

Experts versus politicians

On the influence of government ideology on the European Strategy for Growth and Jobs

Neda Delfani MSc, VU Amsterdam

Abstract

This study examines the role of partisanship in the effectiveness of the European Strategy for Growth and Jobs (ESGJ). As a soft governance approach, the ESGJ aims to disseminate best practices on labour market policy across EU member states. The policy learning view, as the underlying philosophy of the ESGJ, holds that national governments can learn new and better policy practices through interaction with alternative ideas. Conversely, according to the partisanship approach, governments choose only the components of the ESGJ fitting the ideologically motivated strategies of the political parties in government. In this paper, I analyse the labour market policies of Denmark, the Netherlands and Sweden in two separate years to trace the effects of the ESGJ in varying political environments. The study reveals that the governments of these countries do not give equal attention to all recommendations and guidelines; they address in particular those recommendations and guidelines fitting the ideological preferences of the incumbent parties. However, given the fact that government coalitions alternate regularly and it is hard to reverse implemented policies, it is expected that in the long run the ESGJ affects the direction of domestic labour market policy.

Introduction

Europe is widely considered to have been much more successful in promoting an open market than in promoting social rights. According to Scharpf (2002) a ‘European Social Model’ cannot be achieved due to the diversity in wealth, institutional structure and normative aspirations between the member states. Besides, Europe has been doing relatively poorly in terms of labour market participation in the 1990s (OECD 1994). On top of this, the increasing unpopularity of the European project has hindered it from expanding its competencies further (Tholoniati 2010: 96). This is shown for example by the initial rejection in referenda of the Maastricht Treaty (by the Danes), the Nice Treaty (by the Irish), the Constitutional Treaty (by the French and the Dutch) and the Lisbon Treaty (by the Irish).

As politicians in Europe concluded that a top-down approach is not feasible for combating unemployment, they created the European Employment Strategy (EES) in 1997. In 2000, inspired by the EES, the Open Method of Coordination (OMC) was launched. This soft governance approach aims to deal with politically sensitive policy fields involving the redistribution of resources in society such as labour market policy. The OMC is driven by the policy learning philosophy that by using common objectives, (peer-)review and deliberation on policy effectiveness, ‘best practices’ can be identified and disseminated among the member states. The European Commission as an ‘expert’ institution provides the recommendations, subject to approval by the Council of the European Union, on how member states can achieve the common objectives that should foster policy learning.

In this paper, I assess the effectiveness of this soft governance approach for steering the labour market policy of the EU member states. The focus is on political factors that may influence policy learning in the ESGJ framework. The research question is:

Does the ideological stance of EU member states’ governments affect the direction and degree of policy learning in the ESGJ framework?

Two competing views can be distinguished on the effectiveness of the OMC. According to the policy learning approach, which reflects the underlying philosophy of the OMC, governments ‘learn’ what policies produce the best outcome through the interaction with officials from the Council and the Commission and from other countries that have experience with these policies (Trubek and Trubek 2005: 356-61). In contrast, according to the partisanship approach, government parties are organizations with ideological values that guide their orientation towards new issues (Marks and Wilson 2000: 434). Hence, governments only pick the policies which fit the ideological stance of the government parties.

In this thesis, the policy learning approach and the partisanship approach are tested on the basis of the employment pillar of the OMC, the European Employment Strategy (EES) which was renamed the European Strategy for Growth and Jobs (ESGJ) in 2005 (European Commission 2005a). The ESGJ is the oldest and most developed OMC process (Heidenreich and Bischoff 2008: 499; Tholoniati 2010: 95-6). In the procedure, the Commission provides recommendations to member states on how to meet the guidelines. Member states can freely choose which policy path they use to meet the guidelines; this freedom serves the large institutional and contextual variation between member states. The aim of the ESGJ is to influence national decision making in the social and employment field (Heidenreich and Bischoff 2008) by making explicit what goals are to be achieved and providing instruments

for achieving them. The underlying idea is that in the process countries benefit from the knowledge and the experience of other countries in reaching those guidelines.

The structure of this paper is as follows. In the remainder of the introduction, I elaborate on the procedures of the ESGJ that are relevant for this study. Second, the state of the art considers the opposing approaches on the effectiveness of the ESGJ. Third, in the theoretical framework the theories from the state of the art are applied to the ESGJ framework and hypotheses are constructed for each of the theories. Fourth, I present the selection of countries, timeframe and data. Fifth, case studies on three countries are conducted and the findings are reported in separate sections. Finally, the conclusion links the findings back to the theoretical framework and the research question. Additionally, I discuss some limitations of this research and provide suggestions for future research.

State of the art

The emergence of the OMC has sparked an immense scholarly debate on the effectiveness of this form of governance. The debate concentrates on the question whether soft-law instruments such as the OMC are effective in achieving their targets (Heidenreich and Zeitlin 2009).

The policy learning approach is a theory of policy making which holds that policy ideas are inspired by the consequences of existing policies and the lessons policy makers learn from them (Hall 1993: 277-8). It holds that policy making is an elitist process, the task of policy technocrats who are in continuous interaction with experts, such as academia or policy makers abroad who have addressed similar issues. In this view, the content of policy is not the result of political ideology but of expertise. Policy learning is a process in which deliberate change of policy ideas and practices occurs in reaction to an expanded information pool (Hartlapp 2009: 3). Lesson-drawing is the process in which information is gathered on why policies have succeeded or failed elsewhere (Rose 2005: 117). Policy learning is also the result of one's own experience with policy (Hartlapp 2009: 3). New information resulting from one's own or other's experience leads to a modification of behaviour or preferences among policy makers (Hartlapp 2009: 2). First, I elaborate on this approach further and then I discuss the most common criticisms against this approach.

In the ESGJ, the conviction is that by setting indicators, periodic reporting, peer-review and recommendations, member states are enabled to reflect on existing policy practices and identify which ones are most successful in achieving their targets. According to Tholoniati (2010: 94) the OMC has built "an institutional, administrative and knowledge infrastructure that allows the EU to deal with socio-economic matters long associated with national sovereignty". According to this view, member states do not participate in the OMC for instrumental reasons, but to be part of a club of states that actively pursue common objectives which in the end will contribute to the competitiveness of the European Union as a whole. Through interaction, an increasing knowledge pool and the use of new policy concepts, domestic policy discourses are affected (Vanhercke 2009; Weishaupt 2009). In the policy learning approach national governments are able to adapt policy preferences if they are provided with alternative and better policy practices for existing problems, despite having an ideological profile. The sense of a common purpose among member states prevails over the specific (ideological) interests of the national governments.

There are several issues with the policy learning approach in the OMC that lead scholars to consider alternative theories. Sceptics of the OMC often refer to the soft type of

governance to argue for its ineffectiveness. In the OMC, the Council and the Commission can only give advice without any possibility for legal enforcement. This non-binding character of the OMC leaves member states with no incentives to adjust existing policies. It is believed that only hard law instruments, like the Community Method, can foster change in domestic practices (Trubek and Trubek 2005: 359).

An alternative to the policy learning approach is the view that government parties' ideologies, rather than international influences, steer public policy (Müller and Strøm 1999: 7). This has been labelled the partisanship approach. In this section, I first discuss the definition of a political party in the academic literature, then consider the competition between parties and finally apply the partisanship approach to the ESGJ.

In society, political parties are organizations serving as channels through which voters cast their preferences (Müller and Strøm 1999: 3-4). Parties act as 'representatives' of certain constituencies of which they protect the interests in the political arena. The goals and priorities of parties are determined by a historically rooted ideological background (Marks and Wilson 2000: 434). The most commonly used tool to distinguish between parties' policy goals is through the left-right political spectrum (Hooghe *et al.* 2002: 966; Castles and Mair 1984; Hibbs 1977: 1471). On the left, one finds parties that prioritize full employment and political control of markets, whereas on the right the economic theory of liberalism is pursued, stressing the need for low inflation and a healthy government budget. This relationship has also been empirically backed up in the field of welfare state retrenchment by Korpi and Palme (2003) and Allan and Scruggs (2004).

In this study, I focus on the influence of parties in office and their ideological background on the effectiveness of the ESGJ. Parties compete and bargain with each other in the pursuit of votes, policy and office (Strøm 1990: 572). Given that election campaigns tend to take at the very most a few months while a full government term is generally four or five years, elections appear far in the future most of the time. Therefore it is to be expected that policy-seeking takes centre stage. Office-seeking and vote-seeking behaviour are more likely to occur when the elections are near. Moreover, the policy-seeking behaviour of political parties is most interesting for analysing the effectiveness of the ESGJ. The goal of the ESGJ is to steer policy making and policy-seeking political parties may affect this process.

The ideological vision of parties is expected to have an impact on how they respond to policy ideas stemming from the ESGJ. Due to their ideological baggage, parties are expected to implement policy ideas in particular when they fit their ideology. Policy ideas that do not fit the political background of the government will not be implemented even if they are found to be effective elsewhere. The content of domestic policy is the result of negotiations between government parties pursuing the maximization of their political influence. According to Tholoniati (2010: 110), when interacting with the European level, partisan governments may even try to export their politically motivated views in fields where EU competences become more dominant. In other words, instead of being open to new policy ideas, governments try to convince others of the superiority of their own practices.

Theoretical framework

In this section, I develop and apply both theories from the theoretical framework to the ESGJ and formulate hypotheses. After this, the operationalization of the dependent variable is described. Several assumptions are made in the policy learning approach regarding member state responses to recommendations from the Council of the European Union and the

European Commission. The most crucial assumption is that the preferences of member states governments are able to change as governments are open to new policy ideas in an international setting (Hartlapp 2009: 2-3; Jacobsson 2004). Moreover, participating in the ESGJ is not regarded as an instrument by member states, but it is a goal in itself to be part of a community of nations pursuing policy improvement. In the light of the ESGJ, one would expect states to conform, and thus improve, their employment performance and commit to adapt their policies in accordance with the views of the Council and the Commission.

According to the partisanship approach, parties as entities pursue political influence in policy making. Parties are political organizations motivated to gain power in order to influence policies on the basis of their given values, norms, conviction and world view (Marks and Wilson 2000: 434). The institutional arrangements of the ESGJ can provide governments with the discursive justification to implement policies that fit their political interests. They can use the policy framework in the ESGJ as an instrument to argue for the superiority of their policies and at the same time ignore recommendations not in line with their preferred practices, for example by arguing that the recommended practices do not fit their economical or institutional context. By the selective use of recommendations and guidelines within the ESGJ framework, governments can effectively choose the policies that fit their political preferences and possibly even use the ESGJ to overcome domestic resistance.

The policy learning and the partisanship approaches provide contrasting expectations on the effectiveness of the ESGJ as a policy learning instrument. If the policy learning approach would apply the ESGJ, policy making is a technocratic endeavour not influenced by the political game and the national use of recommendations and guidelines of the ESGJ would be universal rather than selective. Conversely, according to the partisanship approach, policy is the product of bargaining between ideologically motivated parties, each trying to maximize its policy influence and in this way affecting policy learning in the ESGJ framework. The research question is whether the ideological stance of EU member states' governments affects the direction and degree of policy learning in the ESGJ framework.

I regard policy change as learning when the government takes over recommendations and guidelines of the Council that do not fit with or even contradicts the government parties' ideology. Hypotheses A₀ and B₀ derive from the policy learning perspective, whereas A₁ and B₁ represent the partisanship approach. The hypotheses A₀ and A₁ are expectations on cross-sectional variation:

A₀ Left-wing and right-wing governments are equally committed to the ESGJ recommendations and guidelines regardless of their policy content.

A₁ Left-wing governments are more committed to the recommendations and guidelines focussing on left-wing policies. Similarly, right-wing governments are more committed to the recommendations and guidelines focusing on right-wing policies.

The following hypotheses B₀ and B₁ are longitudinal in nature and deal with the impact of government change:

- B₀ Commitment to the recommendations and guidelines is not affected by changes in the government composition. Policy learning is a gradual process and is not affected by the ideological stance of the government parties.
- B₁ Whenever government change occurs, this affects the recommendations and guidelines the government is committed to. A shift from right-wing to left-wing ideology will change government commitment from right-wing to left-wing recommendations and guidelines and vice versa.

Obviously, to be able to test these hypotheses, left-wing and right-wing elements present in the ESGJ recommendations and guidelines must be operationalized. Left-wing ideology favours full employment and political control of markets, whereas right-wing ideology advocates low inflation and fiscal sustainability (Hibbs 1977: 1471). Table 1 matches the various ESGJ guidelines to specific ideological orientations. Left-wing governments consider income protection and income equality as a fundamental goal. Since they pursue full employment, they prefer active labour market policies. Right-wing parties will curtail government spending as much as possible, by decreasing spending on social security. Moreover, they are motivated to increase economic growth, to curb inflation by constraining taxes and wage increases and to promote a flexible labour market. Education in general has been left out of the table because it may be viewed as an investment rather than a cost, since it is expected that money spent on it will be reclaimed in the future when the educated people contribute more to the economy and the government budget. This makes it hard to classify as either left-wing or right-wing.

*** Table 1 about here ***

Commitment to specific policies is operationalized using several categories (see table 2) based on whether the governments mentions the problem and how concrete and extensive the policy response is. A score is given for each country in each year, for each recommendation and the most relevant guidelines ranging from 0 (no commitment) to 6 (maximum commitment).

*** Table 2 about here ***

Note that a high commitment to the recommendations and the guidelines does not necessarily imply policy learning. Score 6 is assigned for policies from which it is clear that the government is committed to them irrespective of the recommendations and guidelines of the ESGJ. This condition is met when the policy fits the government ideology, but also when the policies were already adopted regardless of the recommendations.

Even though the theory is tested on the basis of only Denmark, the Netherlands and Sweden (I will justify this case selection in my research design below), the findings are still theoretically generalizable. Although each of these countries is highly affluent and has an extensive welfare state (to make them comparable cases), the theoretical foundations do not rely on these properties. In particular, political convictions in other member states are also based on the left-right spectrum. The findings of this research are therefore an indication to what extent these convictions matter when it comes to internalising new policy ideas of the ESGJ framework.

Selection of countries, timeframe and data

This research follows a quasi-experimental design (see table 3) in which two countries experiencing a change in government ideology are compared to a country which has a constant government ideology. Denmark, the Netherlands and Sweden are selected because they are similar on socio-economic factors (see table 4) but display variation on government ideology in the time period under investigation (see table 5). They are three relatively small countries, open in terms of foreign trade, highly affluent and with extensive welfare systems. Moreover, they are close to the OECD average in unemployment and labour activism, while their economic growth has been slightly on the low side in the last two decades. Additionally, these countries are considered similar in the welfare state literature. The Scandinavian countries are commonly regarded as highly similar (see for example Esping-Andersen 1990). According to Green-Pedersen (2002: 43-9), the Netherlands and Denmark are similar cases, suitable for comparison in welfare state research. In the next sections, the labour markets and the political situation in these three European member states are described.

*** Table 3 about here ***

*** Table 4 about here ***

*** Table 5 about here ***

The countries follow approximately the same trends with regard to economic growth and unemployment (OECD 2010). The most important trends are that between the beginning of 2002 and mid-2008, there was a period of economic growth and decline in unemployment and no serious economic downturn has occurred in the period under study.

The main sources of data are the national action plans (NAPs) and the national reform plans (NRPs) in which the countries state how they have dealt with the recommendations. These policy documents are similar in kind, but have been renamed in 2005 based on the mid-term evaluation (Employment Taskforce 2003). The guidelines from the EES (prior to 2005) and ESGJ (from 2005 onwards) overlap almost completely (Mosher and Trubek 2003: 78; for ESGJ guidelines see European Commission 2005b: 5; for EES guidelines see EirOnline 2010). Only a few points were added to the ESGJ guidelines. In the ESGJ procedure there is more emphasis on the quality and productivity of work (middle section of ESGJ guideline nr. 17), adjusting education for skills needed at work (ESGJ guidelines nr. 20 and nr. 24) and keeping wages flexible and containing wage increases (ESGJ guideline nr. 22). EES guideline nr. 9 of transforming undeclared work into regular employment is rephrased as ‘employment security’ in the middle section of ESGJ guideline nr. 21. Stimulating job creation and entrepreneurship (EES guideline nr. 2) is left out of the ESGJ guidelines, although the former part is implied by some of the new guidelines. Note that the mid-term evaluation report was already finished in 2003, so in both years of observation governments should be expected to be aware of its contents. Moreover, the most common criticism of the employment taskforce on the ESGJ was that the European Union was still lagging behind in the attainment of its targets (Employment Taskforce 2003). Since the countries I examine are meeting most of the targets already in 2004, this comment does not apply to them.

Denmark

The countries under study are analysed separately in this and the following two chapters. I start in this chapter with the country where no political shift occurs (Denmark), then I discuss the Netherlands which has an intermediate level of change in government composition and conclude with Sweden which has experienced a more radical government shift. First, the government ideology in the period under investigation is described. Second, the recommendations are summed up. Second, I describe to what extent and how the recommendations fit the government ideology and use this to predict government response based on the partisanship approach. Finally, the policies and commitments of the government in that year are described.

Since 2001, the Danish governing coalition has consisted of the liberal party 'Venstre' and the conservative party 'Konservative'; both parties are economically right-wing (Hooghe *et al.* 2010, see table 5). Denmark serves as a control case due to the fact that Denmark did not experience a change in government composition in the period under study.

In 2003, according to the Council of the European Union (2003: 24), the Danish labour market is performing very well, which can be seen from its relatively high employment rate, even among disadvantaged groups. However, due to ageing of society, Denmark is advised to increase its labour supply and encourage working at older age, help the labour market integration of immigrants, and create incentives for work by reducing the high marginal tax rate on low and medium incomes. In 2007, the Council of the European Union (2007: 26) praises Denmark's labour market reform, its strong emphasis on flexicurity, its focus on fiscal sustainability and its strategy to increase the labour supply, especially by deferring early retirement. The Council recommends that the Danish government should create even more incentives to work and increase its labour supply, also by integrating older workers and immigrants.

In Denmark there has been no change in government ideology, so the partisanship predicts that the policies in 2004 and 2008 are similar. In particular, the right-wing government is expected to put most emphasis on lowering of the tax levels in order to create more incentives to work and to increase labour supply. Pursuing special policies to activate disadvantaged groups, for example immigrants, is not expected according to the partisanship approach.

The tax reforms are indeed the most prominent policy measure in the 2004 and 2008 Danish NAPs (Danish government 2004: 6-7; Danish government 2008: 4-5). In 2004, Denmark initiated a tax cut and implemented an employee allowance, the so-called "spring package". This plan is intended to reduce the tax burden on labour and to stimulate economic growth. Specifically, the tax cut is introduced by widening the first tax bracket. As a consequence, less income gets taxed in the second tax bracket. Approximately 79% of the labour force will pay less tax as a result of this measure (Danish government 2004: 6). In 2008, tax levels on labour are further decreased and the increases of other tax levels are frozen (Danish government 2008: 4-5). The income threshold for the middle income tax bracket is increased at January 1st 2009; approximately 21% of the total labour force no longer has to pay any middle bracket income taxes. In 2008 and 2009 the tax deduction for working people is further increased, making it financially more attractive to have a job (Danish government 2008: 4) [commitment to incentives to work: 6].

However, in 2008 the government pursued an activation policy that can be considered as left-wing (Armingeon 2007: 913; Danish government 2008: 32-5). Denmark strengthened

the development of skills and launched several policies aiming at helping disadvantaged groups in the labour market. This policy, although not required in the recommendation, seems to closely follow several guidelines of the ESGJ and is therefore a possible instance of policy learning. For this goal, resources from the EU structural funds are to be used [commitment to activation in 2008: 5]. It is important to note that budget-wise right-wing measures make up the vast bulk of the policies described in the NAP and NRP; in particular the tax cuts that were present in both years under investigation represent a major change, dwarfing any more 'left-wing' measures. In 2004, activation measures for the unemployed are even made more targeted (so less universal) and more emphasis is put on the unemployed person's own responsibility for finding a job (Danish government 2004: 22-23) which the following citation makes clear: "Unemployed persons whose only problem is unemployment will have to intensify their job search activities" [commitment to activation in 2004: 2].

The Netherlands

In the Netherlands, a 'pivot' system of party competition (Green-Pedersen 2002: 15) exists in which the centre-right Christian democratic party CDA is often in the position to choose whether to rule with the left-wing party PvdA or the right-wing party VVD. Centre-right governments have ruled the Netherlands for the years between 2002 and 2007. However, in 2007 the left-wing PvdA formed the Dutch coalition together with the centre parties CDA and CU (party positions taken from Hooghe *et al.* 2010, see table 5).

In 2003, the Council is mainly worried about the following. First, like other extensive welfare states, the Netherlands struggles with high inactivity rates because the social security system makes working financially less attractive. The disability pension scheme is most problematic in this regard. The government is advised to put more people to work, especially low-skilled persons, women, the elderly and immigrants. In 2007, the Council of the European Union (2007: 69) concludes that the Dutch, to meet the increasing demand for labour, should expand the labour supply of especially women, disadvantaged groups and older workers. Also, the Dutch government is advised to be cautious with potential wage inflation and to monitor household indebtedness in the light of possible overheating of the economy.

In the Netherlands in 2004, a centre-right government was in power. The partisanship perspective suggests that this government would increase the incentives to work by reducing the financial attractiveness of social security schemes, in particular of the disability pension scheme. In contrast, activation measures to get more people to work cost money and the government is expected to be less inclined to follow this strategy. In contrast to the 2004 administration, the 2008 administration involves the left-wing party PvdA while the right-wing VVD has been removed from office. The partisanship approach would expect that the 2008 government, unlike the one in power in 2004, would seek to increase the labour supply by investing in the unemployed (activation) and by matching labour demand to labour supply. Keeping government spending at a low level would be less of a priority. Moreover, monitoring wages in order to contain wage inflation should also not be the first priority of this government.

Reducing the number of disability pension receivers is of high priority for the 2004 administration (Dutch government 2004: 20). Large-scale medical reassessments of the disability pension receivers have been initiated by the government. The standards for receiving a disability benefit have been tightened and many disabled benefit receivers lost their benefit (Dutch government 2004: 21), especially when only partially disabled. The

Dutch government has also curtailed the influx of people in the unemployment scheme (Dutch government 2004: 22-3). Several other measures are taken to make work pay and to increase the participation rate. The tax system is revised in such a way to encourage those approaching pensioner's age to keep working (Dutch government 2004: 20). The strategy of making the social security system financially less attractive combined with reducing tax rates on labour leads to more incentives to work [commitment to increase incentives to work: 6].

Compared to creating incentives to work, the government puts much less emphasis on pursuing active labour market policies. The law for subsidized step-in jobs (Deployment of Job Seekers Act) for the long-term and low-skilled unemployed has been repealed (Dutch government 2004: 26). This decision is quite remarkable as one of the Council's recommendations is to train disadvantaged persons on the labour market. Subsidized step-in jobs provide these opportunities for training. However, the Dutch government avoids making any costs for activation. This strongly supports the partisan thesis, while contradicting policy learning.

Remarkably, even though the Netherlands has not received any recommendations for containing wage increases in 2003, the government is highly committed to this guideline (the Dutch government 2004: 12-3). Curbing inflation is one of the defining elements of right-wing economic policy (Hibbs 1977: 1471). The government and parliament monitor closely whether the social partners live up to the earlier announced wage restraint. [Commitment: 6].

As is expected by the partisanship perspective, much government policy in 2008 is aimed at making more people, especially women and people from disadvantaged groups, work. To boost the total number of hours worked a package of measures is proposed (Dutch government 2008: 9-11, 49) that fits within an activating labour market policy for both the general population and for women and disadvantaged groups in particular. Several measures are also taken to activate members of ethnic minorities, handicapped and low-skilled (Dutch government 2008: 55,57-60, 69). The government intends to reform the childcare act by allocating more resources to it and by lowering the contribution that parents have to pay. Moreover, the number of weeks employees can claim parental leave is extended from 13 to 26 (Dutch government 2008: 55). With regard to the labour market position of immigrants (Dutch government 2008: 60), agreements have been made with public employment services to invest in on-the-job training for 30,000 low-skilled young people from ethnic minorities. The government also pursues the activation of other vulnerable groups in the labour force, such as handicapped and low-skilled people (Dutch government 2008: 57-9). Finally, financial resources from the European Social Fund are allocated to train women, older workers and other disadvantaged groups so that they have a better position on the labour market (Dutch government 2008: 69). In sum, there are a large number of detailed and well-funded active labour market policies [commitment to activation: 6].

A key aspect in the strategy to increase labour supply is revising the tax system in such a way to make work financially more attractive (Dutch government 2004: 57, 52-4) for women amongst others. Noteworthy in this respect is that these tax measures are not quantified and not combined with making social benefits financially less attractive, implying that the government puts less emphasis on creating incentives to work [commitment to incentives to work: 2].

In contrast with the extensive efforts on activation, no new activities are introduced to fight inflation. The government has mentioned the importance of containing wage increases and "has cancelled the planned VAT increase to mitigate inflation" and the topic of

controlling wage developments “will be raised with the social partners” (the Dutch government 2008: 16, 62). However, no new plans are proposed and the issue is deferred to the social partners [commitment to curb inflation: 3]. This is theoretically a very important finding: the 2004 government tried to curb wage increase despite not being explicitly recommended to do so, while the 2008 administration does get the recommendation but does not do much about it. Fighting inflation is a priority for right-wing parties and the findings regarding this policy strategy suggest that partisanship, rather than policy learning has been a determinant for policy making.

Sweden

Sweden has experienced a shift from a left-wing to a centre-right government in 2006. Until 2006, the social democratic party SAP ruled the country in a single-party minority government. This government was supported by the socialist party V and the green party MP, which are even further to the left (Hooghe *et al.* 2010). In 2006, a new four-party coalition of the Centre Party (C), Liberal People’s Party (FP), the Christian Democrats (KD) and the Moderates (M) was formed. This is considered a centre-right coalition since Hooghe *et al.* (2010) places the Centre Party near the middle of the political spectrum (only slightly to the right), the Moderates clearly on the right and the other parties in between (see table 5).

In 2003, the Council (2003: 29-30) recommends that Sweden should increase the labour supply of especially immigrants, the young and the long-term sick. Moreover, early retirement should be discouraged as much as possible. To create more incentives to work, Sweden should decrease the tax burden on labour and reform the social security system. In 2007, the Council of the European Union (2007: 40) praises the Swedish government on making progress on creating incentives to work. However, Sweden should increase its labour supply, further increase incentives to work and reintegrate immigrants, young people and people on sickness related schemes in the labour market.

Although the European Commission requests both incentives to work and activation, the partisanship theory predicts on the basis of the left-wing ideology of the government that Sweden will put activation above incentives to work in 2004. In 2007, a centre-right government is in power that is expected to pursue a low level of government spending so that they can reduce taxation levels leading to more incentives to work. Creating jobs is also expected to be a priority since the 2006 elections were lost due to the perceived failure of the left-wing government to overcome the high level of unemployment. The latter is not based on ideology, but nevertheless very important because it is likely to be one of the main criteria on which this new government will be judged.

The left-wing Swedish government (2004: 25-32) makes clear in its NAP it has mainly continued existing policies of upgrading the skills of its labour force and matching of jobseekers to available jobs (Swedish government 2004: 15-7, 55). These measures are aimed at the general population of unemployed (Swedish government 2004: 32-7) and young people (Swedish government 2004: 35-6), the disabled (Swedish government 2004: 46) and immigrants (Swedish government 2004: 35, 43-5) in particular. Finally, financial means from the European Social Fund are used to improve skills of employees [commitment to activation: 5]. Investment in skill development and job creation are policies that fit very well within the ideological background of the Swedish government, supporting the partisan these.

The Swedish government is, as one would expect on the basis of its ideology, less committed to increasing incentives to work (Swedish government 2004: 47-51). Even though

it has provided extensive information on its tax regulation in the NAP 2004, it is only willing to decrease payroll taxes by 0.12 percentage point. Furthermore, no concrete plans are presented on tightening the eligibility of social benefits to increase incentives to work [commitment to incentives to work: 2]. According to the Council of the European Union (2003: 30), the combination of generous social benefits and a high tax burden is said to decrease incentives to work, which remains largely unchanged under social democratic rule. This is an area where the predictions from partisan theory and policy learning theory clash. The actual outcome is consistent with partisan politics.

Flexible labour markets are also not the main goal of the Swedish government in 2004. Even though the Swedish did not receive a recommendation on this guideline, the government's view on flexibility is one that benefits the employees, not the employers (Swedish government 2004: 22-4, 37). Providing employees older than 61 the opportunity to take partial old-age pensions is an example of this (Swedish government 2004: 23, 37). This measure also discourages complete early retirement while keeping the option of early retirement intact. Flexibility for the employers, covering dismissal of employees, is not discussed. The latter is considered an approach that fits less in left-wing ideology [commitment to flexibility for employees: 3 / commitment to flexibility for employers: 0].

The centre-right Swedish government that was in office in 2007 has put much more effort in reducing the number of recipients of social benefits and in curbing the high rate of unemployment, especially among the youth (the Swedish government 2010: 6, 50-2). By curtailing social security the government creates incentives to work and reaches a low level of government spending, both priorities of right-wing governments. The Swedish government is highly committed to creating incentives to work by making social benefits less accessible and less generous (the Swedish government 2010: 19-20). To achieve this, the unemployment insurance system has been radically cut in the last years. Eligibility for the scheme is tightened, the benefit level is reduced and many extra financial advantages of the scheme are abolished (Swedish government 2008: 72-3). The government is continuing this policy of cutting social security by extending the number of waiting days to be eligible for unemployment benefit from 5 to 7.

In the same vein, the government has proposed a list of measures to decrease the number of people on sickness benefits (Swedish government 2008: 52). Cuts are made, such as reducing the number of days for which sickness benefit is paid, medically reassessing sickness benefit receivers, reducing the maximum sickness benefit and including more illnesses in the rehabilitation guarantee scheme, which means that people having those illnesses are expected to go back to work (Swedish government 2008: 64-5). All in all, the sickness insurance system is less accessible and less generous. This is consistent with the right-wing desire to cut costs.

The government is highly committed to fiscal reforms to create incentives to work (Swedish government 2008: 71-2). Since 2007, the government has been pursuing a policy of reducing taxes on labour. The marginal tax rate on low and middle incomes is reduced by 1 to 1.5 percentage points, which is considerably more than the tax reduction of the 2004 left-wing administration. At the same time, the threshold below which earned income is free from income tax is raised [commitment to incentives to work: 6]. In contrast to the left-wing administration of 2004, the 2008 centre-right government makes the labour market more flexible for employers by simplifying the rules on fixed-terms contracts (Swedish government 2008: 81) [commitment to flexible labour market: 4]. These policies, especially when

compared with the previous government, show that partisanship has a major influence, while policy learning seems to be much less at issue.

The Swedish government (2008: 57) has put some effort in activation, in particular of the disabled, the young and immigrants. This more left-wing strategy is contrary to what one would expect, even though it may be the result of the Social democrats losing the 2006 elections due to the high level of unemployment. To get more disabled persons at work, resources are allocated for activation measures, such as wage subsidies (Swedish government 2008: 66-7) [commitment to activating the disabled: 4]. To increase the educational level of the young a list of proposals is put forward (Swedish government 2008: 84-8). However, these plans are not very detailed and are not focused on the specified objective of activating the young [commitment to activating the young: 2]. To promote the labour market participation of immigrants, existing activation measures are combined with Swedish language training (Swedish government 2008: 123, 69) [commitment to activating immigrants: 3]. All in all, one can see some plans that can be labelled left-wing, but they can be explained by the circumstances surrounding the elections that brought the government to power (focus on employment) and the commitment is considerably lower than it is for the more typically right-wing policies. Therefore, this does not provide much support for the policy learning hypothesis A_0 .

Conclusion

In the 1990s, the European labour market performed comparatively poorly; unemployment and the number of inactive persons were quite high and European economic performance was lagging behind the rest of the developed world. The euroscepticism present in some of the member states' populations prevented the European Union from setting binding rules or guidelines for improvement. As a substitute, the European Employment Strategy (EES) was introduced in 1997, renamed the European Strategy for Growth and Jobs (ESGJ) in 2005. Governments remain sovereign over their labour market policy, but their performance is monitored by the Council and the Commission, who provide regular recommendations for improvement. The idea is that member states will 'learn' best policy practises, the so-called policy learning approach.

In this paper, I have tested the policy learning and partisanship approaches in the ESGJ context. The research question is whether partisan politics affects policy learning in the ESGJ. I compared three similar countries – Netherlands, Sweden and Denmark – by analysing their responses to the ESGJ guidelines and recommendations. The results are that right-wing parties curb social security spending, reduce taxes and are less committed to left-wing goals such as direct job creation (hypothesis A_1). Conversely, left-wing parties invest in the labour market position of disadvantaged and low-skilled people to create more employment but do not make much of an effort to make work pay. For example in 2004, both the Netherlands and Sweden were advised to eliminate poverty traps in the social security system by creating incentives to work. However, the response of the centre-right administration in the Netherlands has been much more serious on this recommendation compared to the response of the left-wing administration in Sweden. Moreover, government ideological shifts have a profound effect on the content of policy that is in accordance with the partisanship approach (hypothesis B_1). In each country-year, the government's ideological profile was clearly visible in the policy output specified in the NAP or NRP. In both cases with change of government, the Netherlands and Sweden, the governments in 2008 have very different priorities compared

to the 2004 administrations. In Denmark on the other hand, the government did not change and neither did the policy response.

Linking this back to the theoretical framework, it confirms the influence of partisanship on public policy. The fact that policy practices change when governments change further confirms the partisanship approach, ruling out the alternative possibility that some countries would simply have other styles of government or other needs than other countries. Moreover, Denmark was used as a control case and two different government transitions were considered. This rules out the possibility that policy change is driven only by factors related to the passage of time, such as global economic conditions. The findings thus strongly support the partisanship hypotheses A_1 and B_1 . All in all, I have found abundant evidence for the partisan thesis in both its cross-sectional and longitudinal forms.

Based on the results it is not possible to draw an equally strong conclusion on the policy learning theory, but there are clear bounds to how far policy learning can go. Although some cases were found where governments have presented policies that go against their ideological backgrounds, those cases are only a small minority. Moreover, most of them can be readily explained by other factors. There are cases, for example, where governments were engaged in policies that their predecessors had initiated. Such cases are better explained by path dependence theory and hence do not confirm policy learning.

However, based on my results it is not possible to distinguish whether policy learning takes place regarding policies that are consistent with the governing parties' ideologies. Given the fact that governments generally work hard on all recommendations regarding such policies, it is quite possible that this limited version of policy learning does occur; at the very least the recommendations may point governments to areas that need attention and may serve to justify potentially unpopular policies. In this way, the ESGJ provides national governments a window of opportunity to implement controversial policies without loss of popularity. These possibilities, although more limited in policy scope, would be entirely consistent with the theoretical background of policy learning.

Over longer time periods, I expect the recommendations and the guidelines of the ESGJ to be implemented as long as they are sufficiently repeated. As I mentioned, I have found that the prioritization of these goals and the path towards them depend on the ideological conviction of the incumbent parties. Still, since governments' ideological make-ups alternate regularly in modern democracies, in the long run all goals will be given attention. As is made clear from the analysis, the Netherlands and Sweden have shown rather diverse tactics, aiming to tackle problems such as inactivity in several different ways. In the long run, these governments pursue more labour market participation (also among disadvantaged groups), elimination of poverty traps in the social security system and containment of wages and tax increases. Denmark in this regard has been in a disadvantaged position for the first decade of the 2000s. It has not experienced a change in government ideology, which explains the continued focus on just incentives to work, even though it is only one of the recommendations.

There are some empirical limitations to this research. Even though policy learning occurs if there is a fit between the recommendations and the ideological background, this does not imply that the policies will be successful; the policy outcome is a different thing than policy output (Zohlnhöfer 2003: 126). Future research might consider policy *outcomes* rather than policy *output* to determine this. However, for my purpose of measuring intent and policy learning, policy output is a more useful concept.

A second empirical limitation is that governments can pursue policies that are in conflict with the recommendations and guidelines; governments are not obliged to report this to the Council. The NAPs and NRPs which are the data sources of this research provide a selective view of the total list of measures in the policy field. Governments may not provide information on measures that may hamper the achievement of the ESGJ goals. Therefore in order to find out whether the ESGJ is able to induce policy learning in the long run, it is necessary to have a complete overview of domestic labour market policies. This again would be a suitable subject for future research.

Theoretically, this research provides a clear confirmation of the partisan thesis while it provides a more qualified and nuanced perspective on policy learning theory. Government ideology has been shown to be central in determining policy output, at least regarding the policies that the governments present in the NAPs and NRPs in response to the ESGJ recommendations and guidelines. This conclusion is generalizable to other countries and policy areas, since the theoretical background applies equally well to them. The fact that the ESGJ provides incentives to go against one's ideological background, namely improved benchmarks scores and positive public reviews only strengthens this generalizability; whenever such incentives would be absent, one would expect governments to follow their constituent parties' ideologies even more strictly. The research also shows that policy learning is generally limited to those policies that do not conflict with the government's ideologies. This does not fundamentally contradict policy learning theory; the fact that political interests sometimes outweigh incentives for policy learning does not imply that such incentives do not exist. In fact, my empirical analysis seems to support the relevance of those incentives to some extent. Assuming that left-wing and right-wing government parties regularly alternate in office, policy learning is likely to occur in the long run. Moreover, my research has shown that such long-term policy learning need not contradict the importance of partisanship.

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Table 1: Concrete policies (left-wing or right-wing) fitting the ESGJ guidelines.

Ideology	Policy	Guidelines
Rightist	Employer tax cuts	17
Rightist	Employee tax cuts	19
Rightist	More flexible labour market	17, 21
Rightist	Control wage development	17, 22
Leftist	Subsidize (child)care	19
Leftist	Re-integration	17, 18
Leftist	Job training/activation	18, 20, 21, 23
Leftist	Direct job creation and relocation	17, 23, 24
Leftist	Positive discrimination	18, 19
Leftist	Increase job security	17, 21

Table 2: The operationalization of commitment.

score	description	example
0	not mentioned	
1	mentioned, but no plans are presented	youth unemployment is a serious problem
2	plans to implement are vague	we are looking into ways to address youth unemployment
3	implementation is deferred to others	we will consult with the social partners to come up with a plan to combat youth unemployment
4	concrete plan to address the issue	we will provide additional education for young unemployed
5	fully developed plan with deadline	we allocated 50 M€ to educate 50,000 young unemployed before the end of 2012
6	already working on the issue	last year we spent 50 M€ to educate 50,000 young unemployed before the end of 2012

Table 3: The quasi-experimental design of this research.

	Year	Description	Experimental group		Reference group
			Netherlands	Sweden	Denmark
Pre-test	2004	Compare NAP 2004 with guidelines and recommendations 2003	[to be measured]	[to be measured]	[to be measured]
Experiment		Power shift to a government with different ideological composition	R -> L	L -> R	(none)
Post-test	2008	Compare NRP 2008 with guidelines and recommendations 2007	[to be measured]	[to be measured]	[to be measured]

Table 4: A comparison of Denmark, the Netherlands and Sweden on key variables averaged over the years 1985-2003; to compare with other OECD members, the symbols indicate the z-scores: (-) means $-1.5 \leq z < -0.5$; (o) means $-0.5 \leq z < 0.5$; (+) means $0.5 \leq z < 1.5$.

	DK	NL	SE
Affluence: GDP/capita current prices (k\$ at PPP)	21,9 (o)	20,9 (o)	21,4 (o)
Growth: GDP change from previous year (% increase)	2,1 (-)	2,8 (o)	2,2 (-)
Openness: total trade in current prices (% of GDP)	74,2 (o)	114,0 (+)	69,6 (o)
Total population (millions)	5,2 (-)	15,3 (o)	8,7 (o)
Public social expenditure in cash (% of GDP)	14,4 (+)	14,4 (+)	16,0 (+)
Strike activity: work days lost (per 1000 employees)	145,5 (o)	14,4 (o)	60,5 (o)
Unemployment rate (% of civilian labour force)	6,8 (o)	6,4 (o)	5,7 (o)

Source: OECD (2010).

Table 5: Overview of the cabinets that have been in office in the country-year pairs under investigation. Parties have been ordered from left to right according to the Hooghe *et al.* (2010) dataset and lined up such that parties in the same column are as similar as possible. Government parties are marked with a solid background; parties supporting minority governments have a shaded background.

Country	Year	Left	Centre	Right	Classification
DK	2004	EL SF SD RV		KF V DF	right
	2008	EL SF SD RV		KF V DF	right
NL	2004	SP GL PvdA	D66 CU CDA	VVD PVV	centre-right
	2008	SP GL PvdA	D66 CU CDA	VVD PVV	centre-left
SE	2004	V MP SAP		C FP KD M	left
	2008	V MP SAP		C FP KD M	centre-right