

## **Europeanization and de-Europeanization in UK Employment Policy: Changing Governments and Shifting Agendas**

Keywords: Europeanization; De-Europeanization; European Employment Strategy; Britain and the EU.

### **Introduction**

The Europeanization of employment policies has been examined in the context of the European Employment Strategy (EES), which utilises the EU's Open Method of Coordination (OMC) (Büchs 2007, Heidenreich and Zetlin 2009). This legally non-binding mode of governance involves the establishing of EU guidelines, annual Member State reporting of progress, and the issuing of Country Specific Recommendations in areas of policy weakness. Since the OMC is a more voluntary form of governance, adaptational pressure is not an important factor driving the process of Europeanization, as there are few tangible EU pressures (López-Santana 2009: 145). Changes at the Member State level can be explained by the 'creative appropriation by domestic actors' who advance their own goals by embracing OMC concepts, categories and metrics, and hence 'reinforce the discursive legitimacy of common European objectives and policy approaches' (Zeitlin 2009: 233). Creative appropriation intersects with mediating factors, which also determine the degree of change and include: multiple veto points; mediating formal institutions; political and organizational culture; differential empowerment of actors; and learning (Graziano and Vink 2013, Graziano 2011).

In this context government change is acknowledged as having an impact on the process of Europeanization (Gwiazda 2011). A limitation of the current literature is the implicit assumption that Europeanization is a continuous 'positive' process, but it has very little to say when government change results in a de-prioritisation of EU objectives at the national level. This article analyses the process of Europeanization under such conditions by focusing on the UK's engagement with the EES from the New Labour Governments (1997-2010) through to the Coalition Government (2010-2015). While New Labour had developed a broadly pro-EU position, the Coalition Government (2010-2015) was less favourable, as its majority partner was the eurosceptic Conservative Party. These particular conditions enable the analysis to explore how 'sticky' the process of Europeanization was under New Labour. This is important in the context of the UK polity in which, despite a process of devolution since the late 1990s, the UK remains a relatively centralised state whereby the devolved administrations and regions are not in a position to be formally involved with policy making at the national level (Büchs 2007: 64). Since the 1980s, social partner involvement in policy-making focuses at the local and workplace level, rather than the national level; it is also more voluntary than in other northern European countries. The UK polity therefore provides a limited number of veto points during the engagement with, and implementation of, EU policy. It also provides very few avenues for actors to strategically use the OMC to influence national policy decisions. The latter is further important in the context of the UK's Eurosceptic tradition and the limitations of using 'Europe' to justify domestic policy reforms (Hopkin and Wijnbergen 2011). The paper argues that during the Blair and Brown administrations, UK engagement resulted in a Europeanization effect in employment policy via some procedural and cognitive shifts. In contrast, during the

Coalition Government the UK disengaged and experienced a process of de-Europeanization.

This paper proceeds as follows. The first section analyses the existing Europeanization literature on the OMC, defines de-Europeanization, identifies a framework through which to analyse impact at the Member State level, and discusses the methodology adopted. The second and third sections analyse the impact of the EES during the New Labour Governments and the Coalition Government. The paper concludes with some reflections on the findings of the research, notably the limitations of cognitive and procedural Europeanization in a eurosceptic centralized polity.

### **I: Europeanization and De-Europeanization in the context of the Open Method of Coordination**

Given the voluntary nature of the OMC, *programmatic shifts* at the national level, that is changes to policies and programmes such as new legislation or regulations, remain relatively small. Research therefore moves beyond, but includes, a focus on *programmatic shifts*, with the aim being to unpack the complex direct and indirect effects of the OMC in the broadest possible sense. Analysing the impact of the EES requires research to conceive Europeanization through a number of different variables. *Agenda shifts* refer to the ability of the OMC to place new issues onto a national political agenda, or to reinforce their position within the agenda hierarchy (Barcevičius *et al* 2014: 11). *Procedural shifts* focus on the changes in governance and policy-making arrangements, such as the need to strengthen the horizontal integration of interdependent policy fields, the creation of new governance bodies, the creation or reinforcement of consultative and participatory structures, or closer cooperation between national and regional/local administrations through the creation of new formal coordination bodies and inter-ministerial working groups (Hamel and Vanhercke 2009, Zeitlin 2005). *Cognitive shifts* refer to changes that occur within the mental frameworks of domestic political actors. The OMC has helped to reframe national policy thinking by incorporating EU concepts and categories into domestic debates; exposing domestic actors to new policy approaches, often inspired by foreign examples; and questioning established domestic policy assumptions and programmes (Zeitlin 2005). On a second level the participation of national actors in the OMC can result in the internalization of common discursive conventions and behavioural norms. The construction and diffusion of EU ideas, and the socialization provided by EU institutions and policies, have constituted a motor of change in their own right (Graziano and Vink 2013).

Governments (and thereby government change) are acknowledged as being an important determinant to the national engagement with, and impact of, the OMC. Drawing on the work of Castles (1982), Schmidt (1996), North (1990) and Tsebelis (2002), Gwiazda (2011: 551) argues that an actor-centred approach to the study of Europeanization and the OMC enables research to focus on the preferences of governing parties and how institutions can be affected by preferences. In short, the preferences of parties matter and since they are at the centre of the decision making process, any domestic shifts depend on the willingness of a government to engage in the OMC. But what happens when a newly elected government specifically objects to an EU policy governed by the OMC? A limitation of the current literature is the implicit assumption

that Europeanization it is a continuous ‘positive’ process, but it has little to say when government change results in a deprioritisation of EU objectives at the national level. Here we have always assumed that some basic engagement remains, albeit it is one with a reduced intensity and the process of Europeanization either slows down or stalls.

The de-Europeanization literature is an emerging field, although there remains disagreement over a precise definition. Raagmaa *et al* (2013: 7) define the process when referring to Estonia’s engagement with the ESF. In this context it refers to the political establishment declaring that coherence with the EU is not a priority and that a different national interest exists. Here leaders may publically stress national interest and the threat of losing independence. They may also create new institutions to gain access to EU funds, but such institutions support existing establishments. By contrast for Daehnhardt (2011: 14) de-Europeanization is: ‘a practice through which a Member State acts intentionally so as to prevent uploading or downloading effects from occurring in the national and European dimensions’. A result is that a Member State engaging in de-Europeanization de-constructs previous advancements made through the process of Europeanization.

For de-Europeanization to occur, some form of Europeanization must have previously taken place. Therefore, the starting point for research on the process is to establish the initial extent of Europeanization in a policy area. Second, it is important to understand the difference between disengagement and de-Europeanization: while the disengagement of an EU member state can result in de-Europeanization, it does not automatically follow. De-Europeanization represents a process of disengagement combined with the intentional decision to reverse the impact of Europeanization. By contrast, the disengaging of a Member State from EU governance reflects a reduced intensity whereby the structures and processes that were introduced as part of the process of Europeanization remain more-or-less intact. Third, while previous definitions are good at explaining *why* de-Europeanization happens, i.e. a focus on government change, they do not fully elaborate on how it happens. In the context of the OMC, de-Europeanization is defined as -

*Overtuning programmatic, agenda, procedural and/or cognitive shifts that have previously occurred when national (and/or subnational) actors have engaged with the OMC; with the specific aim to reverse the process of Europeanization and to prevent future uploading and downloading in the governance process.*

Table I: Europeanization and De-Europeanization in the OMC

<b>Dimension</b>	<b>Europeanization</b>	<b>De-Europeanization</b>
Programmatic	The introduction of new policy, or reforms to existing policies, that correspond with EU aims and objectives and result from engagement with the OMC	Reforms and/or reversal of existing policy that was introduced in response to the OMC; or the side-lining / ignoring of such policies.
Agenda	The ability of the OMC to place new issues onto the political agenda, to increase the salience of existing issues, or to reinforce their importance.	Where there was once an impact, the intentional blocking of the ‘OMC-effect’ on the political agenda.

Procedural	Reforms to political and organisational structures for the engagement with, and implementation of, the OMC.	Reforms to political and organizational structures that have occurred as a result of engagement with the OMC, with the intention of disengaging and blocking the impact of the OMC.
Cognitive	Shifts within the mental frameworks of actors caused by: the incorporation of EU concepts and categories into domestic debates; and the exposure of actors to new policy approaches to compare and assess national developments by mutual learning.	Shifts within the mental frameworks of actors away from EU concepts and categories; the comparison of domestic policy and approaches away from EU Member States and towards non-Member States.

The above definition enables research into de-Europeanization to mirror the different dimensions of Europeanization. The processes through which it occurs are outlined in table I. Given that programmatic Europeanization is limited in the context of the OMC, programmatic de-Europeanization is therefore unlikely; but its inclusion into the framework is for the few instances where it may occur. For agenda-setting, where there was once an impact on the national political agenda, de-Europeanization involves the intentional blocking of the OMC-effect. Procedurally, de-Europeanization will involve the reversal of organizational structures that have been introduced to engage with the OMC. This reversal may include the complete disbanding of structures or their reform and restructuring from a once extensive apparatus to a minimal skeleton, with the latter providing only the very basic of levers for engagement. Cognitively, de-Europeanization may not occur overnight, given that ways of thinking are sticky and thereby difficult to change, actors may even resist such moves. However, the process can gain momentum in the context of procedural de-Europeanization, notably the disbanding of agents who were previously involved in the OMC.

### *Methodology*

The following two sections apply the above framework by tracing the UK's engagement with the EES and analysing its domestic impact during New Labour (1997-2010) and the Coalition Government (2010-2015). Analysing the impact of the OMC is difficult for a number of reasons. First, during the agreement of EU guidelines, Member States will advocate inclusion of measures that they themselves have already introduced. It may therefore appear in some policy areas that the EES has affected the policy of a particular Member State, although this is not the case (Mailand 2009: 157; Greve 2005: 15). To minimise these problems research needs to pay particular attention to the timing of various actions and by distinguishing between compliance (whether national policy is in line with the EES – which might have nothing to do with the EES) and impact (whether the EES is a causal factor behind specific changes in national policies) (Mailand 2009: 157). Second, civil servants may under-estimate the impact of the EES (Zeitlin 2005), while documents such as the National Reform Programmes may intentionally camouflage differences between EU objectives and the Member States, recycle previous policies and claims, and overestimate the impact of the EES (De la Porte and Pochet 2003: 14). Despite these limitations, official documents on the EES, as well as interviews with civil servants who have detailed information about the political processes, are valuable sources of information.

This article therefore draws on a number of different sources of data: 1) EU documents; 2) UK government publications, as well as those by the social partners and NGOs; 3) the existing academic literature on the UK and the EES; 4) and 11 anonymous semi-structured interviews with civil servants and social partners at the EU and national level. Interviewees were chosen owing to their direct involvement and experience of the UK/EES, with 9 of the 11 interviewees having been involved in the process for 10 years or more. The empirical information provided by the interviewees benefits from a long term perspective, including changes in the UK government and the impact of such changes. At the EU level interviewees include representatives from DG Employment, the Secretariat General and the UK's Permanent Representation to the EU. At the national level they include representatives from the Department for Work and Pensions, the Department for Education, and the Trade Union Congress (TUC). The national level civil servants had experience of the Employment Committee (EMCO), as well as the penning of the National Reform Programme (NRP). The different sources from which this article draws provides multiply observation points from which to analyse the UK's engagement with the EES. Where possible the points raised by the interviewees were cross-referenced with each other, as well as official documents and the secondary literature on the topic. This triangulation of empirical evidence should offset sources of bias as much as possible (Barcevičius *et al* 2014: 10).

## **II: New Labour and the EES**

### *The Employment Policy of New Labour*

Building on the activation policies of the previous Conservative Governments, which required benefit recipients to actively seek work (Lindsay and Mailand 2004), the Labour Party aimed to soften such policies with its 'Third Way' politics: an economic and political idea that positions itself between democratic socialism and laissez-faire capitalism, combining the best elements of the social market and neoliberalism. In its 1997 election manifesto the Party proposed minimum employment standards, such as the national minimum wage, and to provide support programmes for vulnerable groups to re-enter the labour market (such as the young, long-term unemployed and lone-parents). From 1998 onwards the government launched a number of New Deal programmes targeting specific groups such as young people, lone parents, the disabled, those 25+ and 50+ (Kitty 2005). The first New Deal for young people provided tailored support for those unemployed between 18 and 25. If, after six months, they were unable to secure unsubsidised employment there were four possible options: six months' subsidised employment with training; six months' work experience and training in the voluntary sector; six months' work experience and training on an Environment Task Force Project; or 12 months' full-time education and training. Forming an integral part of the New Deals was the 1998 launch of the Working Families Tax Credit which offered supplementary payments to those taking low paid work and aimed to eliminate the poverty trap wherein people might be better off (or not much worse off) on benefits (Mayhew and Wickman 2015: 151). The SureStart Centres, launched in 1998, provided childcare and support services to those in the most socially disadvantaged areas. It should also be noted that there were a number of reforms to education and training, with the target of 50 per cent of young people completing tertiary education.

Under the leadership of Gordon Brown (2007-2010) the New Deals remained in place, although Brown shifted the focus more on education, training, and vocational skills. The Blair Governments had made little substantive progress on improving the overall quality of education and training (see Mayhew and Wickman 2015). The 2008 Education and Skills Act required young people to remain in education or training until they were 18 (previously 16 years). Spending on ALMPs during New Labour increased from 0.24 % of GDP in 1997, to 0.4 % by 2005, despite unemployment falling from 7 % to 5.5% during the period (OECD 2015). However, it should be noted that during the period the UK was one of the lowest per capita spenders on ALMPs in the EU.

### *New Labour and the EES*

In its 1997 election manifesto New Labour promised to develop a more cooperative relationship between London and Brussels than had developed during its predecessors; believing that it was better to be at the negotiating table for EU employment policy, rather than to have an empty chair (Labour Party 1997). This was sold to the electorate by arguing that the UK would be better able to control EU employment policy by 'uploading' its preferences, as well as being able to steer domestic reforms in the context of EU developments. This paved the way for agreement at the Amsterdam Treaty (1997) and the creation of the EES. Underpinning the EES was the promotion of active labour market policies which aim to increase employment rates by the supply side policies of: eliminating unconditional benefit payments; targeting the long-term unemployed and other socially excluded groups; increasing the incentives to re-enter and remain in paid employment; reducing the tax burden on employers to provide further incentives to hire workers; increasing working time flexibility; and investing in education and training (Adnett 2001: 359). Therefore, while New Labour may have been influenced by the broader employment policy debates across Europe, the framing of UK employment policy occurred prior to the 1997 launch of the EES. The EES had a strong goodness of fit with the post 1997 UK employment model and as such, there are only a few cases of direct EES impact in the UK (Mailand 2009: 160).

By 2003 the UK could claim that it had already surpassed the EU target of increasing employment to 70 per cent, but there was often scepticism from EU partners with respect to the success of the UK model, particularly when it came to education, training and skills. Between 2000 and 2004 the UK repeatedly received recommendations relating to the gender pay gap and childcare, and ALMPs. A third recommendation on training and life-long learning was added in 2001 and repeated. The fourth recommendation concerned the strengthening of social partnership. It was not repeated in 2004, but was replaced with a new recommendation asking the UK to keep wage growth below productivity (Mailand 2009: 161). Although there were several political initiatives covered by the recommendations, research conducted by Mailand (2008: 358) demonstrates that civil servants had difficulty showing a single clear case of impact from the EES and the recommendations. In this context the recommendations played more of a supporting role in guiding UK employment policy - they helped to keep issues on the agenda, but they did not put them there in the first place. For example, in 2004 the Government Commissioned the Leitch Review on improving the skills of the workforce - a policy issue that the CSRs had repeatedly mentioned. While the CSRs were not responsible for the initiation of the review, they provided further justification that the government needed to address the issue (Interviews 3, 5 and 6: 2014). The

2007-2009 CSRs focussed on the need to further improve skills, creating stronger links between employment and training to improve labour productivity, and to further improve the employment prospects for the disadvantaged.<sup>1</sup> In its NRPs the Government provided evidence of policy activity around each of the CSRs, but establishing the direction of causality between the two is further complicated in that by 2007, London was putting considerable effort into their negotiation to ensure that they corresponded, with national objectives (interviews 3 and 5: 2014). This strategy was important because it also wanted to demonstrate to the EU that it was a cooperative partner (Interview 6: 2014).

In the context of the procedural and cognitive dimensions, there were a number of changes. To effectively coordinate the UK's engagement with the EES, in 1997/1998 the government established the Joint International Unit (JIU) between the Department for Work and Pensions, the Department for Business, Enterprise and Regulatory Reform (now the Department of Business, Innovation and Skills) and the Department of Education. The combination of different policy areas reflected the government's belief that employment policy required a 'joined-up' approach outside of the narrow confines of the UK policy paradigm. Its creation and presence would reinforce the government's position on the issue across Whitehall. The JIU was responsible for coordinating and informing the UK position on the EES, as well as drafting the NRP. In its own words the JIU provided 'effective and relevant policy and knowledge exchange in support of domestic policy development, including pensions and welfare' (DWP 2008: 89). It also developed successful bilateral relationships with a number of EU Member States including France, Germany, and the Netherlands (ibid). To coordinate its position on the EES the JIU was directly linked to both the European Secretariat in the Cabinet Office, and the UK's Permanent Representation to the European Union. This procedural change formed part a much broader process of reforms across Whitehall under the Step Change programme (1998), which provided the foundation for the projection of a more constructive and engaging European policy, both internally and externally (James 2009: 613).

At the height of the UK's engagement with the EES, the JIU directly employed approximately 200 people (Interview 5: 2014). Representatives extensively participated in the numerous workshops and seminars in employment policy reform that were held in Brussels. A key objective was to ensure that UK policies and ideas were uploaded to the European level and that the Government could form tactical coalitions with other EU governments. A further strategic aim of both the JIU and the Cabinet Office was to ensure that British representatives were able to secure influential positions in Brussels, particularly in the Employment Committee (EMCO). EMCO, established in 2000, is responsible for advising the Employment and Social Affairs Council (EPSCO) on the progress made by the Member States over the previous 12 months. During the Blair and Brown Governments the UK was able to secure either deputy chair or chairperson, which included the appointment of the first Chair of the Committee, Mr Clive Tucker (who was also the first head of the JIU) (Interview 6: 2014). This strategy was deemed to help the UK gain inside information on the EES.

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<sup>1</sup> CSRs were not issued to any member states 2005 and 2006.

In the context of broader procedural changes, from 2001 the devolved administrations contributed to the NRPs, specifically outlining their contribution to achieving the aspects of the EES that fall within their remit (i.e. education and training). This opened-up communication between London and the other UK capitals on the issues and helped to place the EES onto their agendas. Efforts were also made to include the Regional Development Agencies which had been set up to promote regional growth (DWP 2000; 2001). In terms of social partnership, the EES did very little to alter the fundamentals of the UK model, but it did help to open-up channels of communication (Mailand 2009: 162). The CBI and the TUC compiled a joint report, which was included in the NRP and the social partners were also consulted on drafts of the NRP, although in the eyes of the TUC there was very little genuine consultation (Interview 1: 2014). Up until 2004 the NRPs also make considerable references to the government's development of partnerships with the voluntary and community sector as: 'a key means of delivering the UK's employment strategy' (DWP 2004: 73). Organisations such as the New Policy Institute also raised awareness of the EES in the sector to improve engagement and delivery (ibid). While all sides welcomed the enhanced engagement, its importance and significance dwindled from 2005 onwards. This corresponded with the 2005 re-launch of the Lisbon Strategy under the newly elected Commission President, Jose Manuel Barroso. Lisbon II, as it became known, emphasised growth and employment, and made substantive changes to the employment guidelines, with a greater emphasis on labour market flexibility and side-lining objectives such as job quality. This again corresponded well with the UK position, as Tony Blair had been a supporter of a redefined and much narrower focus of the Strategy (James 2012: 19).

Within the DWP the EES served as a forum of exchange through which the UK could learn from best practice and evaluate its own progress and reforms. This shift in thinking did not happen overnight: as late as 2001 DWP and the House of Commons Work and Pension Committee preferred to organise learning visits to, and to compare developments with, the USA (House of Commons 2002). The subsequent shift to mainly northern European countries occurred for two reasons. First, the regular formal and informal EES meetings in Brussels provided opportunities to learn more about developments in other Member States. Second, the issuing of CSRs required a change of thinking, as it was clear that in defending its position, the UK would be unable to continually make comparisons with the USA; rather the 'European' component of the Strategy required it to be just that (interviews 3 and 6). EU countries subsequently became the dominant mode of reference, as evidenced from the reform of incapacity benefits in 2005 whereby the proposed reforms were evaluated in the context of developments in the Netherlands (House of Commons 2006). This exercise had involved UK national representatives visiting the Netherlands in February 2006 to meet with a range of civil servants and rehabilitation service providers.

In short, successive Labour Governments engaged with the EES and used it to support domestic reforms that were already on the national political agenda. On the latter the process of Europeanization is therefore rather weak, but there were some notable cognitive and procedural shifts

### **(III): The de-Europeanization of UK Employment Policy and the Coalition Government (2010-2015)**

### *The Employment Policy of the Coalition Government*

Although the Coalition Government introduced a number of reforms to UK welfare policy, the fundamentals remained within the paradigm of ALMPs, albeit there is a stronger liberal thrust compared to New Labour. Since 2010 the focus on UK labour market policy has been on reducing government spending and further increasing the incentives for individuals to re-enter the labour market. In opposition the Conservative Party believed that the New Deals had not offered value for money as 40 per cent of participants were on benefits again within six months (Toynbee and Walker 2010: 203). Under the 2011 Work Programme the Government established new contracts with service providers involved in getting the long-term unemployed back into work. Service providers are now paid solely on results, dependent, not just on individuals entering into employment, but also on their ability to remain employed (DWP 2012). The programme is intended to be a much tougher successor to the various New Deals. Individuals who are in receipt of Job Seekers Allowance can be asked to participate in the programme after three months (down from six months). Between 2010 and 2011 public expenditure on ALMPs, as a percentage of GDP, fell from 0.39 to 0.23 percent, despite unemployment remaining at 8 per cent during the period (OECD 2015). To complement the Work Programme, the 2013 Benefit Cap places a £500 per week benefit limit a couple or single parent can claim (£350 for a single person). This policy is intended to further incentivise employment by ensuring that total benefits received do not exceed average annual earnings.

### *The Coalition Government and the EES*

As with New Labour the similarities between UK employment policy and the EES under Europe 2020 suggest a causal link between EU and UK policy. EU-driven austerity and increases in unemployment during the early years of the financial have put employment policy under pressure. Under these conditions one possible solution to reduce unemployment is to tighten the conditionality surrounding the receipt of unemployment benefit, as well as creating stronger financial incentives for individuals to return to work. With participation in the Work Programme a requirement after three months of benefit receipt, down from six under the New Deal, and the introduction of the benefit cap, the Coalition Government's reforms corresponded to the EU's post 2010 policy paradigm. But the evidence presented below points to the convergence of the two as being coincidental rather than causal.

In its 2010 party manifesto the Conservative Party, traditionally a Eurosceptic party, argued that the 'steady and unaccountable intrusion of the European Union into almost every aspect of our lives has gone too far' (Conservative Party 2010). It pledged to return powers from the EU including the Charter on Fundamental Rights, criminal justice law, and social and employment legislation. The backdrop against this position is the long held Conservative Party belief that the purpose of the EU is to serve as a free trade area and that political union, as well as attempts to harmonise or coordinate policy outside of the Single European Market, represent an infringement upon national sovereignty. Failing to win an outright majority in the 2010 election, the Conservative Party formed a coalition government with the minority Liberal Democrat party – historically a pro EU party – in May of that year. In the coalition agreement the two parties reached an understanding whereby no further powers would be transferred

from Brussels without a UK referendum on the issue. The government also agreed to examine the balance of the EU's existing competences and to limit the application of the Working Time Directive in the UK. The result was the launching of the Balance of Competences exercise in July 2012.

The Government appointed Iain Duncan Smith, regarded as an ardent Eurosceptic in the Conservative Party, as the Secretary of State for Work and Pensions. This corresponded with the final negotiations and preparations for Europe 2020, which was agreed in the European Council in June 2010. Although the Brown Government had been opposed to the poverty target in Europe 2020 (Copeland and Daly 2012), it was supportive of the targets in education and employment, as they corresponded with the Labour Party's agenda for both the UK and the EU in the EES (Labour Party 2010). The nature of these negotiations resulted in the newly formed government not having participated in the final agreement, and in the eyes of the DWP under Ian Duncan Smith, it lacked legitimacy. To this the Conservative Party also believed that successive Labour Governments had placed too greater emphasis on 'top-down' targets for government policy and promised to abolish them (Conservative Party 2010). The decision to abolish national targets also filtered through to the UK's post 2010 relationship with the EU, as London refused to set national targets for Europe 2020 and thereby the EES: it has been the only Member State to do so despite repeated calls from the European Commission. In February 2011 UK Employment Minister, Chris Grayling, spoke out against what he called European "one-size-fits-all programmes" and advocated a more decentralised approach towards helping the unemployed, based on financial incentives rather than numerical targets (Grayling 2011).

This symbolic act marks the beginning of a process of UK disengagement with the EES and eventual de-Europeanization, particularly in the procedural and cognitive dimensions. There remains legal uncertainty with respect to whether or not the UK was required to set national quantitative targets for the EES. The EES is covered by Articles 145-150 of the TFEU, but no explicit mention is made to 'quantitative targets' rather: 'Member States, having regard to national practices related to the responsibilities of management and labour, shall regard promoting employment as a matter of common concern and shall coordinate their action in this respect within the Council' (Article 146). The UK government argues that the mentioning of 'having regard to national practices' in article 146 provides sufficient justification for the UK not to set national targets for Europe 2020 because government policy is to abolish all quantitative targets at the national level (EurActiv 2011, European Commission 2014). A further point of contention related to the inclusion of education and training under the remit of the EES (Interview 10: 2014). The TFEU does not make specific reference to it, but the European Council has always assumed that education and training are part of the EES. The Coalition Government continually stressed that education and training should not feature in the CSRs, which should be re-written around a narrower understanding of employment to focus on the financial incentives to return to work (Interview 11: 2014). Unlike the New Labour Governments, the Coalition Government's strategy for the EES is one that explicitly emphasises the right to national self-determination. Rather than attempting to upload its preferences to the European level and shape the political debate, the Coalition Government simply disputed the legality of the ESS and refused to engage.

The Coalition Government has taken a number of steps to de-Europeanize the procedural and cognitive shifts that occurred under New Labour. Following the 2010 Coalition Government Spending Review, DWP, home to the JIU, was to receive a funding cut of £11.6 billion. By 2014 this had resulted in over 30,000 job losses across the Department, but the vast majority of these were in front line services. In the Whitehall Office the numbers employed have remained constant (1672 in 2010 and 1654 in 2014), but there has been considerable reorganisation<sup>2</sup>. Part of this reorganisation has resulted in the disbanding of the JIU and its replacement with a smaller unit of some 27 representatives drawn from DWP; it no longer contains representatives from the Departments of Education, and the Department of Business, Innovation and Skills. The rationale for this restructuring is twofold. First, it represents a reframing of employment policy in the UK to a relatively narrow understanding that does not directly include education, training and skills policy, and prefers to emphasise financial incentives (Interview 11: 2014). Second, the reduced scope and personnel of the IU reflects a de-prioritisation of the government's engagement with the EES (and more broadly Europe 2020) and a new ideological belief within the Cabinet Office that the EU's competence in the field is both questionable and unnecessary (Interview 11: 2014).

Within the respective Whitehall Departments, existing bilateral relationships with EU Member States have deteriorated. Some of this shift reflects the disbanding of the JIU, the redeployment of its staff to other units/departments, and the breakdown of personal relationships that existed with counterparts in other EU Member States. On a second level the IU has formed a strategic partnership with China and other East Asian Countries for policy learning and the exchange of best practice. The signing of the September 2015 'UK-China Strategic Framework in Education', under the new Conservative Government, reflects the intensified collaboration that developed during the Coalition Government (UK Government 2015). There have also been broader procedural changes, particularly with respect to the relationship between Westminster and the devolved administrations. While the NRPs still make reference to other parts of the UK, they are not fully consulted on the matter. From 2011 onwards this prompted the Scottish Government to start writing its own NRP. Communication and consultation with actors such as the TUC and CBI has also ended. Given the Government's ideological position on the TUC, this is unsurprising, but the absence of consultation with the CBI or other NGOs is indicative of how little effort was being put into the EES by London.

At the EU level the UK became conspicuously absent in the governance process. The regular meetings of EPSCO feature Social Attachés from the Member States, and while attendance to these meetings has often fluctuated, 'the Brits have become absent and do not send an attaché' (Interview 2: 2014). This is in stark contrast to the both Blair and Brown Governments where the aim was to always be at the negotiating table to ensure that UK preferences were uploaded. Furthermore, UKREP, which historically has had a close relationship with members of the Employment Committee, has reduced its engagement and lobbying of the Commission. There is a perception that such meetings are mere talking shops and are unproductive (interview 11: 2014).

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<sup>2</sup> Obtained from Freedom of Information Request to Department of Work and Pensions (01/08/2014).

In the context of the CSRs, the Commission has become more prescriptive under Europe 2020, arguing that this is justified because of the importance of generating long-term fiscal stability, financial stability and thereby growth and jobs (Interviews 7, 8 and 9: 2014). Paradoxically the Coalition Government put less effort into their negotiation compared to its predecessors, arguing that the broader reforms surrounding EU governance are only necessary for members of the Eurozone (Interview 9 2014). Interviewees believed that the Commission was being more lenient in its CSRs for the UK and was aware of the political sensitivity of overstepping its reach. Between 2011 and 2014 the UK was issued with six CSRs, which broadly focused on youth unemployment and improvements to education and training. Ascertaining the Coalition's response to the CSRs is less clear-cut than under New Labour for two reasons. First, for the CSRs in education and skills, the Government initially highlighted the Education and Skills Act passed under the Brown Government. Since the inception of the EES such recycling of policy to demonstrate national progress has been a common feature and is therefore not unusual. The UK has also been issued with a CSR on implementing the EU's Youth Contract, but UK policy in the area is considered to be incompatible with EU policy (see below). While the CSRs were often used internally by New Labour to further justify its policy reforms, the Coalition Government disregarded them.

In 2012 the Coalition Government introduced the Youth Contract which aimed to reduce youth unemployment by: providing wage-incentives to employers who recruit an 18-24-year-old who has previously spent six months or more on benefits; create 250,000 work experience places; and provide young people with greater support from personal advisors. Concerned by rising levels of youth unemployment across the EU, in 2013 the European Council and the Commission initiated their own EU-wide youth strategy. This involved ring-fencing €6.4 billion of the European Social Fund (ESF) to spend to partially fund the scheme, with the remainder covered by the Member States. However, the EU Youth Guarantee differed to the Youth Contract in that: it applied to young people who were unemployed for four months; and was to provide them with a job offer, apprenticeship, traineeship or continued education. The UK government objected to the proposal and found itself in isolation in the Council. It argued that the allocation of EU funds to address youth unemployment was beyond the EU's formal competences, added to which the Youth Contract was unsuitable for the UK (Interview 4: 2014). According to the UK Minister of State for Employment most young people usually come off benefits after six months and 'it would be inappropriate to put the support in earlier' as stipulated in the Youth Guarantee (House of Lords 2014: 32). To access the funds, governments were to submit and implementation plan to the European Commission, but by the January 2014 deadline, the UK was the only Member State not to. The Government submitted its plan two months late in which it said that while it supported the aims of the Youth Guarantee, it would not be accessing the funds. The point was also reiterated in the 2014 UK NRP which it said the UK: 'has chosen to take a different approach which it believes better suits the national specificities and circumstances faced by young people in the UK' (UK GOV 2014: 21).

The Government's position had not gone unnoticed by the House of Lords, as well as the Scottish Parliament. In 2013 the House of Lords Select Committee 'EU Internal Market, Infrastructure and Employment Sub Committee' began its scrutiny of the Youth Contract and questioned the Government's position. Its report, published in April 2014,

concluded that the EU did have sufficient competence to use the ESF to fight youth unemployment and that the Government should access the funds. The Government's position was also criticised in debates on youth unemployment in the Scottish Parliament. This very open criticism generated a shift within Government thinking and it proposed to the European Commission to use the EU's Youth Guarantee funds to support the Youth Contract. The Commission found itself in a dilemma; the EU's Youth Guarantee emphasises improving labour supply through education and training, and applies after four months; while the UK's Youth Contract predominantly focuses on demand-side policies by providing employers with financial incentives after six months. The Commission was concerned that a refusal to give the UK some 186 million Euros would feed into the domestic eurosceptic debate, but releasing the funds would result in them being used for policies that had not directly been agreed by the Council (Interview 7: 2014). Eventually, in June 2014 the Commission conceded and approved the money to be used for the Youth Contract.

As with New Labour the fit between UK employment policy during the Coalition Government and the EES was coincidental, but unlike its predecessor, it attempted to insulate itself from the effects of EU policy. To do this it not only disengaged from the governance process, but reversed the effects of UK engagement that had occurred during New Labour. The result was a process of de-Europeanization that is most evident in the procedural and cognitive dimensions, as outlined in table II.

Table II: Europeanization and De-Europeanization in the UK

<b>Dimension</b>	<b>Europeanization during New Labour (1997-2010)</b>	<b>De-Europeanization during the Coalition Government (2010-2015).</b>
Programmatic	Strong 'goodness-of-fit' between the UK and the EES; little evidence of Europeanization.	No scope for de-Europeanization. Strong 'goodness-of-fit' between UK and EU policy, but this is coincidental.
Agenda	Limited Evidence of Europeanization: Supported issues that were already on the national agenda; engagement with the CSRs, but difficult to isolate causality.	Limited De-Europeanization: Disputes the EU's competence in the EES; argues that UK practices and priorities are different to the EU and blocks any attempt by the EU to influence the national agenda; pays little, if any, attention to the CSRs.
Procedural	Evidence of Europeanization: Creation of the Joint International Unit to coordinate engagement with the EES; some input from devolved administrations, NGOs and social partners, but this changed over time.	Evidence of De-Europeanization: The disbanding of the Joint International Unit; marginalisation of devolved administrations; complete removal of NGOs and social partners from the process.
Cognitive	Evidence of Europeanization: Significant policy learning from EU Member States; shift in thinking from USA to Northern EU Member States.	Evidence of de-Europeanization: The refocusing of policy learning away from EU Member States to East Asia.

## **Conclusion**

Analysing the effects of government change on the process of Europeanization for the OMC not only enables differences and similarities to be compared but, in the context of the UK, also provides an insight into the limits of Europeanization in a Eurosceptic

centralised polity with a limited number of veto players. The employment policies of both New Labour and the Coalition Government had a strong goodness-of-fit with the EES, but their approaches to engagement contrast sharply with each other. The New Labour Governments were keen to upload UK policy preferences to the EU level, so as to minimise the costs of downloading. Despite little evidence of programmatic shifts in employment policy, the EES played a supportive role to the employment policy agenda of New Labour, and there were some procedural and cognitive shifts in the UK polity. In this respect the UK experienced a process of Europeanization, although it may not have been as extensive as in some other Member States.

Upon entering office in 2010 the majority partner of the Coalition Government was the eurosceptic Conservative Party. It found itself in a situation whereby the Employment Guidelines of Europe 2020 had already been agreed, but there was a strong goodness-of-fit between them and the employment policy of the Coalition Government. Rather than building on the process of Europeanization experienced under New Labour, the Coalition Government resisted the influence of the EES on the national political agenda including a refusal to respond adequately to the Country Specific Recommendations, and disputing the EU's competence in employment field policy. Its disengagement with the EES corresponded with the intentional decision to reverse the procedural and cognitive shifts that had occurred under its predecessor - a process known as de-Europeanization.

The UK's experience with the EES points to the importance of government change. While the Europeanization literature has long acknowledged that such change can have an impact on actor engagement, this is normally cast in a positive light, i.e. a ratcheting up of Europeanization. As the findings of the paper demonstrate, government change can also result in de-Europeanization, this illustrates that there is nothing unidirectional with respect Europeanization: it can roll-forward, but it can also rollback. The particular conditions under which Europeanization occurred in the UK illustrate the limitations of Europeanization in a centralized polity with a limited number of veto-players. The process of Europeanization during New Labour was confined to Whitehall, particularly the Cabinet Office and DWP. Although a small number of UK actors outside Whitehall were aware of, and involved in, the EES, their numbers were insufficient to resist the process of de-Europeanization once the government changed in 2010. These findings call for a greater reflection on the conditions through which de-Europeanization can occur. For the UK, its centralized polity, particularly in the context of employment policy, is significant, as procedural and cognitive de-Europeanization was relatively easy to achieve. However, we also need to give account to the UK's Eurosceptic tendencies. The Labour Governments were unable to use the EES to justify their labour market reforms because from the mid 1990s, UK public opinion was showing signs of increased scepticism towards the European project, which made appeals to European constraints an unlikely source of domestic political support (Hopkin and van Wijnbergen 2011: 2011). Had the EES featured more prominently in public discourse, the process of de-Europeanization may have been more contested, although the extent of such contestation remains an unknown. Such findings further contextualise the process of Europeanization in what Graziano *et al* (2011: 320) refer to as Anglo-Saxon economies with a limited policy misfit. The article points to the fragility of OMC inspired Europeanization in such a setting. Whether the fragility of procedural and cognitive Europeanization is confined to a few Member States of similar political conditions to the

UK remains unclear, but the case study highlights the need to take de-Europeanization seriously, particularly in the context of rising euroscepticism across the EU.

One final issue to consider is the relationship between de-Europeanization and the OMC. Although domestic political structures are important determinants in the processes of Europeanization and de-Europeanization, it should be noted that governance processes such as the OMC are continuously evolving. Since 2010 the governance structures surrounding the EES have shifted under the European Semester, the EU's annual governance cycle to monitor engagement and progress in macro, micro and employment policies at Member State level. Under the European Semester Eurozone members are subject to much greater scrutiny of their economic and employment policies than they were during the Lisbon Strategy. This includes the enhanced surveillance of progress around the Country Specific Recommendations for employment. As the UK is an example of a Member State outside of the Eurozone, it remains to be seen as to whether de-Europeanization is limited to Eurosceptic non-eurozone members or if it is a much broader phenomenon.

### **List Interviews**

Interview 1 2014 UK Trade Union Congress  
 Interview 2 2014 The European Commission  
 Interview 3 2014 Department of Work and Pensions  
 Interview 4 2014 The European Commission  
 Interview 5 2014 Department of Education  
 Interview 6 2014 Department of Education  
 Interview 7 2014 The European Commission  
 Interview 8 2014 The European Commission  
 Interview 9 2014 The European Council  
 Interview 10 2014 The European Commission  
 Interview 11 2014 UK Permanent Representation to the European Union

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