

Act Locally for Employment – the Local Dimension of the European Employment Strategy

Preliminary Remarks

Since the middle of the 1980s, the demand for more localisation and regionalisation has been a global trend. The OECD, the World Bank and numerous groups of economic experts have pronounced themselves correspondingly. There is a fairly broad consensus that strengthening the local and regional level as well as its players such as the municipalities can have a positive influence on political efficiency and on the growth potential of the economy.

However, concerning the localization and regionalization of the labour market and employment policies, it cannot be a matter of holding on to the post-modern romantic idea of an ideal world of economic activities not seeing beyond one's own nose, particularly in times when globalisation is putting pressure on national economies and welfare states. Localisation and globalisation – and this has been pointed out on various occasions – are not necessarily opposites but two connected aspects in productive and balanced social, economic and political activities. Within these fields of activity, the diversity of local profiles contributes to strengthening and integrating all-embracing systems. Here, globalisation and localisation are certainly not completely linked to each other in every aspect, but are different elements in a system of various – national, regional, local, etc. – levels. Effective coordination of the work at the different political levels is becoming increasingly important.

In this context, there are two reasons why the significance – although, very often, this is not seen as such – of the European employment policy is on the rise:

1. Due to existing treaties and the correspondingly emerging European legislation, it increasingly predetermines the premises of national politics. What is being violently and controversially discussed i.e. in Germany as the “Agenda 2010“ by Federal Chancellor Schröder has – at least as regards its general aims - already been an item on the political agenda of the European Union for a long time, an agenda to which Germany has committed itself, as well. Labour market and employment policies in Germany are increasingly incorporated into European processes.
2. As to contents and also to its political procedures, the European Employment Strategy (EES) is a good model capable of integrating various goals of economic, employment, and social policy in a coherent strategic framework. The EES can be seen as an impor-

tant cornerstone of the genuinely European social model integrating economic growth and social coherence.

Social Security by Means of Employment and Modernisation

In the 1990s, modernisation of the economy and society, the promotion of employment and the revival of the labour markets became central issues of European politics. According to the then president of the European Commission, Jacques Delors, in his white paper "Growth, Competitiveness, Employment" (1993), a comprehensive policy is necessary for strengthening the innovative capabilities of the economy, providing training for the labour force and improving the labour market institutions in order to keep up with fiercer international competition, to safeguard in a sustainable way the prosperity of the European societies but also in order to guarantee social cohesion and social security in the age of globalisation. At the same time, social innovations are suggested to broaden the employment potential, for example the formation of a "Third System" by the social economy and non-profit services at the local level.

This socially integrative employment sector, the idea went, would open up the labour market especially for hard-to-place and disadvantaged groups, and due to its particular local embodiment it would provide products and services which could not be offered by "regular" markets in a competitive environment. The co-operative movements in Italy, the various experiments with the "économie sociale" in France and the discussion mainly initiated in the US about the employment potential of the so-called "Third Sector" are examples of the practical fields of application for such new areas of employment at the local level. In the 1990s, these areas were supported by the EU through a number of experimental model projects which, however, failed to generate a clear profile of local employment policies.

The European Employment Strategy

With the "Chapter on Employment" in the EU Treaty of Amsterdam and the Treaty of Luxembourg, from 1997 employment policies were recognised as a central element in European politics.

This expansion of the areas of responsibility was not undisputed as some member states, particularly Germany, claimed that according to the principle of subsidiarity, employment and social policies should remain under the sole sovereignty of the member states. Nevertheless, two developments worked in favour of a European employment policy. On the one hand, the increased pressure of adaptation on the national economies as a consequence of the internal European market and of the monetary union with its foreseeable consequences for the labour markets and, on the other hand, the realisation that without a higher level of employ-

ment in the countries of the Union, the social security systems would not be capable of being financed over the long term anymore. The persuasive argument is that under the current competitive situation with the USA and Japan, a high standard of social security will depend on a high labour force participation amongst the population and on a high level of employment. This requires not only a considerably higher flexibility of the labour markets but also a comprehensive investment in the training of the staff and in the innovative capabilities of companies.

The European Employment Strategy is aiming at achieving these targets by means of coordinated action of the EU and its member states. At the European level, global objectives will be agreed upon to be implemented by the member states within the framework of their respective political and legal frameworks. This process of implementation ("The Luxemburg Process") is to be reviewed annually with regard to the achievement of its objectives.

Four global objectives for the employment policy are derived from the analysis of the international competitive position of Europe and related to the priorities of action described as "pillars" of the strategy:

- Maintaining and increasing employability;
- Promoting self-employment and entrepreneurial spirit;
- Promoting the adaptability of companies and staff to technical and economic change;
- Combating discrimination and exclusion in the labour market.

Furthermore, quantifiable objectives for the EU and the member states are determined.

Thus, for example, it was determined to gradually raise the employment rate in the EU to 67 percent in 2005 and to 70 percent in 2010; and the rate for women to 57 percent in 2005 and to 60 percent in 2010. At the same time, an activating and preventive labour market policy was favoured. The unemployed are to be actively included in counselling, training and employment promotion programmes as early as possible. As of 2005, there should be no young person unemployed for six months or more who is not actively involved in a corresponding scheme. All other unemployed are to be included in programmes starting after 12 months of unemployment at the latest.

The highly preventive approach of the European Employment Strategy can also be seen in the prioritising of the innovative capabilities of companies as well as of occupational and further training of employees. In order to avoid unemployment or at least to keep periods of unemployment as short as possible, the skill level of employees has to be maintained at a

high level or further increased. Lifelong learning is therefore a key element in preventive policies¹.

Employment Policy as Process of “Open Coordination”

The "Luxemburg Process" determined the concrete priorities of action for the member states to be defined by regularly revised and sometimes fairly comprehensive employment political "directives". Its implementation in each of the member states is examined annually, good and successful practises in the sense of a "benchmarking" are identified and, from this, recommendations for individual member states are derived. This procedure is now called the "method of open co-ordination". In this context "open coordination" means that common objectives including quantitative targets are stipulated with a high degree of obligation. However, how to achieve these objectives is left to the member states who are free to choose the means and details of their respective "National Action Plans" (NAP). Nevertheless, the achievement of these objectives is subject to fairly short cycles of examination. The aim is not only to do justice to the variety of political and institutional framework conditions in spite of transnational common objectives but also to pave the way for a process of mutual learning and accelerated innovations in the field of the labour market and employment policies as well as an effective interplay of decisions taken centrally and at a regional/ local level. As regards methodology, this is an extremely modern political approach deserving much more attention than it has been given so far, particularly in Germany with its unbroken tradition of labour market policies determined by a Federal Labour Office.

In the meantime, the European Employment Strategy has turned into a key political area and, as such, has been continuously revised. At the EU summit in Lisbon in 2000, it was supplemented by a European "Social Agenda".

Half-Time Relaunch – Restructuring of Objectives and Strategies

In 2003 the Employment Strategy was reformed on the basis of a "half-time evaluation".

Directives which in some areas were starting to become confusing were tightened up and matters of implementation became the focus of attention. New objectives, which, for example, have become more important in the context of the demographic developments in Europe are to be expected and are explicitly included.

¹ Vocational competence can, by the way, also contribute to the flexibility of the labour markets as it safeguards qualified job changes and thus the status and income of the labour force without having to fall back on rigid dismissal provisions.

Three global objectives have now been identified:

1. Full employment;
2. Quality and productivity;
3. Strengthening social cohesion and the labour market without discrimination.

The priorities of action to achieve these objectives are described in the 10 “commandments” of the European Guidelines:

1. Activation and preventive strategies labour market policies;
2. Promoting entrepreneurial spirit;
3. Further development of working conditions in terms of quality;
4. Higher and more efficient investment in human capital and more effective strategies for lifelong learning
5. Increasing labour supply and promoting (economically) active ageing (the aim here is to increase the average age of withdrawal from economic activity from about 60 to 65 by 2010);
6. Promoting gender equality in working life;
7. Preventing discrimination against disabled people in the labour market ;
8. Increasing incentives to work in the low-wage sector such as tax reductions;
9. Transforming clandestine work into legally performed jobs;
10. Promoting occupational and regional mobility of employees.

In addition, recommendations are given for the successful practical implementation of the Employment Strategy based on the experience of the first five years of implementation. Other than in the Employment Guidelines, since 1998 there has been no special "local guideline" referring to the involvement of local partnerships and local authorities. The local dimension of the European Employment Strategy is now referred to as a crucial element in its successful implementation. This is primarily an issue of "good governance", a term describing the safeguarding of a high quality of labour market services and, at the same time, the incorporation and co-ordination of different players in the process of implementation of employment policies such as the social partners but also the different parties of civil society and – not least of all – the municipalities.

Act Locally for Employment

The local level is of particular importance as regards the creation of new employment and the adaptation of labour market services and employment programmes to the demands of the market. Thus, states the Commission in a central passage of the employment policy direc-

tives adopted on an annual basis, the member states are called upon to develop the potential in this area in a well-directed manner and to particularly encourage the local level to take an active role and to support it in doing so. However, in view of the diversity of concrete forms of local government and administration in the different European countries, the EU also pointed out that apart from this, partnerships between the players at the local level such as employers, trade unions, different parties of civil society and non-profit organisations are of equal importance. Local and regional networks are regarded as a major success factor in the implementation of the Employment Strategy. These networks could make a contribution by joining forces and resources for more employment, for example by means of a “territorial employment pact”.

An extension of this approach – in analogy to the National Action Plans firmly embodied in the European model of politics – is to develop and implement Local Action Plans for Employment. Decisive features of these Local Action Plans are:

- They are quite comprehensive covering the entire target system of the European Employment Strategy – or at least major parts of it. In this sense they are not purely socio-political action programmes geared at individual target groups such as social welfare recipient. They rather link the important higher aim of securing, developing and creating jobs with strategies for the integration of particularly disadvantaged groups in the labour market.
- Whenever possible, they set quantitative goals.
- They are designed on a planning, reflection and learning cycle, i.e. they provide for public reporting and a high degree of transparency in the planning of measures and the examination of its effectiveness. Accountability of the performance of the programmes is of paramount importance.
- In this context, indicator systems allowing for the measurability of the problems and success of the policies are part of the approach of Local Action Plans.
- Finally, from the perspective of the European Commission the quality of the process of developing and implementing Local Action Plans is of major significance. The description of problems and the setting of goals should be organised as local discourse between the players involved in employment processes. The same is true for the reviewing of the success and the updating of a local programme as “learning system”.

It is obvious that this is a very ambitious programme requiring a particularly well-developed political culture and clear political leadership in the maze of local interests and “state affairs”. Accordingly, the number of municipalities able to present a really comprehensive and consis-

tently implemented Local Action Plan is small. Much-quoted examples of “good practice” in this case are the Spanish cities of Gijon and Bilbao which have developed and successfully implemented Local Action Plans against the background of far-reaching structural crises of the local economy. Individual examples which can be regarded as models are to be found in Great Britain, Denmark and Sweden. An important success factor - apart from the high pressure of problems experienced together, i.e. due to the breakdown of important economic sectors at the local level - seems to be an inspired political leadership which is able to join forces, define objectives and, most of all, to accompany the implementation process in a “powerful” way.

The programme “Act Locally for Employment” and the programme lines according to Article 6 of the ESF Treaty have triggered about 100 pilot projects in this direction which have, in the meantime, been completed and evaluated. Within the framework of Article 6, further activities regarding the implementation of the European Employment Strategy are promoted at the local level. However, it is always a matter of a fairly small number of projects acting as a particular model.

The Local Profile: Under Construction...

This shows that although “Local Employment Policy” is recognised as an important element in the European perspective, something that is indispensable for the sustainable success of the European Employment Strategy, it still needs further strengthening of its profile at the European level by means of an effective presence on the political scene in Brussels as well as through a variety of inter-local co-operation of a transnational nature and possibly also through systematic forms of mutual learning and benchmarking at a European level.

The Council of the Regions in its statement on the occasion of the relaunch of the European Employment Strategy demanded that the strategy should be laid out more explicitly and portrayed to a greater extent as a “multi-level process” in which the local and regional perspective is structurally embodied. Clear conditions should be imposed particularly on the member states with regard to the participation of the local and regional levels in the development of the National Action Plans and, particularly, with regard to the concrete shaping of labour market policy as centralist approaches still reduce its prospect of success.

There is still a lot to be done at the grass roots level to create an increased number of successful models of local employment policies, to which a coherent strategy of localisation can refer as good practice. In particular, this applies to the European level, where the local di-

mension still needs to be strengthened in the formation and shaping of the European Employment Strategy.

Links und References

The European Commission is very active in disseminating communications, key speeches, working papers and report of various kind. Most of the respective papers can be downloaded from the EU-website soon after their appearance (www.europa.eu.int/comm).

The website of the Direction General Employment and Social Affairs is: www.europa.eu.int/comm/employment_social/index_de.htm

On this website you can also find special area for local employment policy: www.europa.eu.int/comm/employment_social/local_employment/index_de.htm

Other important links:

Council of European Municipalities and Regions (CEMR): www.ccre.org

European Forum for Local Development and Employment: www.hp2003ledforum.org

References:

Mike Campbell: Local Employment Development in the European Union. Briefing paper for the European Forum on Local Development and Employment, Rhodes-Island, Greece, 2003; herunterladbar von: www.hp2003ledforum.org

Commission of the European Communities: Proposal for a council decision on guidelines for the employment policies of the member states. Brussels 2003; to be downloaded from the website of DG Employment and Social Affairs

Council of European Municipalities and Regions (ed.): Governance and the Method of Open Coordination. Brüssel 2001: CEMR (RGRE)

Council of European Municipalities and Regions (ed.): Complementarities between urban and rural areas in promoting employment and social inclusion. Brüssel 2003: CEMR (RGRE)

European Commission, Direction General Employment and Social Affairs: Synthesis of the Consultation concerning the Communication from the Commission "Acting Locally for Employment - A Local Dimension for the European Employment Strategy", Brussels 2002

European Commission, Direction General Employment and Social Affairs: The new actors of employment - for a better understanding of employment at local level, Brussels 2002

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