



## European Union

### **Policy Maps on Employment, Social Assistance, Long-term Care, Women and the Labour Market and Pensions**

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# **EU POLICY MAPS**

## **Working Papers for WRAMSOC**

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# **1 The EU Employment Strategy (EES) and the Open Method of Co-ordination (OMC)**

**Anne Daguerre and Trine P. Larsen**

Employment policy at the EU level used to be underdeveloped until the mid-1990s. An official employment policy emerged in the wake of the Amsterdam Treaty and the Luxembourg summit in 1997. The Amsterdam Treaty gave employment a treaty basis with the addition of the Employment Chapter. In the meantime, the Luxembourg summit provided the policy instruments to be used for monitoring and implementing the European Employment Strategy (EES). The main policy instrument was christened the open method of co-ordination, essentially a soft-law procedure based on policy learning and peer pressure across the EU. The OMC has been extended to other policy areas such as poverty and social exclusion (Lisbon, March 2000) pensions (Stockholm, March 2001) and health care and care for the elderly (Gothenburg, June 2001). The EES was elaborated in response to rising pressures concerning high unemployment rates. Member states were certainly not very interested at first in fighting unemployment. Only when there was mounting discontent about the imbalance between monetary and social policy objectives following the Maastricht Treaty that advocates for the adoption of a European and social policy agenda could get their voices heard by the European Council of Ministers.

The EES is at the crossroads in 2003 given the deterioration of the economic situation and the increased criticism concerning the Growth and Stability Pact. In fact, the EES has not enabled the EU to become its own growth motor and employment creation needs to be much stronger if current employment targets are to be achieved. In the spring summit on 21 March 2003, the EC will propose new, more operational employment guidelines to the European Council of Ministers. This paper analyses the policy debates concerning the EES. This contribution is divided into four sections. The first section examines the background of the 1993 White Paper Employment competitiveness and Growth which can be regarded as the departure of the EES. The second section examines the policy process surrounding the adoption of the EES in Amsterdam and Luxembourg and the open method of co-ordination in the Lisbon summit. The third section assesses the EES and the OMC. The last section discusses current policy developments, especially in view of the Spring summit of 21 March 2003.

## **1.1 Background information**

### **1.1.1 EU Employment policy –1970-1997**

Employment issues were until the Amsterdam Treaty subjected to unanimous majority voting, which rendered the harmonisation of social policies in this field extremely slow. The introduction of co-ordinated labour market regulation was left to intergovernmental agreements at the European Council level, where decisions were to be made on an unanimity basis, save as otherwise provided in the Treaty. In fact, member states were extremely reluctant to let go of their national prerogatives. The Employment and Social Affairs direction (DG V) tried to pass legislation in an indirect

fashion in order to counteract member state opposition. The Commission was able to pass legislation only if it could make a case that national frameworks could prevent free movement of labour, but could not define a social agenda of its own. This rationale enabled workers mobility to gain qualified majority voting (QMV) in the Single European Act (SEA). Health and safety issues also gained QMV gained under the Single European Act (1986). They have been used as a Trojan horse (Geyer, 2000) to expand EU primary legislation on working conditions and employment rights (Pregnant Worker Directive, the Working Time Directive, the Young Workers Directive, the Posted Workers Directive and the Atypical Workers Directive. However, by the early 1990s the EC under the leadership of Jacques Delors became much more active in the fight against unemployment but this agenda did not gain official recognition until 1997.

### **1.1.2 Key concerns and diagnoses of the problem**

In the 1980s-1990s the main cause for concern was jobless growth and long-term unemployment. Adopted under Jacques Delors presidency of the EC, the White Paper *Growth, Competitiveness, Employment* (EC, 1993) defined long-term unemployment as the main cause for concern. Long-term unemployment was due to structural unemployment. This diagnosis led to the need to implement structural labour market reforms as Europe's old-fashioned welfare states encountered unavoidable difficulties in changing macro-economic environment. Like the OECD Jobs Study (1987), the EC identified the relatively high cost of unskilled labour as one of the major explanation for the rigidity of unemployment (EC, 1993: 11). The EC White Paper on Competitiveness spelled out the new vision on employment policies. The White Paper defined the fight against unemployment as the main priority. There was little mention of investment policies in the White Paper except in chapter 8 "Turning growth into jobs", which "recognises that the market alone cannot solve the employment, unemployment and social problems faced by the Community" (EC, 1993: 123). The White Paper therefore recommended that new measures should "promote the development of new employment opportunities ...Public expenditure associated with EC programmes could contribute strongly with job creation." (EC, 1993: 132).

It is no coincidence that the White Paper was defined in the early 1990s at a time of rising unemployment rates and economic recession. In particular, despite the opposition of employers and some member states, especially Britain, the European Council of Ministers increasingly felt that something needed to be done in this respect.

### **1.1.3 The White Paper and the origins of the European Employment Strategy**

The European Employment Strategy [EES] had its origins in Delors December 1993 White Paper on 'Growth, Competitiveness and Employment'. The White Paper recognised the need for balance and for parallel action in the real economy [of growth, competitiveness and employment]. As part of the follow-up to the White Paper, the Essen European Council in December 1994 fixed new employment priorities relating to equality, training, working time, flexibility, non-wage labour costs, passive/active policies, and priority groups. In early 1996, the Commission launched the 'Employment Pact of Confidence', which mirrored at the European level the pacts which were being agreed in a number of Member States. The Pact also

stemmed from recognition at the 'Euro Round Table' in January 1996 that with increasing unemployment EMU was losing public support. In light of these concerns, employment policies were given a higher profile at the EU level. Moreover, the implementation of the convergence criteria led to relatively healthy public budget balances highlighting the need to achieve a balance between economic and social objectives.

#### **1.1.4 The policy process: from the EES to the OMC (1997-2000)**

One can distinguish three stages phases in the design of the EES strategy. First, the Amsterdam Treaty institutionalises European employment policies and designs the soft-law procedures to be carried out in this process. Second, the Luxembourg summit defines the goals of the EES and defines employment guidelines. Third, the Lisbon summit defines the open method of co-ordination, essentially a soft-law process, as a tool to intervene in sensitive policy areas.

### **1.2 The Employment Chapter**

Demands were made on the Intergovernmental Conference [IGC], which culminated in Amsterdam in 1997, to add an 'employment chapter' to the treaty [instead of just sorting out institutional issues which the Maastricht IGC had failed to resolve]. The Amsterdam Treaty (Title VIII) gives an institutional framework to employment policies and officially raises employment to the status of a common European concern. First, article 128 (1) to (5) charges the European Council to adopt conclusions on the employment situation on the basis of a joint annual report from the Commission and the Council. The second stage consists of the drafting of the annual employment guidelines. Under the traditional scheme, responsibility for the formulation of proposals is vested in the Commission and the responsibility for their adoption is vested in the European Council. By contrast, under the new scheme, several actors, including the European Parliament, the Economic and Social Committee, the Committee of the Regions and the Employment Committee are involved in consultations on the formulation of the employment guidelines. The Employment chapter confers a public status to the partners in the process, both at the level of the EU in formulating guidelines and at the level of individual nation-states regarding the drafting of national action plans (Geyer, 2000 and Hemerijck, 2002:208). The Employment Committee is an advisory body. Its mission is to monitor the employment situation and employment policies, formulate opinions and contribute to the process defined by art. 128. It must also achieve improved co-ordination through a consolidation of its relation with committees involved in the co-ordination of economic policies. These committees include the Economic and Fiscal Committee and the Economic Committee and the Standing Committee. The Standing Committee is a tripartite forum composed by the social partners, the Commission and representatives of both ECOFIN and the Social Affairs Council. The Employment Committee can be seen as an institutionalised bridge composed of experts, national and community institutional personalities and social partners. In this respect, the Amsterdam Treaty has contributed to a further institutionalisation of the social dialogue by giving an important role to the social partners (Regent 2002).

#### **1.2.1 The Luxembourg summit**

The employment strategy was officially designed in the 1997 Luxembourg summit held in November, i.e. a month before the Amsterdam summit. The Commission presented its proposals for the draft 1998 Employment guidelines. The European Council of Ministers agreed that activation - preferably positive activation based on labour market integration through better access to training and employment opportunities coupled with making work pay strategies - was the best way to achieve full employment in the knowledge economy. The primary goals of public policy remained low inflation and a balanced budget. Consequently, the removal of structural rigidities in the economic downturn at the end of the 1990s was advocated in order to achieve sustainable economic growth. Member states agreed to co-ordinate and stimulate employment-oriented policies around four Pillars:

- Improving Employability
- Developing entrepreneurship
- Encouraging adaptability of business and their employees
- Strengthening equal opportunities

The first of the four pillars focuses on employability and on tackling the skills gap. There is a particular emphasis on ensuring that young people and the long-term unemployed are equipped to take advantage of new employment opportunities in the fast-changing labour market. The first pillar explicitly refers to the implementation of active labour market policies. Benefits and training system must be reviewed and adapted to ensure that they actively support employability and provide real incentives for the unemployed to seek and take up work or training opportunities. It also stresses the importance of life-long learning. The second pillar derives from the recognition that the creation of more and better jobs requires a dynamic enterprising climate. This aim is to be achieved through deregulation and simplification of market access by small firms. The third pillar acknowledges that there is a need for better adaptability on the part of business but also on the workforce. It focuses on the adaptability of enterprises and workers to changing technologies and markets and industrial restructuring through union-negotiation and work reorganisation. The concept of *flexi-security* encapsulates this strategy since “it recognises explicitly that a balance must be struck between the need of business for flexibility, and the needs of employees for security and employability.” ([http://europa.eu.int/comm/employment\\_social/emplsesf\\_pilar\\_en.htm](http://europa.eu.int/comm/employment_social/emplsesf_pilar_en.htm)) The fourth pillar refers to the need to integrate disadvantaged groups in the labour market, especially disabled workers, older workers, women and increasingly so, ethnic minorities. Progress in terms of access to the labour market between men and women is a central concern, especially in the context of an ageing society.

The Luxembourg process was initially meant to be a peer pressure process which would leave employment policies in the hands of national governments. Although the EES does not provide for sanctions, the Commission puts political pressure on individual Member States by issuing recommendations. The extent to which this strategy has been successful will be assessed in the last section.

### **1.2.2 The OMC: Lisbon (2000)**

The Lisbon Council stated that the overall aim of employment and economic policies should be to raise the employment rate from an average of 61% today to as close as possible to 70% by 2010 and to increase the number of women in employment from an average of 51% today to 60% by 2010. More importantly, the Lisbon council

institutionalised the OMC as the official form of intervention, even though most policy instruments were already in place since 1997. Lisbon strengthened the logic of mutual learning, benchmarking and peer pressure to achieve objectives. The OMC is a method of governance not based on a top-down uniform rule backed with sanctions but on a more flexible and participatory approach.

The OMC is essentially a forum for discussion and evaluation of country-level practices. The Commission with the help of the Employment Council and social partners designs employment guidelines. Each member state is required to submit annual Employment Action Plans, where its experience and policies are discussed within the framework proposed. The plans make an effort to enlist the panoplies of nation-specific existing measures within the Luxembourg pillars. The plans are monitored every two years and the EC produces a report which reviews progress towards the goals of the plans and highlight examples of best practice. The different national approaches to social and labour market problems are reflected in the various reports. Country practices are evaluated by the Commission's Services, with an eye to identify best practices that might provide examples for further reforms and adjustments.

### **1.2.3 The position of the social partners and member states**

The social partner organisations and member governments welcomed this process although the employers associations were more cautious than employees associations. They did not want to increase the cost of labour by setting ambitious social objectives.

### **The European Trade Union Confederation**

The ETUC had long supported the EES and was very positive towards the 1993 White Paper. The organisation also campaigned for the addition of an employment chapter to stand along side the EMU chapter. Initially there were concerns in the ETUC that the chapter was not strong enough, and that its provisions might be made subordinate those of the EMU chapter of the treaty. The ETUC expressed concern that no timetable for the reduction of unemployment had been agreed. However, the ETUC **recognised** that an important step forward had been taken, especially since the role of the Social Partners was explicitly recognised.

### **Member states and employers**

Many governments were still vigorously opposing the employment chapter of course by the employers, especially the Union of Industrial and Employers'Confederations of Europe (UNICE). However, increasing public concern about unemployment, and the then novel approach adopted in the chapter [later to be christened 'the open method of co-ordination'] won the day.

ETUC and UNICE remained divided in the sense that ETUC was much more pan-European or federalist than UNICE. UNICE was strongly opposed to the harmonisation of employment policies, especially workers rights, whilst the ETUC had a much more pro-Community stance on this. However, both agreed that the role of the social partners should be strengthened. In particular, in their joint contribution to the Laeken European Council, the European social partners proposed that "the Standing Committee for Employment be replaced by a tripartite consultation committee which would be the forum for concertation between the social partners and

public authorities on the overall strategy defined in Lisbon.” (UNICE social contribution 2003). The Commission issued a decision in 1999. The Decision laid down clear criteria for the participation of the European social partner organisations (UNICE, CEEP, UEAPME, COPA and EUROCOMMERCE on the employer's side and ETUC, EUROCADRES and CEC on the employee side<sup>1</sup>. Whereas in the past the Committee included a mix of national and European-level organisations, the new one comprised entirely the latter.

### **1.3 Assessment**

The 5-year monitoring report of the EES in July 2002, identified considerable success.

#### **1.3.1 A relative success but several weaknesses remain**

In 2002 a major evaluation of the EES has taken place (Commission 2002). The Commission claims that "there have been significant changes in national employment policies, with a clear convergence towards the common EU objectives set out in the EES policy guidelines" (Commission 2002: 2). In the period 1997-2000 the EES was successful owing in particular to strong economic growth. European Union (EU) employment have improved since the late 1990s. Employment expanded by 1,8% in 2000 - more than 3 million people were in jobs than in 1999 despite the economic slowdown. Total employment in 2000 was almost 10 million higher than five years ago. Europe's return to full employment appeared to be a feasible challenge. The employment rate increased from 62.3% of the working-age population in 1999 to 63.3% in 2000, bringing the EU closer to the Lisbon target of 70% by 2010 and the Stockholm target of 67% by 2005. The unemployment rate<sup>2</sup> came down from 9.1% in 1999 to 8.2% in 2000 and the number of unemployed people fell by 1.5 million - the largest annual decrease in a decade - bringing down the total number of unemployed people in April 2002 to 13.3 million in the EU (Eurostat, 2002). However, the report stated that there were 4 main areas of weakness: unemployment (especially long-term unemployment); slow progress towards targets, which are unlikely to be achieved by 2010, low productivity and regional differences. Of particular concern in relation to employment targets were the gender gap, the low participation rate of older and younger workers, persisting regional disparities and the lack of involvement of social

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<sup>1</sup> UNICE: Union of Industrial and Employers'Confederations of Europe

CEEP: Centre of Enterprises with Public Participation

UEAPME: European Union of Crafts and Small and Medium-Sized Enterprises

COPA: Committee of Agricultural Organisations in the EEC

ETUC: European Trade Union Confederation

CEC: Confédération européenne des cadres

<sup>2</sup> Unemployment rates represent unemployed persons as a percentage of the active population of the same age. The active population (or labour force) is defined as the sum of employed and unemployed persons. Unemployed people - according to the International Labour Organisation (ILO) criteria are those persons aged 15 and over who are i) without work, ii) available to start work within the next two weeks and, iii) have actively sought employment at some time during the previous four weeks or have found a job to start later.

partners in the EES (EC, 2002). Progress in the area of female participation in the labour market remained slow and varied from one country to another. Lastly, the need to integrate ethnic minorities figured more prominently in National Employment Plans in 2002 than in 2001. The EU now tries to attract high-skilled workers whilst keeping low-skilled workers at bay, except in cases of labour shortage (seasonal work, agriculture and services such as tourism).

### **1.3.2 The OMC: a new policy instrument**

In the past, harmonisation of social policies through directives led to conflict at the EU level. First, some member states, especially the UK, opposed the 1990s directives, even though such opposition has been attenuated since 1997. Second, the UNICE also opposed the EC directives. In the light of the relative failure of direct harmonisation of social policies, the objective of the EES was slow progress towards common standards, with the OMC as the new policy instrument for European employment policies. However, policy goals remain broadly intact since the 1993 White Paper: the EES consists primarily of sustaining competitiveness and continuing jobs creation. The current EC strategy is characterised by consolidation rather than direct EC intervention: indeed, the EES is not based on legislation (directives). As the proposals have no legal force, the political effectiveness of the new method rests on the strength of the political commitment to the process, on its perceived value and utility, and on peer pressure and public support. Unlike some of the newer areas such as social inclusion subjected to open co-ordination, the employment strategy has a treaty base that allows the Commission to draft guidelines.

### **1.3.3 The evolution of the debate**

The Lisbon European Council (2000) went beyond the fight against unemployment and called for an integrated approach towards achieving an economic and social renewal. The virtuous triangle of modernising the European social model, investing in human resources and fighting against social exclusion had become the privileged area of intervention. Compared to the launch of the EES in 1997, the nature of the debate has changed. Although there is still a strong focus on job creation, there is much more emphasis on the quality of jobs. This does not simply mean improved health and safety measures but an improvement with satisfaction at work, which requires an improvement of the content of the tasks. Labour market integration is seen as a key factor to achieve social inclusion. Lastly, the EES focuses on individual barriers to labour market integration, with an emphasis on the hardest to employ (EC, 2002). Structural unemployment has been replaced by the notion of an unemployable labour force due to structural changes in the labour market.

## **1.4 Current policy developments**

Despite the relative success of the EES, the deterioration of the economic situation will test the strength of the EES and the capacity of the OMC to implement an effective employment policy.

### **1.4.1 Intermediate targets**

In addition to the 2000 Lisbon targets, the Stockholm European Council of 2001 set intermediate targets for employment rates across the Union as a whole for 2005 of 65% overall and 57% for women. It also set up an EU target for increasing the average EU employment rate for older women and men (55-64) to 50% by 2010. The most important targets in relation to employment are to raise the employment rate overall to 70 per cent, for women, to 60 per cent and for workers aged 55-64 to 50 per cent by 2010, although no targets in relation to unemployment were set. The proportion of 18-24 year-olds with basic secondary education who do not enter Further Education is to be halved by 2010. Training and/or subsidised employment is to be offered to at least 20 per cent of the unemployed. At the Barcelona summit in March 2002 the target of offering childcare provision to 90 per cent of children between 3 and school age and 33 per cent of those under three was agreed. In January 2003 the Commission presented its spring report in which it made its annual assessment of the progress achieved in the Lisbon strategy.

#### **1.4.2 Key concerns and proposals for change**

In the spring report published in January 2003, the Commission recognises that Europe has not managed to become its own growth motor. The key concern is the incapacity to sustain strong job creation: another 15 million jobs need to be created to achieve the Lisbon employment target, a very unlikely prospect at present. Thus the second related concern has to do with the relative inability of the EU to face new challenges such as the deterioration of the economic situation and ageing population. Third, experts and the social partners have questioned the efficiency of the EES. Experts have stressed that the lack of sanctions can undermine the effectiveness of the OMC and have advocated for better governance of EES given pressing challenges. In the light of the deterioration of the employment situation and rising criticism of Maastricht spending constraints, the EC is considering the adoption of a more operational employment strategy. The Spring report prepares the agenda for the spring summit of the European Council on 21 March 2003. Central to the proposed approach are three overarching objectives:

- full employment, in line with the Lisbon strategy targets;
- quality and productivity at work, reflecting the need for better jobs in a knowledge-based economy and the need to promote EU competitiveness;
- cohesion and an inclusive labour market, so as to reduce existing disparities in access to the labour market.

These proposals will be reviewed during the 2003 EU spring summit.

#### **1.4.3 Policy actors**

## **The Commission**

The EC proposes a more concentrated set of priorities for the future guidelines which follow the Lisbon objectives: helping those without a job into work and making work pay, fostering entrepreneurship to create more and better jobs, combating undeclared work, promoting active ageing, managing immigration, promoting adaptability on the labour market, investment in human capital and life-long learning, gender equality, supporting integration and combating discrimination on the labour market for people at a disadvantage, and helping address regional employment disparities. The Commission also proposes that the governance of the strategy should be improved through more effective delivery services, strong involvement of social partners, mobilisation of all relevant actors and adequate financial support. The presentation of concrete objectives, priorities and targets will offer the basis for an open discussion with all interested parties, especially the Member States, the European Parliament, representative organisations of the social partners and civil society. The Commission will, in April 2003, make a formal proposal for employment guidelines and recommendations in the light of this debate and of the general political guidance issued by the EU's Spring Summit (EC 2003).

## **The ETUC**

ETUC argues that the structural policy elements of the Lisbon strategy should remain important, though in current circumstances special priority must be given to measures that will also support economic activity. In particular, member states should use budgetary policies in order to support domestic demand (ETUC, press release, 2003). ETUC supports the proposed simplification of the guidelines by the EC in its Spring report. ETUC also calls for a better integration of the broad Economic Guidelines and the Employment guidelines. The Broad Economic Policy Guidelines have to 'mainstream' full employment, social cohesion, gender equality and other objectives, but they should cease 're-inventing the wheel' on labour market policies. ETUC proposes that the notion of 'incomeability' be developed and incorporated in the EES as an essential complement to employability since income security is no longer being assured by job security.

More specifically, the ETUC proposes the following additional changes be made to the Guidelines:

- the individual right to life long learning, skills development and to labour market assistance generally should be recognised, with the appropriate mechanisms for implementing this right being established through legislation and/or social partner agreements.

- young and long term unemployed people should be offered a job, work experience or other employability measures before reaching 3 months and 6 months of unemployment [instead of 6 and 12 months]

- the proportion of the unemployed benefiting from activation measures should be doubled from 20% to 40%, so bringing it close to the level reached by the best three performing states

-the right of the unemployed to a decent income should be recognised

Lastly, the organisation also proposes institutional reform of the OMC. National administrations should establish specific EES committees, with social partner representation, to prepare and to monitor National Action Plans. To promote greater understanding of the Strategy, Member States should submit their National Action Plans to their national parliaments for explicit approval as proposed by the European Parliament.

### **The UNICE**

The UNICE agrees with the Commission's analysis of the EC concerning the status of the European strategy. However, the UNICE is more pessimistic than the EC and stresses that the main European competitor, the US, is growing more quickly and with higher employment rates. The UNICE agrees with the Commission that "only implementation of badly needed structural reforms can improve the Union's potential growth." (UNICE, press release, 2003). The UNICE focuses on entrepreneurship, innovation and internal market and advocates for lower taxation and lower taxation. Structural reforms should thus ease the financial burden laid on enterprises and lower labour costs.

On institutional matters, the UNICE is part of the Working Group on Social Europe created by the European Convention. In this group, it continues to defend unanimity on some areas such as social policies on the grounds of crucial national specificities. However, the UNICE also agreed that QMV should become the rule especially to favour free movement of labour even further. The UNICE defends the autonomy of the social partners and European member states and wants to preserve the flexibility of the OMC.

## **1.5 Conclusion**

Most commentators have been surprised by the capacity of the OMC to achieve quick changes in the area of employment policies (De la Porte, 2001). Despite the limitations due to the lack of sanctions, the employment European guidelines are integrated into the Treaty, which means that the OMC sets up a process in which member states are required to co-operate. The OMC is thus a new policy instrument based on a policy learning process and on peer pressure. The EC plays a much stronger role in employment policies than it is actually the case in pensions or elderly care, which remain characterised by an intergovernmental logic. In employment, there is much more pressure towards meeting common European objectives whereas in pensions the main policy instrument is European policy discourse.

## **2 The EU Inclusion Strategy and the Open Method of Co-ordination (OMC)**

**Anne Daguerre and Trine P. Larsen**

Social exclusion policies are relatively underdeveloped at the EU level, even by social policy standards. Until recently - 1997-2000 -, they were not seen as positive policies in their own right. Traditionally anti-poverty strategies helped mitigate the negative effects of European integration, especially in the field of regional inequalities. This changed during the summits of Lisbon and Nice where the EU promoted the agenda for an inclusive society, as opposed to the traditional fight against poverty. At present social exclusion is being incorporated into a broad social policy agenda which aims to integrate people into the labour market. Most recent initiatives thus target help at the most vulnerable sections of the labour force, the hardest to employ. However, such initiatives are increasingly subordinated to the goal of full employment and the European Employment Strategy (EES) defined during the Luxembourg summit.

This contribution is divided into four sections. The first section analyses the background information and the debates prior to the establishment of the Open Method of Co-ordination (OMC) in the field of social exclusion. The second section examines the policy process surrounding the adoption of the OMC as well as the role of relevant policy actors in this process. The third section assesses current policies and remaining causes for concern as expressed by the National Inclusion Plans (NAP/incl.) based on the model of the National Employment Plans (NAP.empl). The last section discusses current policy developments.

### **2.1 Background information**

#### **2.1.1 Poverty and social exclusion**

Articles 2 and 3 of the original Treaty of Rome spoke of 'promoting economic and social cohesion and solidarity among Member States' and 'strengthening economic and social cohesion'. This led primarily to policies designed to mitigate regional inequalities which were addressed through employment, training and mobility schemes via the various Structural Funds, especially the European Social Fund. The first Social Action programme (1974) focused chiefly on such activities but also included measures for tackling poverty more generally. The second poverty programme did not emerge until the revival of interest in social issues under the French presidency in 1984, and spent 29 million ECU on a range of measures similar to the first programme, including a strong research element between 1985 and 1988. The third programme (1989-94) followed the same general direction but on a larger scale (55 million ECU). Section 10 of the 1988 Social Charter stressed the right of every worker to 'adequate' social protection; those who are unable either to enter or re-enter the labour market must be able to receive 'sufficient' resources and social assistance; (Commission 1990, p. 10). In addition 'every worker must at the time of retirement be able to enjoy resources affording...a decent standard of living...Any person who has reached retirement age, but who is not entitled to a pension...must be entitled to sufficient resources and to medical and social assistance...' (Commission 1990, p. 19). However these aspirations were not expressed in concrete policy directions. The Maastricht Treaty Protocol on Social Policy stated (Article1) that

'combating social exclusion' was a major objective and that the EU should be concerned with 'the integration of persons excluded from the labour market' (Article 2).

Until the early 1990s, social exclusion was given a low profile due to the revival of liberal ideology and the idea that social policy should above all help to complete the internal market (Geyer, 2000). Social exclusion figured prominently on the agenda of the Single European Market. The Social Rights' Charter of 1989 sought to guarantee minimum standards of social assistance within the EU. In article 25 the charter stated that each worker had a right to adequate access to social welfare when in work, unemployed or retired. The social action programme of 1989 tried to implement the charter through an impressive catalogue number of measures. Some measures dealt more specifically with the issue of social inclusion. In particular, a Council's recommendation established minimum standards of social assistance in 1992. It should be noted that recommendations do not have a binding character - they are soft law measures - and do not as such involve any clear programme of action for nation-states.

The fourth anti-poverty programme was vetoed in 1994 as Member States argued that the adequate political level to deal with poverty was the national level (the subsidiarity argument).

### **2.1.2 Key concerns and diagnoses of the problem in the mid-1990s**

Tackling poverty and social exclusion was a key challenge facing the EU. Favourable economic and employment trends stabilised the situation which deteriorated sharply in the mid-1990s due to the impact of the recession. In 1997, 18% of the population or more than 60 million people were living in households where income was below 60% of the nationalised equalised median income. Half of this population had been living below this relative poverty threshold for 3 successive years (EC, 2002).

The second main concern was linked to definitional issues. The definition of social exclusion differs and to some extent reflects the very different points of departure of individual member states across the EU. EU policy documents seem to hesitate between a focus on social exclusion defined as a lack of adequate income and social exclusion defined as a process which results in social disaffiliation (Castel, 1995) or disqualification (Paugam, 1991). The first - relatively static definition of poverty - is British and emphasises the need to find paid employment as the best route out of poverty. The second definition is French and emphasises the need to integrate socially excluded people into the mainstream of society, especially through the labour market and paid work but not exclusively so. The National Observatory on Social Exclusion established in 1999 defines the concept of social exclusion as being characterized by three main dimensions (Loisy, 1999):

- Unemployment and the lack of a job, the chronic or repeated insufficiency of financial means;
- The non-recognition, or lack of use, not only of social rights but also of political and civil rights
- Isolation and break-up of family ties

The third concern was – and to a certain extent still is – due to the lack of consensus regarding the definition of social exclusion. In particular, it is difficult to set common

targets if national paradigms emphasise different factors and have not agreed on common indicators. In contrast to the employment policy, the social inclusion strategy does not yet provide for a common target of what should be achieved by 2010. The Commission had proposed without success in its preparatory paper to the Barcelona summit "to set a target for 2010 of halving the number of people at risk of poverty across the European Union" (Commission 2002: 16). The setting of concrete targets is left to national governments.

## **2.2 The stepping up of the social exclusion strategy (1997-2002)**

As with the EES, social exclusion became a much more prominent issue with the Maastricht Treaty and the need to convince an increasingly sceptic, if not hostile, public opinion that European integration would improve people's life.

### **2.2.1 The Amsterdam Treaty**

The fight against social exclusion was officially accepted as an EU policy area (Art. 136 and 137 EC Treaty, consolidated Treaty) with the integration of the Social Protocol into the Treaty of Amsterdam in 1997. According to article 136, the Community can take action in the fields related to the integration of people excluded from the labour market. The decision-making procedure allows qualified majority voting and co-decision with the European Parliament. However, measures should encourage co-operation between member states and support national measures. The EU can adopt directives in order to promote the inclusion of unemployed people into the labour market by qualified majority voting. According to article 137, the Community can adopt measures to fight social exclusion, but the article does not clarify the expression social exclusion nor does it specify which actions may be undertaken. In sum, social exclusion remains a matter of national policy and is dominated by an intergovernmental policy process (Schoukens and Carmichael, 2000: 86).

### **2.2.2 The councils of Nice and Lisbon**

The "Lisbon strategy", which was adopted in March 2000 by the European Council, stressed that "modernising the European social model, investing in people and combating social exclusion" was one of the three main objectives of the reform agenda (European Council 2000, presidency conclusion). The Council also decided that the principle of open co-ordination should be applied to social exclusion (point 32).

The European Council at Nice (December 2000) defined the priorities of the social policy agenda<sup>3</sup> and established common targets for implementing a social inclusion strategy:

- Objective 1: facilitate participation in employment and access by all to resources, rights, goods and services
- Objective 2: prevent the risks of exclusion

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<sup>3</sup> The European social agenda identified six priorities: 1. More and better employment, 2. A new balance of flexibility and security in the organisation of work, 3. Combating of all forms of social exclusion and discrimination, 4. Modernisation of social protection, 5. Promotion of gender equality and 6. Strengthening the social dimension of enlargement and external relations.

- Objective 3: help the most vulnerable
- Objective 4: mobilise all relevant bodies

The four common objectives agreed by the European Council of Nice are to facilitate access to resources, rights, goods and services; to prevent the risks of exclusion; to help the most vulnerable; to mobilise all relevant bodies.

Moreover, the President of the Parliament and the President of the Commission proclaimed the Charter of Fundamental Rights of the European Union, in the margins of the European Council in Nice, on 7 December 2000.

As with the EES, the method is the OMC. The key elements are:

- **Common objectives** on poverty and social exclusion which were agreed at the Nice Summit in December 2000 and were revised at the Employment, Social Policy, Health and Consumer Affairs Council in December 2002.
- **National Plans against Poverty and Social Exclusion** the first two yearly plans were adopted by the Member States in June 2001. A second round of plans is due in July 2003.
- **Joint reports on Social Inclusion** (Oct.- Dec. 2001) and regular monitoring, evaluation and peer review
- **Common indicators** provide a means of monitoring progress and comparing best practice
- **Community Action Programme** to encourage co-operation between Member States to combat social exclusion

It should be noted that full employment and the mobilisation of the labour force were first put on the European agenda whilst the fight against exclusion and poverty came second on the list of priorities. Moreover, in contrast to the employment policy, the social inclusion strategy does not define a common target for 2010. It is therefore not surprising that social exclusion policies developed mostly as an adjunct to labour market policies and remained subordinated to the EES.

### 2.2.3 The Laeken Council

In December 2001, the Laeken Summit adopted the EU's first report on social exclusion. The report is based on an analysis of 'national action plans' against poverty and social exclusion drawn up by all Member States for the first time in 2001 and to be submitted every two years. The document synthesises and analyses the first set of National Action Plans on Social Inclusion (July 2001- July 2003) which were presented by the 15 Member States earlier in 2001.

The Commission agreed on a set of 18 indicators, which shows that progress has been made on the definition of common indicators to monitor national policies. The Commission also agreed that social inclusion should not be reduced to a matter of low income and has defined eight areas where work on social inclusion should be focused. They are: the right to work, and adequate income, education, supporting the family and promoting children's rights, the delivery of services and regenerating disadvantaged urban and rural areas (Social Agenda, 2002).

### 2.2.4 The position of relevant key actors

The major innovation since Luxembourg and Lisbon is the official recognition of the role of social partners and NGOs in the elaboration of the European anti-poverty strategy. This focus on civil society is due to the importance of the OMC since Lisbon. There are winners and losers in the OMC: the most obvious winners are the member states, the NGOs and to a lesser extent the EP. The extent to which the Directorate for Social Affairs has lost some influence needs to be assessed through interviews.

### **The Commission**

The Commission has constantly emphasised that economic competition and social solidarity are not mutually exclusive. Instead, the European social model is now recognised as both a productive factor in economic performance and as a mark of a cohesive society.” (quoted by Kleinman, 2002: 188-189). The Commission’s influence is probably less important than the influence of the member states. However, the Commission remains a key actor in the elaboration of the plans: the Commission proposed a common outline and a working schedule to member states which were adopted by the Social Protection Committee. Moreover, in 2001 the Commission took part in a series of bilateral seminars with all member states to present the new EU strategy and to discuss the country’s policy priorities.

### **The European Parliament**

The EP scrutinises the social policy agenda, the activities of the European Council of Ministers, especially since the Amsterdam Treaty. The EP’s expertise has contributed to the evaluation of the national inclusion plans. The overall impression remains nevertheless that it is fairly weak actor.

### **The European Trade Union Confederation**

The ETUC has constantly supported the extension of Community policies in the battle against social exclusion. The organisation believes that the objectives set out at Lisbon and Stockholm - namely, an economy based on knowledge, competitiveness, innovation, investment in people, the fight against social exclusion, full employment and the search for sustainable economic growth - should be maintained. The ETUC notices that despite the improvement of Community initiatives, “These policies do need to be developed further so as to become a key mechanism for boosting the potential for economic growth in urban and rural areas, as well as for developing the skills and qualifications of individuals, thus increasing the potential for creating quality jobs and eradicating unemployment”. (Resolution adopted by the ETUC Executive Committee, Brussels, 19-20 November 2002)

### **The UNICE**

Has not expressed any views on social exclusion.

### **Voluntary Organisations**

Funded by the European Union, the Platform of European Social NGOs was established in 1995, and now regroups 37 European non-governmental organisations,

federations and networks. The platform brings together over 1700 direct member organisations, associations and other voluntary bodies at local, regional, national and European level representing the interests of a wide range of civil society. It includes organisations of women, older people, people with disabilities, people who are unemployed, migrants, people affected by poverty and homelessness, gays and lesbians, children and families

Key areas of the Social Platform's activities in 2001 include:

- Enhancing Civil Dialogue with the institutions of the European Union as part of a general strengthening of governance in the Union
- Campaigning to strengthen the EU Charter of Fundamental Rights
- Seeking to strengthen EU Anti-discrimination policy
- Fighting for EU policies to eradicate poverty and social inclusion.
- Working to Obtain a transparent, secure, and long-term system for funding European NGOs

The platform is working to build an inclusive society and promote the social dimension of the European Union, as acknowledged by its annual report published in 2000:

“The Platform of European Social NGOs promotes the views and policies of social NGOs, acting as a facilitator and a representative channel of communication between its members and the European Union. Its objective is to strengthen the civil dialogue between social NGOs and the European Institutions, in order to promote social inclusion, to fight for social justice and against all forms of discrimination, and to contribute to building a social Europe for all. The Social Platform channels the concerns of European citizens who have come together in these organisations on issues of common interest. ” (Social Platform Annual Report: 1999-2000).

One of Platform’s aims is to improve civil dialogue and tackle the democratic deficit of the EU. The question that arises is whether this platform was set up as a result of the efforts of campaigning organisations or whether it is an initiative set up by the Commission itself as a way of strengthening the civil dialogue and help promote an “Europe for the People”. The explanation might be that this initiative has been encouraged by the Commission as a result of the need to tackle the democratic deficit shortly after Maastricht and the rising evidence concerning the existence of an hostile public opinion in Europe (cf. the close rejection of Maastricht by the French). The Social Platform has thus campaigned for the development of a civil dialogue together with the ETUC, with which it has built a strong alliance. In 2000, the platform continued to press its case for the creation of a structured civil dialogue between civil society and the European institutions.

### **2.3 Assessment**

Since Lisbon, there has been a renewed emphasis on social inclusion and on full employment. The social policy agenda is dominated by the idea according to which paid work is the best route out of poverty. However, the Commission has called for a greater co-ordination between the EES and the social inclusion policies, and more specifically for a greater co-ordination between Naps /incl plans and Naps/empl.

### **2.3.1 The objectives: a two-way strategy**

On the one hand, the member states recognise that the Employment Guidelines play a crucial role in the fight against exclusion by creating more jobs and employing employability. On the other hand, the Naps can help the most vulnerable getting back in the labour market by addressing their specific barriers to employment. Thus the Commission supports a two way strategy in the own words of Anna Diamantopoulou, Commissioner for Employment and Social Affairs, said:

"The 'Social Policy Agenda' is the tool which the EU uses to work towards 'more and better jobs' and 'social cohesion', two sides of the Lisbon triangle of economic, employment and social policy reform. Our agenda is on track. But Member States, business and trade unions are too timid with the necessary reforms at present and are hiding behind each other on the Lisbon targets. They must keep their end of the bargain if the EU is to meet its declared objectives on time.'

### **2.3.2 The relative success of the Social Policy Agenda**

The Commission's third annual progress report on the EU's Social Policy Agenda of 2000 shows that EU labour markets remain employment-friendly with 2.5 million new jobs created in 2001-2002. Overall, job creation had proved resilient to the economic downturn in 2001-2002. Moreover, the report underlines that 40% of the EU population would have been at risk of poverty if welfare transfers were to be taken out of the calculation.

### **2.3.3 Key concerns**

#### **The challenge of persisting poverty and social exclusion**

The joint report on social inclusion lists the main concerns in relation to the EU inclusion strategy. The report confirms that tackling poverty and social exclusion continues to be an important challenge facing the EU. 18%, or over 60 million of the EU's population, are at risk of poverty and about half of these are living in long-term poverty. Children and young people, the elderly, the unemployed and lone parent families have a particularly high risk of poverty. The relative poverty rate - those living below a threshold of 60% of median national income - varies considerably across Member States, from 8% in Denmark to 23% in Portugal.

#### **New risks**

The report warns that some of the major structural changes that are taking place in society, while positive for most people, could lead to new risks of poverty and social exclusion for particularly vulnerable groups unless appropriate policy responses are developed. These changes include changes in the labour market due to globalisation and the very rapid growth of the knowledge-based society and information and communication technologies, demographic changes with more people living longer and falling birth rates, a growing trend towards ethnic, cultural and religious diversity as a result of increased international migration and mobility within the Union, changes in household structures with growing rates of family break-up and the de-institutionalisation of family life and the changing role of men and women.

#### **Eight core challenges**

The report identifies eight core challenges which are being addressed to a greater or lesser extent by most Member States. These are:

- developing an inclusive labour market and promoting employment as a right and opportunity for all;
- guaranteeing adequate income and resources for a decent standard of living;
- tackling educational disadvantage;
- preserving family solidarity and protecting the rights of children;
- ensuring reasonable accommodation for all;
- guaranteeing equal access to and investing in high-quality public services (health, transport, social, care, cultural, recreational and legal);
- improving the delivery of services;
- regenerating areas of multiple deprivation.

### **The heterogeneity of the Naps**

The effort to develop a strategic and integrated approach to fighting poverty and social exclusion, including the setting of medium to long term targets, varies a good deal across Member States. The report adopted by the Commission singles out as good examples of a strategic approach the national action plans of the Netherlands, Denmark and France.

### **The lack of consistency between the other areas of the OMC**

Another crucial problem is the potential conflict between the Employment Guidelines and antipoverty objectives. In contrast to the EES, there are no guidelines as such in the field of social exclusion. Thus a key challenge is to "ensure that equal value is given to policies in these areas alongside employment and economic policies." (Joint Report on Social Inclusion, 2002: 17).

#### **2.3.4 The democratic deficit of the Convention of Social Europe**

Established in 2002, the European Convention chaired by Valery Giscard d'Estaing mainly dealt with institutional matters. This led to rising concerns regarding the European democratic deficit raised in particular by the Social Platform. The organisation stressed that the issues covered by the ten working groups - subsidiarity, legal personality, national parliaments, complementary competencies, defence, simplification, justice and home affairs, charter of fundamental rights and economic governance - were not likely to mobilise the attention of people across Europe (Social Voices October 2002).

## **2.4 Current policy developments**

In 2002-2003, various policy initiatives have been developed, sometimes as a response to pressures led by campaigning organisations like the Social Platform and the ETUC. The second round of social inclusion plans is expected in July 2003.

### **2.4.1 The establishment of a Working Group on Social Europe**

The WG on Social Europe has been established in January 2003. The Chair is Giorgos Katiforis, MEP, representative of the Greek Government in the Convention on the

Future of Europe. He suggests a change in the status of the European Central Bank (ECB): “ The ECB should take greater interest in promoting growth and employment as well as controlling inflation. This could be a way to establish a relationship between the co-ordination of economic and social policies and of re-balancing economic and social objectives”. He also believes that the ECB could imitate the US Federal Reserve, which has a statutory obligation to pursue employment targets as well as monetary stability: “ The statute of the ECB is definitely backward” (Social Voices, January 2003). Lastly, he favours the incorporation of a charter of fundamental rights within the Treaties and argues that it should have a binding force.

#### **2.4.2 A new Programme of Community Action**

A new programme of Community action to encourage co-operation between member states to combat social exclusion was officially adopted by the Parliament on 15<sup>th</sup> November and by the Council on 22nd November 2001. It started s on 1<sup>st</sup> of January 2002. It will run until 2006 with a budget of 75 million Euro. It aims to improve knowledge; exchange information and best practice and evaluate existing policies. It supports European projects in four areas: data-collection; policy co-ordination and exchange; networking and capacity building; and monitoring. The various strands involve among others national, regional and local authorities, NGOs, universities and research institutes. It will progressively involve the candidate countries.

The Committee of the Programme to combat social exclusion provides political guidance to the Commission on the implementation of the Programme. In the context of the OMC, the programme is meant to support co-operation which enables the Community and the Member States to enhance the effectiveness and efficiency of policies to combat social exclusion by:

1. improving the understanding of social exclusion and poverty with the help in particular of comparable indicators;
2. organising exchanges on policies which are implemented and promoting mutual learning in the context of national action plans
3. developing the capacity of actors to address social exclusion and poverty effectively, and to promote innovative approaches

The Committee of the Programme to combat social exclusion is made up of government representatives from the EU Member States. Armindo Silva and Hugh Frazer represent the Commission in the Committee. Each national government has representatives.

#### **2.4.3 The position of other actors**

The ETUC believes that the commitment to social inclusion should be even stronger in an enlarged Europe, insofar as the principles of cohesion and solidarity are written into the Treaty and constitute two of the most important driving forces for the integration of peoples and territories.

The ETUC therefore considers that the EU Constitutional Treaty, which will emerge from the European Convention on the future of Europe, should also ensure the existence of a social and citizens' Europe and should strengthen the economic, social and territorial cohesion policy. Lastly, the ETUC also calls for a greater co-ordination and complementarity of future cohesion policy with other Community policies so that

all the European Union's policies include the fundamental elements of economic and social cohesion, regeneration of employment, and social inclusion.

## **2.5 Conclusion**

The agenda for a more inclusive society has become a key aspect of the European Social Agenda since the Luxembourg process and Lisbon. Previously neglected as a policy area in its own right, the definition of the relevant areas of intervention in this field remains problematic. In particular, there is some serious overlap between the employment guidelines and the social inclusion plans. Moreover, national strategies to tackle social exclusion vary widely across member states given the very different points of departure in the EU. Although this heterogeneity is not a problem as such, it makes the co-ordination of public policies difficult given the relatively low priority of social inclusion policies in comparison to employment policies in the context of the OMC and the economic downturn. Such co-ordination is likely to become more problematic due to the enlargement process. Inddedd, situations of social exclusion are much more dramatic Central and Eastern Europe than in Western Europe.

The extent to which policymaking is path-dependent also varies depending on the policy instruments under consideration. In the field of regional funds, path-dependency is probably predominant. By contrast, the OMC is more innovative and politically sensitive than other areas. The fact that the working group on Social Europe has been established partly as a result of the Social Platform and as an attempt to tackle the European democratic deficit is very telling in this respect.

## **3 Women and the Labour Market- EU Policies**

**Trine P. Larsen, Anne Daguerre and Peter Taylor-Gooby**

The EU has a long-standing commitment to advance equal opportunities (EO) between men and women and thereby promote women's access to the labour market. Equal treatment was enshrined in the 1957 Rome Treaty, but it was first during the 1990's, the EU began to pursue a broader agenda, moving beyond its previous emphasis on equal treatment, to include both positive action and gender mainstreaming. Mainly because of rising unemployment rates and economic recession. Positive action includes a series of initiatives both within and outside the work place ranging from childcare and retraining programmes to questions of women in leadership and violence against women. Gender mainstreaming refers to integrating equal opportunity in all EU policies and institutional settings and not just seeing EO as a separate policy (Pollack & Hafner-Burton 2000 & Rees, 1998, Comm7/6-2000). Equal opportunities, particularly on behalf of women, have further been underpinned in the EU's annually employment strategy launched in 1998. It is one of the strategy's main pillars and consists of three main guidelines: gender mainstreaming, tackling gender gaps and improving reconciliation of work and family life (Council Decision, 18/2-2002). This paper analyses the policy debates prior to the 2002 employment strategy of equal opportunities. The contribution is divided into five sections. The first section gives an overview of EU's policies on equal opportunities and the policy instruments used. Section two examines the background of the 1994 Essen Summit, which can be seen as the turning point for broadening the concept of EO towards positive action and gender mainstreaming. Section three presents the policy processes prior to the 2002 guidelines of equal opportunity. The fourth section assesses the equal opportunity guidelines and the used policy instruments. The last section examines the current policy developments on equal opportunities.

### **3.1 Background information**

#### **3.1.1 EU's equal opportunities policies 1957- 2002**

Overall EU's equal opportunities policies can be divided into three approaches: equal treatment, positive action and gender mainstreaming (Rees, 1998). The foundation for equal treatment was incorporated in the 1957 Treaty of Rome. However, it was first from mid 1970's that a series of directives, recommendations and resolutions were adopted in regard to gender equality. The EU started gradually to move away from a narrow equal-treatment perspective towards the adoption of specific, positive action measures on behalf of women during the 1980's. These measures were included in the series of Medium Term Community Action Programmes, recommendations and resolutions, the purpose of which was to raise the profile of EO throughout the Community. Although both equal treatment and positive action measures have continued and indeed accelerated during the 1990's, the gender mainstreaming approach seems to have dominated EU policy debates from the mid 1990's. The Council adopted a formal commitment to incorporate systematically the gender issue

throughout all-governmental institutions and policies in 1996 (Pollack & Hafner-Burton 2000 & Rees, 1998a). Since 1998 these three approaches have been incorporated in the EU's employment strategy under the pillar of Equal Opportunities. An overview of the different directives, recommendations and resolutions in regard to equal treatment, positive action and gender mainstreaming can be seen in table 1 in appendix 1. Table 1 in Appendix 1 illustrates the different initiatives taken at the EU in regard to equal opportunities. It can be seen that EU legislation has primarily emphasised equal treatment. The issues of gender mainstreaming and positive action e.g. retraining, women in leadership, targets of women's employment rates and reconciliation of work and family life have to a larger extent been subject to recommendations, resolution and OMC, the so-called soft laws, which are not legally binding. The EU relies on different policy instruments to implement its initiatives on equal opportunities.

### **3.1.2 The EU's policy instruments on EO**

The main policy instruments are the jurisdiction of the European Court of Justice, Medium Term Action Programmes, the Structural Funds and the Employment Strategy. The verdicts of the European Court of Justice enables the Commission to intervene directly in the member states to promote EO. The medium term action programmes foster pilot projects and the exchange of best practices in areas such as childcare, political representation of women and the creation of networks of experts and advocates in women's rights issues (Rees, 1998b & Pollack & Hafner-Burton 2000). The Structural Funds, particularly the European Social Fund (ESF) allocate financial support to national initiatives, which intends to promote equal opportunities by improving access and participation at all levels, in the labour market, education and training as well as the rate of women engaged in enterprise creation and growth. The European Employment Strategy, which forms the basis for a concerted labour-marked and employment policy among member states, rely on financial means from the Structural Funds and the open method of co-ordination<sup>4</sup> to promote equal opportunities (Gtz 2000).

## **3.2 The Expansion of EO measures after 1990**

From table 1 it is also seen that EO measures in terms of both directives and soft-laws have progressively expanded across all EO areas from the beginning of the 1990's. This was mainly due to the events that took place in the late 1980's and early 1990's.

The 1989 Social Charter's expansion of Qualified Majority Voting (QMV) to new equal opportunity areas and the 1992 Maastricht Treaty's changes in the EU policy-making procedures partly explain the increasing number of EO measures, particularly the EO directives. Prior to the Social Charter and the Maastricht Treaty only issues related to equal treatment were incorporated within the EU's legal framework and thereby gave the EU a right to intervene in this area. The Social Charter along with the 1986 Single European Act enabled the European Commission to promote directives on parental leave (1996), part-time (1997), working hours (1993) and maternity leave (1992) as well as the resolution on childcare provisions (1992). In

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<sup>4</sup> The Open Method of Co-ordination is a mutual feedback process of planning, examination, comparison and adjustment of EU and member states policies, which all are based on common objectives (Zeitlin, 2002).

addition, the newly created co-decision procedures for certain areas of legislation enabled the European Parliament to pursue a long-lasting commitment to improving women's rights. The European Parliament's enforced right to vote on the nomination of new Commissioners also enabled them to select women-friendly commissioners (EFCW Briefing 2, 1996 & Pollack & Hafner-Burton 2000). This right was used effectively under the selection of the Jacques Santer and the current Romano Prodi Commission in 1995 and 1999 respectively.

The economic recession and rising unemployment rates during the late 1980's and early 1990's also directed the EU and the member states attention towards equal opportunities. Particularly the conclusions of the 1994 Essen Summit called for actions in regard to equal opportunities, especially on behalf of women. This Summit was the turning point in the EU's strategy towards promoting women's access to the labour market (<http://www.eonet.ro/EU%20background.htm> & Rees, 1998a).

### **3.2.1 The 1994 Essen Summit & Diagnosis of Key problems**

The debates of the 1994 Essen Summit were subject to further discussion of developing an action plan to combat the rising unemployment rates. The Action Plan had been developed at the 1993 Brussels Summit in response to the economic 1993 White Paper: *Growth, Competitiveness and Employment* (Rees 1998a). However, the proposed Action Plan was rather silent on the issue of gender although it incorporated a commitment to equal treatment for men and women. In response to this, the Equal Opportunities Unit within the EU Commissions Directorate for Employment and Social Affairs commissioned seven academics (known as the seven wise women) from across the EU to provide in preparation for the Essen Summit a feminist critique of the plans outlined in the White Paper. They were to concentrate on similar themes to those developed during the Brussels Summit although with a specific focus on gender, equal opportunities, particularly in regard to women's situation in the labour market (Rees, 1998a). The critique revealed many of the limitations of a gender-neutral approach as to an economy where gender plays such a significant role as well as the key problems in regard to female employment.

Similar to the 1993 White Paper, the Seven Wise Women notified that the general unemployment rate had risen and demographic structures were changing due to the ageing population and the transformation of family structures (COM(93) 700 final & Rees, 1998). They also demonstrated that the female employment rate had actually improved during the last decades, but was radically lower than men's (women's employment rate 50,2% against 70,4% for men). Their report also highlighted that most women were working in the service sector, were employed on temporary contracts, had part-time, low -paid jobs and/or were working within low-skilled jobs. This meant that women were more at risk when it came to changes in the economy and the labour market and were the hidden labour force that had to take up the newly created jobs. Moreover, they stressed that most existing welfare taxation and benefits as well as the care economy were primarily based on the male breadwinner/female carer model. The report also emphasised the lack of gender desegregated statistics, the member states' passive gender approach and the lack of counselling, confidence building and childcare provisions, which all were and still are essential for women's access in the labour market (Rees 1998b). In sum these issues all constituted barriers to increase female participation in the labour market. The Seven Wise Women therefore called for action in regard to removing these obstacles and proposed four

key recommendations for a long-term strategy for equal opportunities (Rees, 1998a). These were:

- The necessity for complementary policies to address the balance between home and work for instance caring, taxation and welfare
- The advisability in terms of equal opportunity to opt for a reduced full working week rather than a combination of super-full-time workers and a flexible work force.
- Instituting minimum wages and wage bargaining procedures in more member states, as they appear to be effective in reducing gender segregation in low-paid jobs.
- A need to mainstream equal opportunities in all policies in order to address fully the issues of women's unemployment and their low economic activity and lack of skills (Rees, 1998a & Rees 1988b).

### **3.2.2 The Commission's White Paper: European social policy: A way forward for the Union**

Prior to the 1994 Essen Summit, the European Commission launched the White Paper *European social policy: A way forward for the Union*. The White Paper was a revised proposal of the action plan that had been discussed at the Brussels meeting in 1993. It was highly inspired by the recommendations proposed by the Seven Wise Women. As suggested by the Seven Wise Women, the 1994 White Paper also contained a section on equal opportunities. The equal opportunities proposals concentrated on promoting the value of women's work, balancing of work and family life and the need for accelerating female participation in the decision-making as well as promoting equal opportunities in respect of all EU policies. These four areas worked as headlines within this section and each had different measures attached. These were to:

#### **Desegregate the labour market and promote the value of women's work**

- introduce of codes of practice on equal pay for work of equal value,
- adopt measures to enhance women's skills and professional qualification include measures to help women set up their own businesses
- Making proposals for the removal of discriminatory fiscal and social protection policies and for the individualisation of rights.
- **Reconcile employment and household/family life**
- follow up on the 1992 childcare recommendation by assessing its implementation, establishing baseline data on childcare infrastructure and services in the member states and looking at ways of addressing the issue of stereotyped roles of the sexes in society.
- undertake an economic assessment of the job-creation and reflationary potential of infrastructure and services for children and dependent persons. This will include an assessment of the use of quantitative and qualitative targets for the improvement of childcare provision and the potential use of fiscal and financial instruments to improve such infrastructure and services.
- **Accelerate the participation of women in decision-making**
- Continue to conduct research and provide information and training geared to increase the participation of women in decision-making
- Entail the publication in 1995 of a fourth action programme on equal opportunities for women and men to come into force in 1996

- Publish annually an Equality Report, which will review developments in equality at member state and Union level and will serve as a monitoring instrument for equality policies.
- **Promote equal opportunities through the structural funds and monitor equality for men and women in respect of all relevant EU policies.**
- **Press for adoption of the proposed directive on parental leave and/or other legislation on leave arrangements plus the directive on burden of proof a requirement in their evaluation (The White Paper 1994).**

At the Essen Summit the Council of Ministers agreed to the importance of incorporating equal opportunities in the Action Plan in order to develop the internal market. Since then equal opportunities for women and men have been identified as a paramount task of the EU along with the combat of unemployment. Consequently, promoting equal opportunities, particularly for women, became the central area of economic planning and policy across the EU (<http://www.eonet.ro/EU%20background.htm>). Moreover, the guidelines of equal opportunities outlined in the 1994 White Paper have roughly been the model for promoting equal opportunities across the EU since the mid 1990's.

### **3.3 The Policy Process: From the 1995 UN women's conference to the 2002 Employment Guidelines and the Barcelona Targets.**

Three stages can be phased in the EU's design of promoting women's access to the labour market. The first stage is the UN's women's conference in 1995 and the EU's 1995-2000 Action Programme. The second stage is the strengthening of equal opportunities and incorporation of the employment chapter in the Amsterdam Treaty. Part of this stage is also the Luxembourg process, where equal opportunities are incorporated in the EU's employment guidelines. The third stage is the establishment of the Lisbon and Stockholm targets for female employment, the resolution on balanced participation of women and men in family and working life as well as the 2002 guidelines on equal opportunities.

#### **3.3.1 The UN's Women's conference 1995 and the EU's Action Programmes**

1995 is often seen as a crucial year in regard to equal opportunities. Mainly, because the UN's Fourth World Conference on women adopted the gender mainstreaming approach as one of its agenda's action points. This issue had been proposed by the European Commission, who ever since the 1994 Essen Summit had been strong advocates for the gender mainstreaming approach. During the same year a new Committee of Commissioners on Equal Opportunities was also established by the new Jacques Santer Commission and the EU's new action programme on *Equal Opportunities for Women and Men* was launched. It not only featured mainstreaming as the single most important element alongside existing specific actions, but the decision to publish yearly reports on equal opportunities was also part of this programme. In 1996, the Commission was also able to convince the Council of Ministers of the importance of the gender mainstreaming approach. This resulted in a formal commitment by the member states to promote gender mainstreaming in all EU's institutional settings and policies (Rees, 1998b & Pollack & Hafner-Burton 2000).

### 3.3.2 The Amsterdam treaty and the Employment Strategy- incorporating Equal Opportunities

Following the 1996 official commitment to incorporate gender mainstreaming across all relevant EU policies, the Council of Ministers accepted a new legal basis for measures on equal opportunities and equal treatment of women and men at work. The member states agreed to strengthen the original language on equal pay and to insert both the gender mainstreaming approach and the 1989 Social Chapter in the treaty. As a result, the Article 141 now provides for qualified majority voting in the Council, and co-decision with the European Parliament for future equal opportunities legislation. It also contains a specific clause permitting member states to maintain positive discrimination policies in light of the *Kalanke and Marschall* ruling (Pollack & Hafner-Burtonm 2000 & Scadplus, 1997).

An employment chapter was also incorporated in the Amsterdam Treaty, mainly, because member states faced with double-digit unemployment rates agreed to coordinate their employment policies in the mid 1990's. Although employment remained the primary responsibility of member states, the Council established a new procedure for annual adoption of a series of employment guidelines. These were to be followed by the submission of National Action Plans (NAPs) by the member states. The Commission and the Council would then analyse the NAPs in their annual Joint Employment reports. The intention was that member states would be encouraged to address these non-binding annual exercises of setting joint guidelines. Having their policies adjusted to common EU priorities and the views of their counterparts in other member states would put pressure on the individual member state (Pollack & Hafner-Burtonm 2000).

This sudden adoption of an employment chapter created an unexpected *open policy window* for the Commission's equal opportunity mandate. Firstly, under the new procedures DG for Employment and Social Affairs was given the key role in preparing the new employment guidelines, analysing the NAPS and proposing recommendations. Secondly, the then Employment and Social Affairs Commissioner Pdraig Flynn and Director-General Alan Larsson were also both deeply involved in and supportive of, the Commission's equal opportunities policies. Thirdly, the Equal Opportunities Unit did also belong to this DG, whereby the DG could rely on the Unit's extensive gender expertise and advocacy. Finally, the dominant frame of the DG for Employment and Social Affairs was clearly oriented towards general social and gender issues, in particular in making the new employment chapter a likely candidate for mainstreaming within the Commission (Pollack & Hafner-Burtonm).

In October 1997, this enabled the Commission to put forward the draft: *Proposal for Guidelines for Member States' Employment Policies, 1998*. The proposal presented four pillars to guide member state policies on employment: entrepreneurship, employability, adaptability, and equal opportunities for women and men. Under each pillar, the proposal provided a brief introduction justifying the importance of the objective, which specific actions member states should take in their NAPs and the quantitative targets and indicators to measure the performance of the member states. In regard to the equal opportunities, the European Commission launched similar guidelines to those presented in the 1994 White Paper. Overall the Commission called for gender mainstreaming across all the pillars and proposed for positive actions in the following three areas:

- Tackling gender gaps (through active state support for increased employment of women);
- Reconciling work and family life (most notably by raising levels of child-care provision);
- Facilitating return to work by women after extended absence (by improving women's access to vocational training) (Pollack & Hafner-Burtonm 2000 & Com99 441).

In their final adoption, the Council of Ministers accepted the three specific equal opportunities actions called for by the Commission. However, the wording of several provisions were weakened and the paragraph on gender mainstreaming in the other three pillars was removed. (Pollack & Hafner-Burtonm 2000 & Council of Ministers 1997). Despite these modifications, the DG for Employment and Social Affairs continued to encourage the member states to implement effectively the equal opportunities guidelines. Through its assessments of the NAPs and its new proposals of the yearly Employment Guidelines, the Commission tried to strengthen the equal opportunities pillar. In the 1999 Employment Guidelines, it succeeded to insert the previously rejected gender mainstreaming approach and to specify the language of the three other priorities within pillar four. This was seen as major improvements. Mainly, because the Council of Ministers had opposed such changes in the 1998 employment guidelines (Pollack & Hafner-Burtonm, Com99 441)

### **3.3.3 Reinforcement of Equal Opportunities -The Lisbon, Stockholm and Barcelona targets plus the 2002 Employment Guidelines**

During the Portuguese and French presidencies increased attention was given to promote equal opportunities for women, in particular in respect of balancing work and family life. At the 2000 Lisbon Summit, the member states agreed to strengthen employment, economic reform and social cohesion as part of knowledge based economy. Part of this objective was the set up of quantitative targets in regard to the general employment rate, the employment rate for women and older people. The female employment target was set to rise from the average figure of 51% to 60% by 2010. To reach this target the parties present at the meeting called on the European Commission and the member states to further strengthening all aspects of the equal opportunities in employment policies. The proposed solutions were, for instance, to reduce occupational segregation and by making it easier to reconcile working and family life, in particular by setting a new benchmark for improved childcare provision (President conclusions 2000, Com (2000), 335 final & equality@work, 2000).

A further commitment to remove obstacles for women's full integration in the labour market was revealed by the adoption of the 2000 resolution on balanced participation of men and women in family and working life. Reconciliation of work and family life and a balanced participation of women and men in the decision-making process were the main issues of this resolution. They were seen as pre-conditions for equality between men and women and as the way to reach the Lisbon employment targets (equality@work, 2000 ). The resolution called therefore on both member states and the EU to promote and implement specific measures to enable women and men a more balanced work and family life (equality@work, 2000). The issue of reconciling work and family life became an even more contentious under the French Presidency,

where a set of indicators on reconciliation were developed by the member states. Amongst the issue covered were flexible working schemes, parental and other forms of leave and care-service opening hours (Eiro, 2001). In contrast to the 2000 resolution, these measures were not only inserted in the 2001 Employment Guidelines. In addition, the Commission also issued a new action programme with special emphasis on generating a community framework strategy on gender equality in order to improve women's position in the labour market and the general society (Com (2000), 335 final & Eiro 2001).

The emphasis to improve women's access to the labour market was also strengthened at the 2001 Stockholm Summit, where a new intermediary female employment target was set. By 2005, the employment rate of women should be 57%. To reach this target along with the other employment targets, the Council of Ministers also agreed to let the Commission and the Council jointly examine the conditions required to raise the labour force participation in the EU (Com2002, 9final). The new target on female employment was inserted in the European Commission's final proposal for the 2002 Employment Strategy.

### **3.3.4 The European Commission's proposal for the 2002 Employment Strategy**

Similar to the previous employment guidelines on EO, the proposed 2002 guidelines were primarily designed to address the issue of improving women's access to the labour market. However, only limited progress was done in regard to the 2002 guidelines on EO. The Commission only inserted the new employment target and advocated for promoting measures in regard to equal pay for equal work due to the continuously pay-gap between men and women. The specific EO guidelines proposed by the Commission remained the same as the previous year and were:

**The Gender mainstreaming approach:** Gender equality should be strengthened and should also address all relevant conditions such as men assuming domestic responsibilities, which may influence women's decisions to take up employment. The more precise guidelines in regard to the gender mainstreaming approach:

- To ensure that active labour market policies are available for women in proportion to their share of unemployment.
- To pay attention to the gender impact of tax and benefit systems. Tax-benefit structures identified as having a negatively impact on women's participation in the labour force should be reviewed
- To pay attention to ensuring the application of the principle regarding equal pay for equal work or work of equivalent value
- To remove obstacles which hinder women who wish to set up new businesses or become self-employed.
- To ensure that men and women are able to benefit positively from flexible forms of work organisation on a voluntary basis and without loss of job equality.
- To ensure conditions for facilitating access of women to education, continuing training and lifelong learning with specific focus on careers in information technology.
- Implementing the gender mainstreaming guidelines across the four employment pillars, develop and reinforce consultative systems with gender equality bodies, apply procedures for gender impact assessment and develop indicators to measure progress in gender equality in relation to each guideline.

**Tackling Gender Gaps:** Attention should be given to the imbalance of representation of women or men within certain economic sectors and occupations. Action towards improvements of female career opportunities should be taken e.g. widen the choices in education and training from an early stage. The specific guidelines are to:

- strengthen efforts to reduce the gap in employment rates between men and women by actively supporting increased employment of women in order to reach the Lisbon targets
- take action to bring about a balanced representation of women and men in all sectors and occupations and at all levels
- promote equal pay for equal work and diminish differentials in incomes between men and women
- Consider an increased use of measures for the advancement of women in order to reduce gender gaps.

**Reconciling work and family life:** Implementation of directives in this areas should be accelerated and insurance of adequate provisions of good quality care for children and other dependants should be made in order to support women and men's entry as well as continued participation in the labour market. Emphasis should also be given to equal sharing of family responsibilities. The specific guidelines are to:

- design, implement and promote family-friendly policies including affordable, accessible and high-quality care services for children and other dependants as well as parental and other leave schemes
- Consider setting national target for improving the availability of care services for children and other dependants.
- Give specific attention to women and men considering a return to the paid workforce after absence as well as eliminating potential barriers (Com 2001 511 final).

### **3.3.5 The Position of Key Actors**

#### **The Advisory Committee on Equal Opportunities for men and women on equal pay for equal work**

This Committee overall welcomed the Commission's proposals for the 2002 Employment guidelines. However, the Committee identified the gender pay gap as the core priority for adjustment in response to the conclusions of the Stockholm summit due to a significant inequality experienced by women in their participation in the workplace. They also advocate setting national targets in regard to the percentage of collective agreements established, which specifically address issues of reconciling work and family life, parental leave arrangements, and equal pay issues. In addition reconciliation of work and family life as well as quality of work issues should be strengthened. According to the Committee, Gender mainstreaming should also become a stand alone horizontal guideline paced strategically at the beginning of the guidelines to ensure it is applied across the Employment Action Plans. A new guideline should also be introduced into the adaptability pillar to address a lifetime approach to career development. This would specify measures to build flexibilities into the labour market to assist movement in and out of the labour market and across full-time and part-time situations within the labour market. It would also specify measures to address the barriers to such flexibilities in social protection, tax and pension systems and in education and training systems (EMPL/G/1. 2001).

#### **The European Parliament's Women's right Committee**

Overall the Women's right Committee endorsed the 2002 Employment Guidelines. However, the Committee called for strengthening measures to promote equal opportunities for men and women, particularly, measures to implement the principle of equal pay for equal work was seen as crucial. It also advocated a definition of common European objectives in regard to the availability of childcare. In addition, the Committee also advocated for an increasingly political co-ordination in the Member States between the individual institutional players (national, regional and local administrations) and with the social partners (European Parliament's Committee on Employment and Social Affairs, 2001)

## **Social Partners and Member States**

### **ETUC**

The ETUC's overall welcomed the 2002 Employment guidelines. However, the ETUC recognises that the Strategy does need 're-tuning', and indeed strengthening, to meet the Lisbon objective of full employment by 2010, and those relating to social cohesion, knowledge and innovation. In addition, ETUC is particularly concerned to ensure that the 'dual' approach of the current Guidelines is continued whereby the issue of equal opportunities for women and men is both specifically addressed and is mainstreaming across the Guidelines as a whole (ETUC 5/11-2002)

### **UNICE, CEEP and UEAPME**

The UNICE, CEEP and UEAPME fully endorsed the principle of equal treatment of women and men outlined in the 2002 Employment Guidelines They support the opinion of the Advisory Committee on Equal Opportunities for men and women on equal pay for equal work. However, UNICE, CEEP and UEAME were critical towards statistics, since they did not think that they reflect the reality within member states. Therefore they opposed the proposal of setting targets and to define dates by which these should be achieved (EMPL/G/1. 2001).

### **European Women's Lobby (EWL)**

The EWL's position towards the fourth pillar in the Employment strategy was that these guidelines had to include measures to improve the working conditions for women's employment in general. They argued that policy action was needed, since women's employability was linked to their situation in the labour market. In addition, increased focus on balancing work and family life was needed according to the EWL. Particularly, some member states childcare provisions and care facilities for other dependant's called for improvements (EWL 1998, EWL 15/6-2000 EWL 30/10-2002)

### **Council of Ministers**

The Council of Ministers adopted the EO guidelines outlined by the European Commission without adding any changes. However, they did not agree establishing quantitative targets for promoting equal pay as it had been suggested by the European Commission and the Advisory Committee on Equal Opportunities for men and women on equal pay for equal work (Council decision, 18/2-2002).

### **3.4 Assessment of EU's Equal Opportunities policies**

The European Commission is currently assessing the impact of the 2002 employment guidelines on EO and information is therefore not yet available for the public. Focus is therefore on the general assessment of EU's policies on equal opportunities.

The 2002 joint report by the Council and the European Commission indicated that the EU has not reached the improvements, it intended in the annual employment strategy. The female employment rate is still below the Lisbon and Stockholm targets although it has increased since 1994. The general EU female employment rate was 54,9% in 2001 compared to 50,2% in 1994. However, the female employment rate remain relatively lower than men's (17,1 percentage point). In addition, most member states unemployment rate of women remains still higher than for men except for the UK, Sweden and Ireland. Greece, Spain, Italy and France have the largest gender gaps. Women's average gross hourly earnings were also relatively lower than men's. In 1998, they were 83,8% of men's which indicated a pay gap of 16,2 percentage points. The highest pay gap was in the UK, Austria, the Netherlands, Germany and Ireland. Moreover, the gender segregation in sectors and occupations had remained stable since 2000.

The EU's report also revealed that the presence of children seemed to influence the participation of women and men differently in the labour market. Data from 2001 indicated that the presence of a child (0-6 years) decreased women's employment rate by 12 percentage points on average in the EU, whereas men's employment rates increased by 9 percentage points. The negative impact of active motherhood on women's employment rate was significant in Germany, the UK and Spain (more than 20 percentages points) (Com(2002) 621 final).

In sum, this indicates that the employment strategy and the non-binding targets have not had the intended effect. The current negotiations about reforming the employment strategy seem to support this. Lack of effectiveness can also be applied to the EU's other policy instruments. Recent research has indicated that the EU's directives are not implemented in practice in the member states. Women and men are still not receiving equal pay for equal work despite the existence of EU's directive on equal pay. Moreover, some employees find it difficult to get time off in emergency situations in order to care for their ill children or older relatives despite their entitlement in form of the parental leave directive. Although the working hours directive has an 48 hour weekly working limit, most European parents do work more (Larsen, Baldock and Hadlow, forthcoming). Only the action programmes, where funding is given to national projects trying to improve equal opportunities via training programmes, propaganda etc seems to have an effect. Statistics indicate that an increased number of women have an educational background and the awareness of equal opportunities is more widespread in today's EU than in previous decades.

### **3.5 Future debate**

Current debates at EU level concern an improvement of balancing work and family life, reforming the current employment strategy as well as promoting and securing equal opportunities in the new accession countries.

In regard to reconciliation, improvements happened during the 2002 Barcelona Summit. Based on joint report requested at the Stockholm Summit, the Commission

and Council submitted corresponding proposals to the Barcelona Summit. They argued that to achieve the employment targets set by the Council at both the Lisbon and Stockholm Summit radical improvements needed to be done, particularly in the field of childcare provision and care facilities for other dependants. Research had revealed that lack of care facilities were the main barrier to women's access to the labour market. As a result, it was decided to improve the measures for social exclusion and set up childcare targets for children aged 0-3 and 3- to intermediate school age. These targets were 30% and 90% respectively (Com2002, 9 final & Conclusions of the Barcelona Summit 2002). Since then discussions have taken place at the EU in order to improve the care services for children and other dependant. The latest initiatives have been the conference on care services for children and other dependant people organised by the Danish Presidency in November 2002 as well as the discussions related to the reform of the Employment Strategy.

The request to reform the employment strategy dates back to the Barcelona Summit. During the Summit, it was requested that simpler and more effective guidelines in line with the need to streamline the various EU policy co-ordination processes were developed (IP/03/41, 14/1-2003). The European Commission has later followed up on this request. In January 2003, the Commission presented its proposals for a new employment strategy. The Commission proposed three basic objectives for the future strategy. These were inline with the Lisbon reform agenda such as full employment, the promotion of quality and productivity at work (better jobs) and fostering cohesion and inclusive labour market. Specific priorities were to be supported such as improving women's integration in the labour market. The Commission also proposed better governance of the strategy, especially through more involvement of social partners and civil society and to streamline the strategy with other EU policy co-ordination processes such as the broad economic policy guidelines (IP/03/41, 14/1-2003 & Com(2003, xxfinal).

### **3.6 Conclusion**

Although the EU for decades has promoted equal opportunities across the EU, the practical effect of its policies has been limited. Mainly, because it involves a close collaboration between actors at all levels in the EU ranging from the EU, member states to social partner and the individual family to make the initiatives work. However, the need to make the EU able to compete in the world economy makes equal opportunity issues in particular reconciliation of work and family life crucial issues. Europe can only compete in the world economy in terms of added value derived from very high levels of skill and knowledge. It cannot compete in terms of basic production because labour and social costs are too high. Education, care and reconciliation become therefore critical issues to promote such an economy. Consequently, the EU and the member states will need to overcome the problems related to implementing equal opportunities and start developing more effective policy instruments to help these women and men.

## **4 EU Pensions : The 2002 EU Pension Directive**

**Trine P. Larsen, Anne Daguerre and Peter Taylor-Gooby.**

EU- regulation of pensions is a relatively new phenomenon. Although the European Commission addressed the issue of supplementary pensions schemes and their implications for the freedom of movement for workers in a communication to the Council of Ministers in July 1991, it was not until June 2002 that the member states reached an agreement. National opposition to such regulations was the main reason for the delay. (Commission Press Room 8/10-1997). The new pension directive intends to remove barriers to workers mobility across European member states and is thus congruent with the first objectives of the Treaty of Rome. EU pension policy follows the same pattern as in other areas of social policy, i.e., ensure the free movement of labour and improving the functioning of labour market. Workers currently face a disincentive to mobility when changing pension's schemes. Moreover, pension funds are particularly volatile which may add to the potential disadvantage faced by migrant workers. Thus the directive also aims to protect individual saving against such risks (Agence Europe05/06-2002). The proposed directive harmonises also financial security rules in the management of professional pension institutions by introducing three core principles concerning technical provisions and prudential requirements, cross-boarder membership and investments rules. However, it only covers occupational pension schemes and not basic state pay-as-you-go schemes. This paper will describe and analyse the policy processes prior to the reform. The contribution is divided into four sections. The first section examines the background for the Commission's initiative including the key problems that lead to the directive. The second section analyses the policy processes prior to the reform by presenting the key actors and their position as well as the main issues of the political debate. It thus focuses on the period of 2000-2002. The third section presents an assessment of the directive. The fourth section consists of the current political debate of pension regulations at EU.

### **4.1 Background information and key problems**

#### **4.1.1 Background information**

In the past the European Commission, more precisely the DG of Internal Affairs lead by the then Commissioner Mario Monti, who in 1999 was replaced by Fritz Bolkestein, had twice launched a specific interpretation of the Rome Treaty rules regarding pension funds. In 1993 a draft directive was withdrawn due to the amendments proposed by the member states would have legitimised restrictions on pension funds rather than liberalised them. The European Court of Justice recently annulled the 1994 Communication on supplementary pension, since the Commission intended to impose new binding obligations on the member states. (Chetcuti 2002). The main reason for the failure of these attempts was partly due to the Commission's exclusively concentration on investment and management rules, leaving prudential issues to the member states. (Chetcuti, 2002).

In 1996, given the absence of progress on the pension issue, particularly regarding the barriers to the free movement of workers, the Commission decided to take action. A

panel high on free movement of persons was set up and chaired by Mrs. Simone Veil, former President of the European Parliament. The 1997 report underlined that the prospect of a loss of supplementary pension rights was a clear disincentive to mobility and represented a serious obstacle to the exercise of the right of free movement, as foreseen by the EC Treaty. (Commission Press Room, 12/6-2002). Following this report, a Pensions Forum was created. The Forum was composed of Member States, the European social partners and relevant European federations; its aim was to assist the Commission to fill the gaps in the area of supplementary pensions, a major obstacle to labour mobility. The panel's recommendations inspired the 1997 Green Paper "Supplementary Pensions in the Single Market", which was issued by the European Commission. The 1997 Green Paper featured an analysis of the social economic and financial context of supplementary pension provision in the EU and examined as well the role of the Single Market for investment funds in improving supplementary pension provision. (Single Market News July 1997). The report also highlighted the key problems regarding supplementary pensions in order to enable an effective Single Market.

#### **4.1.2 Key problems**

The key problems identified were: the increasing ageing population, the low rate of return, the restrictions on investments and lack of prudential rules and the barrier to free movement of workers.

##### **The increasing ageing population**

The Green Paper underlines that the increases in the ageing population and the decline in the ratio of people in work to retired people will pressure the budgets of all member states. At present there are four people of working age to support each pensioner, but by 2040 there will be only 2. The increasing costs will force the member states to make decisions about their pension policy due to the unsustainability of their current pension systems. (Single Market News, July 1997).

##### **The importance of rate of return on pension fund investments**

A major area of discussion in the Green Paper is how to improve returns on pension fund investments without compromising their integrity. Low returns on pension funds increase the burden on state pensions. Moreover, a very slight improvement of investment performance can give rise to major gains in financial returns over the 40 years or so of a person's working life, and thereby reduce significantly the cost of pension provision. Thus improved returns on pension fund investments could benefit both employers and the government. Improved return on pension funds would also reduce labour costs, which would improve employment performance in the EU. and potentially create more jobs.. (Single Market News, July 1997).

##### **Restrictions on investments and lack of prudential rules**

The Green Paper also notes that many member states currently impose restrictions on pension fund investments on prudential grounds, whereby pension funds tend to hold a high proportion of assets in government bonds. Such restrictions can seriously impair investment performance to the detriment of workers and employers. Therefore, the Commission considers the introduction of alternatives to investment restrictions such as giving fund managers greater flexibility in investment choice. However, the Commission also recognised that protecting future pensions of workers are of

fundamental importance. The Maxwell Scandal in Britain in 1992 had highlighted this issue more than ever. The Green Paper stresses therefore the importance of appropriated prudential rules for member states supervision of pension and life insurance funds and fund managers. Their purpose is to ensure a high level of protection for workers and their families against, for example market volatility (Single Market News, July 1997).

### **Labour immobility**

The Green Paper also highlights the problems related to workers, who want to work in another member state. At present, obstacles created by rules and tax provisions applying to pension schemes curtail such workers free move. Moreover, qualifying conditions for supplementary schemes; the difficulties of transferring accrued rights to another Member State; tax difficulties where rights are acquired in more than one member state; the case of those seeking to work for a short time in another member State are also barriers that prevent free mobility. The availability of tax relief has a crucial influence on the design of individual pension schemes. Each Member State has rules to ensure that they are properly targeted and this can also create obstacles to the free movement of capital, free movement of workers and the freedom to provide services within the Single Market. (Single Market News, July 1997).

In this context, the Commission invited various interested groups to give their views on these issues and possible solutions. The main focus of the Commission was whether appropriate EU prudential rules for pension and life insurance funds, the removal of obstacles to the free movement of workers related to supplementary pensions and appropriate taxation rules could facilitate the development of alternative sources of pension provision.

## **4.2 The policy process**

### **4.2.1 The consultation process initiated by the Commission –DG of Internal Market**

The Green Paper generated a great deal of interest. The European Commission received 76 responses, notably from the European Parliament, the Economic and Social Committee, the Member States, the financial sector, academics, employers associations and trade unions. (COM (97) 283). The results of the consultations were published in the Working Paper: “*Overview of the Responses to the Green Paper on Supplementary Pensions in the Single Market*” by the Commission. (Commission 6/4-1998). The responses by the contributors can be summarised into the following headings.

- **Retirement provision and EU capital Markets:** The vast majority of respondents supported the Commission’s view on retirement provision and the EU capital markets. A few member states, unions and the representatives of consumer protection associations were more cautious. Both the financial sector and most member states argued that the conservative asset allocation policy, which concentrates on a strategy of fixed income securities (e.g. government bonds) is not the optimum. In general investment of a substantial part of the asset portfolio in equities might be more prudent since equities can better meet the long-term

nature of the pension liability. Although a minority group argued that the Green Paper did not deal sufficiently with uncertainties in relation to continued high yields, in particular from equities of funded schemes, all parties agreed on the Green Paper's presentation of the role of equities on the return of pension funds assets.

- **Appropriate prudential rules for a single market:** respondents agreed that pension funds should be subject to prudential supervision based on the following key requirements: authorisation or approval by a competent authority, criteria for suitability and approval of managers, regular reporting and powers of intervention by supervisory authority, and rules on the investment of members' contributions.
- **Facilitating the free movement of workers:** A broad consensus was reached on the approach taken by the Commission in order to remove barriers to free movement although respondents insisted that the barriers should be removed gradually. The Commission's approach was a harmonised prudential system, designed above all to ensure the financial soundness of schemes should go hand in hand with a coherent social framework. This must guarantee workers, throughout their working lives, the continuity of commitments without discrimination between workers who stay in their home member state and migrant workers. All respondents welcomed therefore a directive on safeguarding the supplementary pension rights of employees and self-employed workers, who move within the EU.
- **The importance of taxation for supplementary pensions:** Respondents agreed that current tax rules acted as a barrier to the free movement of workers, inter alia due to the lack of mutual recognition of schemes and double taxation. Three possible solutions were put forward: application of the principle of taxation in the member state of residence, bilateral agreements along the lines of those already concluded between some member states and a multilateral approach to the problem possible at community level. Whilst many member states thought that bilateral arrangements were the only realistic solution, many observers and some member states called for the adoption of EU rules that provide a mutual recognition of schemes and prevent double taxation. However, several member states took the view that EU legislation was not feasible due to its liability to undermine the tax base in some countries. They claimed that the Commission should confine itself to a mere co-ordination role, for instance, by issuing guiding principles to be embodied in bilateral agreements. (Commission 6/4-1998)

#### **4.2.2 European Commission's proposal for a directive on institutions for occupational retirement provision**

Following this consultation process the Commission produced the Communication: *Supplementary pension schemes* in May 1999, which announced its main thrust of its pension policy. Given the political sensitivity of the subject, the Communication led to a further round of consultation during which intensive discussions took place within the European Parliament. The topic was also discussed at the Lisbon Summit in March 2000, where the completion of the single market was a key issue on the political agenda. Particularly, the completion of stable, efficient and integrated financial markets meanwhile protecting savers as fully as possible was seen as a

crucial element to promote growth and employment. As a result the national governments called for an implementation of the Commission's 1999 Financial Services Action Plan<sup>5</sup> by 2005. The framework of institutions for occupational retirement provision (IORPs) was and still is a central element of this plan and corresponded with the Commission's communication on supplementary pensions from May 1999. (European commission, Internal Market11/10-2000). Moreover, the Council also mandated "*a study on the future evolution of social protection from a long term point of view, giving particular attention to the substantiality of pension systems in different time frameworks up to 2020 and beyond*" (Chetcuti, 2002). Thereby, the governments emphasised a further integration of both economic and social aspects in relation to occupational pension schemes and the completion of the single market.

This resulted in the Commission's publication of the proposal for a directive on a framework of institutions for occupational retirement provision in October 2000. It aimed at creating a prudential framework to ensure a high level of protection for the rights of future pensioners. (European Commission, Internal Market 11/10-2000). The proposal consisted of three sets of rules designed to ensure both security and affordability. These are:

#### **Strict prudential rules to protect beneficiaries**

The institutions for occupational retirement provision (IORPs) must be subject to detailed rules of operation. Members and beneficiaries must be properly informed of the terms of the scheme, the financial situation of the institution and their rights. Benefits promised must be calculated prudently and be covered by sufficient asset. If an IORP offers any financial guarantees, it must hold own funds. Finally, the supervisory authorities must have the necessary powers to monitor adequately the IORPs for which they are responsible. (European Commission, Internal Market11/10-2000).

#### **Investment rules tailored to the characteristics of IORPs and geared towards effective savings management**

The proposal suggests that IORPs should be allowed a certain amount of freedom in determining the investment policy, which best suits their commitments. The proposal also put forward that this policy should ensure that the assets are fairly widely spread at all times. It also provides that investment in shares, which generally offer high long-term returns with moderate volatility and in risk capital, should not be unduly restricted. Indeed such investments can contribute to better financing of the economy and stronger growth in the Union in the long term.

Under the proposal, Member States would have the option of subjecting IORPs established within their jurisdiction to more detailed investment rules. However, member states would have to allow such institutions to invest up to 70% of their

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<sup>5</sup> The Financial Services Action Plan consists of A series of policy objectives and specific measures to improve the Single Market for financial services over the next five years. It suggests indicative priorities and time-scales for legislative and other measures to tackle three strategic objectives, namely ensuring a Single Market for wholesale financial services, open and secure retail markets and state-of-the-art prudential rules and supervision. (Financial Services Action Plan, May 1999)

technical provisions or portfolio in shares and corporate bonds and at least 30% in currencies other than the currency of their future pension liabilities. Lastly, IORPs would enjoy great freedom since they can appoint any asset manager or custodian duly authorised in a Member State. (European commission, Internal Market11/10-2000).

### **Rules enabling cross-border management of occupational pension schemes**

The proposal put forward a requirement for mutual recognition of Member States' supervisory regimes. An IORP must be able to manage the schemes of firms located in other Member States while applying the prudential rules of the State in which it is established (home-country control). As for social security and labour regulations, which are not affected by the proposal, the rules of the country in which the firm is situated would continue to apply (host-country rules). (European Commission, Internal Market11/10-2000). Basically this means that multinational firms can achieve substantial economies of scale e.g. around 40 million a year.

In sum, the proposal primarily aims to enable firms and future pensioners to take full advantage of the Single Market provided this complies with national prerogatives. However, pension rights have a lower priority than the financial aspects of the proposal. The proposal does not resolve the problems regarding the free mobility of workers, who want to leave one pension scheme for another.

### **4.2.3 The other key actors' position towards the new proposal**

Besides the European Commission, more precisely the DG of Internal Market and the DG of Employment and Social Affairs the key actors were: The Economic and Social Committee, ETUC, UNICE, the financial sector, the European Federation for Retirement Provision EFRP, The insurance industry, the actuarial profession and the member states.

#### **The Economic and Social Committee (ESC)**

The ESC is a non-political and advisory body and gives Europe's economic and social partners (employers, trade unions, consumers) the opportunity to issue their formal opinion on EU policies. Mandatory consultation applies to employment and social policy, harmonisation of indirect taxation, both areas which are relevant to the proposed directive. The ESC overall supported the directive. However, ESC pointed out that it did not solve three particular long-standing problems.

- difficulties in transferring pension rights from one member state to another
- qualifying conditions for acquiring pension rights are particularly long in certain member states
- lack of harmonised taxation imposes financial costs for both employees and employers. (Official Journal of the European Communities, May 1998)

In sum these gaps in the pension legislation penalise particularly most vulnerably sections of the labour force such as women, temporary workers and young and low-skilled workers.

#### **ETUC**

ETUC overall welcomed the Commission's proposal for the pension directive. They agreed that it was essential to establish a minimum set of rules in order to protect both contributors and future retirees. These rules would relate inter alia to the need to ensure prudent management and would therefore prohibit purely speculative investments and cover the amount of provision necessary to guarantee the rights of pensioners and future retirees. Moreover, ETUC demanded that the regulatory framework besides dealing with financial aspects should also prioritise social and tax aspects. As regards to social aspects, ETUC advocated for the formal inclusion of social partners in the implementation process concerning strategic choices and control of occupational pension schemes. They were primarily concerned with the persisting barriers faced by migrant workers when moving from one pension scheme to another. (ETUC December 2000).

### **UNICE**

UNICE also welcomed the Commission's proposal. They appraised the directive for being thoughtful and comprehensive as well as being the first step towards further progress in relation to pensions funds financial mobility. However, UNICE was critical of quantitative restrictions as these would directly increase financial and labour costs. They were also concerned with the fact that the directive did not fully achieve its proposed goals. Finally, UNICE recommended both tax harmonisation and abolishment of other barriers to cross-border schemes since they threaten their productivity growth and profitability. (UNICE, 6/2-2001).

### **European Federation for Retirement Provision (EFRP)**

The European Federation for Retirement Provision (EFRP) - representing the pension fund industry - welcomed the institutional approach of the proposed directive. EFRP was strongly in favour of making progress in the field of cross border activity of the IORPs to make use of economies of scales and to find the right balance between security and affordability. However, they insisted that the regulatory framework should be neutral vis a vis social, labour and fiscal policy choices of Member States and cover all providers in the field of occupational pensions. In addition, The EFRP also advocated that the ability of employers to operate pan-European pension schemes cost-effectively should be tackled as quickly as possible. They argued that it should be as easy for an employer to provide cost-effective pensions across EU borders as it is within those borders (EFRP Press Statement, 28/6-2002)

### **The insurance industry**

The Comité Européen des Assurances (CEA) also supported the proposal. According to CEA, a pension product by nature provides benefits of an uncertain duration linked to the duration of human life and the protection against biometric risk should be covered. All institutions regardless of the regime they adopt - defined contributions or defined benefits - must be subject to requirements for the constitution of technical provisions and adequate funding since they assume a "firm commitment" undertaking of a financial (e.g. investment risk) or a technical (e.g. mortality) type.

### **The actuarial profession**

The Groupe Consultatif des Associations D'Actuaires des Pays des Communautés Européennes - representing the actuarial profession - believed that the proposed measures were a reasonable basis for all European countries to adopt and that they will encourage in particular cross border activity of IORPs. The exact scope of the Directive should be clearly defined in close cooperation with Member States on a country by country basis. De-Minimus exceptions for certain provisions need to be considered to reduce the burden for small IORPs.

### **The investment fund industry**

The Fédération Européenne des Fonds et Sociétés D'Investissement (FEFSI) - welcomed the differentiation between schemes for supplementary retirement provision and traditional (long-term) savings products. Pension schemes may include optional safeguards in order cover biometric risks but the final decision should be determined individually by Member States or by the employees themselves (principle of subsidiarity). The Association of European Cooperative and Mutual Insurers (ACME) generally supported the Commission approach. As regards provisions on technical provisions, funding and regulatory own funds it would prefer basically the same rules as established for life-insurance companies.

### **Member states**

Most of the member states supported the Commission's proposal for a pension directive. However, particularly, France and Belgium were critical towards EU pension regulations. Belgium's reservations concerned the lack of safeguard rules. It believed that the calculation of pension fund provision was unacceptable. It stressed that the quantitative principle of responsible family investments ought to be replaced by qualitative criteria. Belgium also wanted interest rates offered by the funds to be limited to a given rate, in order to fight against pension fund speculation. The France argued that the directive would have no impact on the choice of pension funds in Member States. Indeed, capitalisation rules and pensioners' rights remain protected by national social law, especially in publicly regulated systems such as the French pay as you go schemes. (Agence Europe, 5/6-2002).

#### **4.2.4 The Council of Economics and Finance Ministers**

The Council of Economics and Finance Ministers reached an agreement by Qualified Majority Voting on 5<sup>th</sup> June 2002 after much discussion between member states.

#### **The Final agreement on the framework for occupational pensions**

It must be noted that the directive is not yet definitive. The Council's proposed directive does not markedly differ from the Commission's initial proposal. The text agreed by the Council maintains the core principles of the Commission's proposal:

#### **Technical provisions and prudential requirements**

The global prudential framework proposed imposes on-going prudential control and requires that funds hold sufficient assets to cover their commitments. The text agreed by the Council recognises the qualitative approach to the calculation of technical

provisions proposed by the Commission and would introduce two alternative bases for the definition of the maximum interest rate. It would require the Commission to present every two years a report to the Insurance and Pension Committee on the development of the situation.

### **Cross-border membership**

The proposal establishes a mechanism for co-operation and notification between supervisory authorities of the home Member State (where the pension fund is located) and the host Member State (where the enterprise and the members are located). A large multinational could save up to €40 million if it could pool all its pension schemes in one fund instead of running different funds in each Member State.

### **Investment rules**

A qualitative approach to investment rules is proposed. Allocation of assets must be prudent and decided in the light of the liabilities entered into by each fund and not in the light of a single set of quantitative rules ("prudent person rule".) The Council text confirms the prudent person rules as the main principle and introduces some general qualitative principles that explain what is meant by prudence in asset allocation. It confirms the possibility for Member States to have at national level more detailed requirements, within certain limits. It would also allow host Member States (where the sponsoring company and the members are located) to ask home Member States (where the pension fund is located) to apply certain quantitative rules to the assets corresponding to the pension scheme run on a cross-border basis, provided the host Member State applies the same (or stricter) rules to its own domestic funds.

## **4.3 Assessment of the EU pension Directive**

The current pension directive is innovative since it is the first of its kind to regulate pension funds at the EU level. Its framework is highly inspired by the British and Dutch pension system. In such countries governmental intervention in the regulation of occupational and private pension investments is limited. The directive addresses primarily financial barriers. It still does not remove the obstacles to the free movement of workers. Only workers moving within the same pension scheme are helped by the new pension directive. Employees who leave one pension scheme for another still face difficulties to qualify for supplementary pensions. They will still find it difficult if not impossible to transfer their acquired pension rights to a new scheme. This account not only for cross-border transfers, but also for transfers within employees' home country. Likewise, the lack of harmonised taxation prevents cross-border transfers of pension schemes due to local tax authorities tendency to impose adverse tax treatment on membership of foreign pension schemes. (Commission Press Room, 12/6-2002 & Wedlake Bell, July 2002). Therefore, the absence of a common framework on transferring company pension rights still represents a serious obstacle to free labour mobility.

Overall this seems to follow the general trend within the EU, where financial aspects of the Single Market tend to have a higher priority among the national governments than the social aspects related to, for instance, pension funds. The fact that the primary responsible for the drafting of the proposed directive is DG Internal Market,

under the leadership of Commissioner Fritz Bolkestein rather than by DG Employment and Social Affairs is very telling in this respect. This clearly indicates that the directive was considered less a social security or social protection matter. The protection of employees about potential losses when transferring pensions savings to another member state had a low priority compared to the internal market provisions<sup>6</sup> which aimed at improving above all capital mobility. Lastly, it must be noted that the management of pensions funds remains a domestic affair and can be dealt through bilateral agreements. In sum, it cannot be denied that the new pension directive marks the end of the first stage of the process of removing barriers, which has blocked the way of cross-border management within pensions. Moreover, the current initiatives in relation to the future of European retirees indicate that the pension issues will be dealt increasingly at the EU level under the lead of the Commission.

#### **4.4 Current debate**

The current debates taking place at the EU level regarding pensions concentrates on social protection aspects, most notably the free movement of workers. In July 2002, the Commission launched the first- stage consultation with EU social partners on the portability of supplementary pension rights. The Commission invited social partners to express their view on whether there would be a need for EU action on the portability of supplementary pension rights, which form of action should be taken as well as its the main features. (Commission Press Room, 12/6-2002). In its response, the ETUC repeated its call for a European regulatory framework covering the financial, social and fiscal aspects of the implementation of occupational pension schemes. ETUC (3/9-2002). UNICE believed that the measures envisaged by the Commission would go beyond cross-border issues and tackle the conditions for acquisition, preservation and transferability of supplementary pension rights at national level. UNICE believes that any EU initiative should aim to remove obstacles to free movement without interfering with the organisation of supplementary pension arrangements in Member States. Harmonisation should not be the goal of any EU measure. However, the EU level could foster portability of supplementary pension rights at national level by organising exchanges of experiences and information-sharing on solutions found in various EU countries. Because of the high complexity of the different supplementary pension schemes it is necessary to have flexible procedures, which allow differentiation between national practices and traditions. UNICE also stresses that one of the main obstacles to transferability and cross-border membership is taxation and should be urgently dealt with by the Member States. UNICE 23/9-2002). The Commission has also initiated various proposals in order to improve the cross-border mobility of the labour force. These proposals are for instance, the EU health insurance card, the website with information about job vacancies throughout the EU and the plans for recognition of professional qualifications. The latest initiative by the Commission is its proposal for a Joint Commission-Council report on adequate and sustainable pensions in order to clarify whether the national pension systems in Europe are capable of coping with the pressure of an ageing population. (Commission Press Room, 12/6-2002 & COM, 2002).

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<sup>6</sup> This point should be checked during the interview. It would be interested to see who led the debate in the Commission and whether this interpretation is correct.

## **4.5 Conclusion**

The length of the negotiation process clearly indicates that member states are opposed to any EU interference in the core areas of the welfare state as it undermines further their sovereignty. However, as most actors declared, the EU directive is only the first step towards more co-ordination at the EU-level. With its two objectives: completing the Single Market and secondly to insure the sustainability cross-border pensions by making pension funds more attractive to EU citizens, this directive will require further intervention within the member states domestic affairs. The recent verdict by the European Court of Justice (ECJ) regarding the Danner Case, which concerned tax-treatment of cross-border pensions contribution reflects this. The ECJ ruled that Finland could not treat pension contributions paid to a plan in Germany differently from those to domestic schemes. In this context, the Danner case is a landmark decision. Effectively, it provides a comprehensive and univocal reading of its prior jurisprudence such that the Member States concerned will have to accept in the medium term the necessity of changes to their domestic legislation in the area of pension taxation. (Guilluy & Sakx, December 2002).

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## 6 Appendix 1

**Table 1: Selected Equal Opportunity Measures adopted by the EU**

<b>Equal Treatment Directives</b>	<b>Directives on positive action directives on Reconciliation of work &amp; family life</b>	<b>Selected Recommendations and resolutions on Positive action regarding equal treatment, retraining &amp; harassment</b>	<b>Selected positive action Recommendations and resolutions on Reconciliation of work and family life</b>	<b>Selected resolutions on Gender mainstreaming</b>
<b>1975:</b> Equal pay for work of equal value	<b>1992:</b> Improving health and safety of workers who are pregnant or have recently given birth	<b>1982:</b> Retirement age	<b>1974:</b> Social Action Programme on reconciliation of work and family life	<b>1995:</b> UN Beijing Conference where EU introduces gender mainstreaming
<b>1976:</b> Equal treatment with regard to access to employment, vocational training promotion	<b>1993:</b> The Working time Directive	<b>1984:</b> The promotion of positive action for women	<b>1989:</b> social charter partly on this	1996: Formal Commitment for gender mainstreaming
<b>1978:</b> Equal Treatment in social security matters (statutory social security schemes)	<b>1996:</b> Parental Leave Directive	<b>1984:</b> On combating unemployment among women	<b>1992:</b> Childcare and Parental Leave	<b>1996:</b> Equal opportunities and Structural funds
<b>1986:</b> Equal treatment in occupational social security schemes		<b>1987:</b> On Vocational training for women	<b>1998-:</b> Employment Strategy and guidelines on reconciling work and family life	<b>1997:</b> Gender mainstreaming is incorporated in the Amsterdam Treaty
<b>1986:</b> Equal treatment of the self-employed (including spouses working in family businesses) including in the agricultural sector and on the protection of self-employed women during pregnancy and motherhood		<b>1990:</b> Protection of the dignity of women and men at work	<b>2000:</b> on balanced participation of women and men in family and working life	<b>1999-:</b> EU Employment strategy on mainstreaming
<b>1995</b> on integrating gender issues in development co-operation		<b>1992:</b> Sexual Harassment and the protection of dignity of men and women at work	<b>2000:</b> initiatives for specific measures to improve reconciliation of work and family life	<b>2001:</b> Programme of Action for the mainstreaming of gender equality in Community Development Co-operation
<b>1997:</b> The part-time directive		<b>1994:</b> Promotion of equal opportunities for men and women through action by the European Structural Funds	<b>2002:</b> Barcelona targets for child care facilities. Age 3 to mandatory school age: 90% & 0-3 year olds 33% childcare provisions by 2010.	
<b>1997</b> on the burden of proof		<b>1994:</b> Equal		

in cases of discrimination based on sex		participation by women in an employment intensive economic strategy within the EU		
		<b>1995:</b> Balanced participation of men and women in decision-making		
<b>2002:</b> Amendment of the 1976 equal treatment directive on the implementation of the principle of equal treatment for men and women with regards to access to employment, vocational training and promotion and working conditions		<b>1996:</b> on balanced participation of women and men in the decision-making process		
		<b>1998:</b> EU's employment strategy and guidelines on positive action		
		<b>1999:</b> on women and science		
		<b>2000:</b> Lisbon targets for employment rates by 2010: overall 70%, Women 60% & older workers 50%.		
		<b>2001:</b> Stockholm targets for employment rates by 2005: overall 67% & women 57%		

**Source: Rees, 1998a & EU equal opportunity web page,**