny', *Industrial Relations Journal*, **33**, 5, 405–423.

Hall, P. and D. Soskice (2001), *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage* (New York, Oxford University Press).

Hay, C., M. Watson and D. Wincott (1999) 'Globalisation, European Integration and the Persistence of European Social Models', Working Paper no. 3/99, POLSIS, University of Birmingham, UK.

Hemerijck, A. (1997), 'An Academic Report of the Conference', in Ministerie van Sociale Zaken en Werkgelegenheid (ed.), *The Netherlands' Presidency of the European Union, Social Policy and Economic Performance* (The Hague).

Hermann, C. and J. Flecker (2009), 'Institutional Continuity Masking a Creeping Paradigm Shift in the Austrian Social Model?', in G. Bosch, S. Lehndorff and J. Rubery (eds), *European Employment Models in Flux: A Comparison of Institutional Change in Nine European Countries* (Basingstoke, Palgrave) (forthcoming).

Hermans, S. (2005), 'The Social Agenda of the European Union and the Modernisation of the European Social Model', *Collegium*, No. 33, Winter, pp. 5–26 (College of Europe Bruges). Available from: http://www.coleurop.be (accessed 27 August 2008).

Hollingsworth, J. R. and R. Boyer (eds) (1997), *Contemporary Capitalism* (Cambridge, Cambridge University Press).

Jepsen, M. and A. Serrano Pascual (2006), 'The Concept of the ESM and Supranational Model Building', in M. Jepsen and A. Serrano Pascual (eds), *Unwrapping the European Social Model* (Bristol, Policy Press) pp. 25–46.

Karamessini, M. (2007), *The Southern European Social Model: Changes and Continuities in Recent Decades* (Geneva, International Institute for Labour Studies Discussion Paper Series).

Kemmerling, A. and O. Bruttel (2005), *New Politics in German Labour Market Policy? The Implications of the Recent Hartz Reforms for the German Welfare State*, Bestell-Nr.: SP I 2005-101 Working Paper Abteilung Arbeit, Sozialstruktur und Sozialstaat Wissenschaftszentrum Berlin für Sozialforschung.

Keune, M. (2006), 'The European Social Model and Enlargement', in M. Jepsen and A. Serrano Pascual (eds), *Unwrapping the European Social Model* (Bristol, Policy Press) pp. 167–188.

Lafoucriere, C. and R. Green (2006), 'Social Dialogue as a Regulatory Mode of the ESM: Some Empirical Evidence from New Member States', in M. Jepsen and A. Serrano Pascual (eds), *Unwrapping the European Social Model* (Bristol, Policy Press) pp. 233–254.

Madsen, P. K. (2004), 'The Danish Model of "Flexicurity": Experiences and Lessons', *Transfer*, **10**, 2, 187–207.

Neumann, L. and A. Tóth (2009), 'Crisis of the Post-transition Hungarian Model', in G. Bosch, S. Lehndorff and J. Rubery (eds), *European Employment Models in Flux: A Comparison of Institutional Change in Nine European Countries* (Basingstoke, Palgrave) (forthcoming).

Rubery, J., D. Grimshaw and H. Figueiredo (2005), 'How to Close the Gender Pay Gap in Europe: Towards the Gender Mainstreaming of Pay Policy', *Industrial Relations Journal*, **36**, 3, 184–213.

Rubery, J., D. Grimshaw, M. Smith and R. Donnelly (2006), *The National Reform Programme 2006 and the Gender Aspects of the European Employment Strategy. Synthesis Report Prepared for the Equality Unit, European Commission*, European Work and Employment Research Centre (EWERC), University of Manchester, UK. Available from: http://ec.europa.eu/employment_social/gender_equality/gender_mainstreaming/gender/exp_group_en.html (accessed 27 August 2008).

Scharpf, F. (1999), 'The Viability of Advanced Welfare States in the International Economy: Vulnerabilities and Options', MPIfG Working Paper no. 99/9, September, Max Planck Institute for the Study of Societies, Cologne.

Seferiades, S. (2003), 'The European Employment Strategy against a Greek Benchmark: A Critique', *European Journal of Industrial Relations*, **9**, 2, 189–203.

Simonazzi, A., F. Lucidi, P. Naticchioni and P. Villa (2009), 'Continuity and Change in the Italian Model', in G. Bosch, S. Lehndorff and J. Rubery (eds), *European Employment Models in Flux: A Comparison of Institutional Change in Nine European Countries* (Basingstoke, Palgrave) (forthcoming).

Vitols, S. (2003), 'Negotiated Shareholder Value: The German Version of an Anglo-American Practice', WZB Markets and Political Economy Working Paper no. SP II 2003-2025. Available from: http://ssrn.com/abstract=510062 (accessed 27 August 2008).

Whitley, R. (1999), *Divergent Capitalisms: The Social Structuring and Change of Business Systems* (Oxford, Oxford University Press).

Wickham, J. (2005), 'The End of the European Social Model—Before It Began?', Dynamo project thematic working paper. Available from: http://www.dynamoproject.eu/publications.php (accessed 27 August 2008).

Zeitlin, J. (2005), 'The Open Method of Coordination in Action. Theoretical Promise, Empirical Realities, Reform Strategy', in J. Zeitlin, P. Pochet and L. Magnusson (eds), *The Open Method of Co-ordination in Action: The European Employment and Social Inclusion Strategies* (Bruxelles, Peter Lang) pp. 447–503.

Zeitlin, J. (2007), 'Strengthening the Social Dimension of the Lisbon Strategy', paper prepared for presentation to an informal meeting of the EU Social Protection Committee (SPC), Erfurt, Germany, 23 May 2007; published in the *Belgian Review of Social Security*, 2/2007, (October), 459–473. Available from: http://www.socialsecurity.fgov.be/bib/rbss.htm (accessed 27 August 2008).