

The London School of Economics and Political Science

Wielding soft power in a world of neglect: the impact of the
European Employment Strategy in Greece and Portugal

Sotirios Zartaloudis

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Declaration

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Abstract

The thesis investigates under what conditions the European Employment Strategy (EES) can influence the domestic employment policy of European Union member states. It aims to answer the question by examining two critical or 'least likely' cases: Greece and Portugal by focusing on three key areas of employment policy: public employment services, gender equality policies (mainstreaming, reconciliation and pay gaps) and 'flexicurity'. The thesis employs the 'Europeanization' approach and tests the hypothesis that '*if the EES altered Greek and Portuguese employment policy at all, it did so through one of three main Europeanization pathways: (i) policy learning; (ii) the domestic empowerment of policy entrepreneurs; (iii) financial conditionality.*' In examining the domestic impact of the EES the thesis does not presume an Europeanization effect *a priori*. Rather, the research begins from the domestic level (in a process-tracing method) and investigates whether, how and to what extent the EES had a role in the Greek and Portuguese domestic policy. The possibility of other variables, either external or internal, being pre-eminent is examined. The empirical study sought to triangulate a wide range of methods and sources. Although Greece and Portugal share a number of characteristics that may inhibit Europeanization in this type of area, empirical evidence largely supported the research hypothesis and suggested that two key conditions were conducive to the EES having a domestic impact in these cases: the existence of successful policy entrepreneurs who would actively use the EES as a policy window to promote their agenda and -when these were absent or lacked access to power and resources- the existence of the European Social Fund financial conditionality. Thus, soft power can be wielded in the world of neglect without policy learning which is considered the main 'soft' mechanism of domestic change in the literature.

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List of Acronyms

ACE: Strategic Co-operation Agreement (in Portuguese: Acordo de Concertação Estratégica)

ACF: Advocacy Coalition Framework

ADEY: Supreme Administration of Civil Servants' Associations

ALMPs: Active Labour Market Policies

ASEP: Supreme Council for Civil Personnel Selection

BEPG: Broad Economic Policy Guidelines

CDS-PP: Democratic and Social Centre – People's Party (in Portuguese: Centro Democrático e Social - Partido Popular)

CEDAW: Committee on the Elimination of Discrimination against Women

CEECs: Central and Eastern European Countries

CES: Economic and Social Council (in Portuguese: Conselho Económico e Social)

CEWR: Commission for Equality and Women's Rights

CGTP-IN: General Confederation of Portuguese Workers (Confederação Geral dos Trabalhadores Portugueses)

CIDM: Commission for Equality and for the Rights of Women

CITE: Commission for Equality in Labour and Employment

CSF: Community Support Framework

CSW: Committee on the Status of Women

DL: Decree law

EC: European Commission

EC: European Community

ECB: European Central Bank

EEC: European Economic Community

EES: European Employment Strategy

EGGSIE: Expert Group on Gender, Social Inclusion and Employment

EGSIE: National General Collective Agreement

EKDDA: National Centre for Public Administration and Local Government

EKEPIS: National Accreditation Centre for Continuing Vocational Training

EMCO: Employment Committee

EMU: Economic and Monetary Union

EPL: Employment Protection Legislation

ESEE: National Confederation of Hellenic Commerce

ESF: European Social Fund

EU: European Union

Eurofound: European Foundation for the Improvement of Living and Working Conditions

EVEA: Chamber of Commerce and Industry

EYSEKT: Special Unit of Coordination and Monitoring of ESF Actions

FDI: Foreign Direct Investment

GDP: Gross Domestic Product

GEP: Greek employment policy

GGI: General Secretariat for Equality

GM: Gender Mainstreaming

GMI: Guaranteed Minimum Income

GPG: gender pay gap

GSEE: Greek General labour Confederation

GSEVEE: General Confederation of Greek Small Businesses and Trades

IAP: Individual Assistance Plan

IEFP: Instituto do Emprego e Formação Profissional

IEK: Institutes of Vocational Training

IGFSE: Instituto de Gestão do Fundo Social Europeu; acronym

IKA: Social Insurance Institute (Greece)

ILO: International Labour Organisation

IMF: International Monetary Fund

INE: Portuguese statistics service (in Portuguese: Instituto Nacional de Estatística)

INOFOR: Institute for Innovation in Job Training (in Portuguese: Instituto para a Inovação na Formação)

ISCTE-IUL: ISCTE - University Institute of Lisbon

KEK: Greek acronym for Κέντρα Επαγγελματικής Κατάρτισης (Centres for Vocational Training)

KEP: Centres of Citizens' Servicing

KETHI: Research Centre for Gender Equality

KPA: Centres of Employment Promotion

LLL: Life-long Learning

LTU: Long-Term Unemployed

MEP: Member of European Parliament

MME: Mixed Market Economy

MOU: Memorandum of Understanding

NAP: National Action Plan

NAPGE: National Action Plan for Gender Equality

ND: New Democracy

NGO: Non-Governmental Organisation
NOW: New Opportunities for Women
NRP: National Reform Programme
NSRF: National Strategic Reference Framework
O.P.s: Operational Programmes
OAED: Organisation of Employment of Labour Force
OECD: Organisation for Economic Co-operation and Development
OEFPP: Observatory for Employment and Vocational Training
OMC: Open Method of Coordination
OMED: Organisation of Mediation and Arbitration
PASOK: Pan-Hellenic Socialist Movement
PEP: Personal Employment Plan
PEP: Portuguese employment policy
PES: Public Employment Services
PLCs: Public Limited Companies
PLMPs: Passive Labour Market Policies
PNI: National Plan for Equality (Plano Nacional para a Igualdade)
PPP: Purchasing Power Parity
PS: Socialist Party (Partido Socialista)
PSD: Social Democratic Party (Partido Social Democrata)
QMV: Qualified Majority Voting
RNE: Regional Networks for Employment
SDOE: Financial and Economic Crime Unit
SEPE: Body of Labour Inspection
SEV: Federation of Greek Industry
SMEs: Small and Medium-Sized Enterprises
TP: Territorial Pacts
UGT: Unión General de Trabajadores
UN: United Nations
UNIVA: Insertion into Active Life Units (in Portuguese: Unidade de Inserção na Vida Activa)
VoC: Varieties of Capitalism
OAAA: Organisation for Employment and Unemployment Insurance
OKE: Greek Economic and Social Committee (Οικονομική και Κοινωνική Επιτροπή)

Chapter 1: Introduction

Introduction

Unemployment has been one of Europe's long-standing problems. Since the early 1990s, in a growing number of countries employment rates are decreasing while unemployment rates are increasing (cf. Symes 1995; Esping-Andersen 2000; Gallie and Paugam 2000; Bermeo 2001; Giugni 2010). Structural unemployment is a central element of the unemployment problem of Europe. In addition, unemployment affects almost a fourth of the youth labour force compounding the social problems associated with unemployment. Moreover, labour markets are characterised by significant inequalities between highly skilled and low-skilled workers and between men and women (cf. Sapir 2006; Esping-Andersen 1990; 2002; 2009).

In this context the European Union (EU) has developed its own employment policy which has three institutional pillars, each with a different mode of policy-making and governance. The first, is the 'legislated employment rights' pillar based on a the standard Community method; the second, the 'law via collective agreement' pillar, which is a negotiated alternative to the first pillar and involves agreement among social partners prior to legislation; the third pillar is the 'European Employment Strategy (EES)'. The EES is the most recent, more experimental and more ambitious pillar.¹ At the 2000 Lisbon Summit the EES was used as a model for other policy areas under the umbrella of a new EU instrument – the Open Method of Coordination/OMC² (de la Porte 2002; Zeitlin 2005). The OMC was perceived as a learning process, which would be open with regard to member states' involvement and policy outcomes (Regent 2003: 210). Policy targets were set by the European Commission, but national responses were formulated at the national level with no formal sanctions (Hodson and Maher 2001: 724). Peer review and benchmarking were the fundamental tools for promoting policy learning (Regent 2003: 210). Even though all political actors (EU institutions, member states, social partners, Non-Governmental Organisations (NGO's)) were involved in the practical implementation of the EES, the coordinating role was given to the Commission (de la Porte 2002: 44).

¹ For a detailed discussion of the EES, see Rhodes 2005.

² As the OMC represents a generalisation of the principles and method of the EES (cf. Zeitlin 2002; de la Porte 2011), in this thesis the terms will be used interchangeably.

The significance of the EES has been hotly debated in the literature (for a succinct summary see: Borrás and Radaelli 2010; Kröger 2009; Zeitlin 2009; 2005; Rhodes 2005). The first wave of scholars perceived the EES as the European employment policy's 'golden goose': a new process which would transform European and national policy making content and procedures. The EES was perceived as a new mode of governance that signalled a significant shift from hard law to soft law and from employment protection to employment promotion (Rhodes 2005: 283-284; for an extensive analysis of the OMC novelties compared to previous soft law procedures see: Borrás and Jacobsson 2004: 189-191). The EES and more generally the OMC would also increase input legitimacy as it would be open to as many actors as possible, including for the first time non-state actors, such as civil society organisations (Abbott and Snidal 2000; Jacobsson 2004; Maher 2004; de la Porte and Nanz 2004). The expectation was that all participants in the EES would reach consensus on policy outputs through the spread of best practices (Goetchy 1999; De la Porte 2002; Hodson and Maher 2001; Regent 2003). By contrast, others were quick to dismiss it as a process which was 'too soft'; as a result, it would be incapable of promoting social Europe and altering member states' employment policy (Scharpf 2002; Chalmers and Lodge 2003). Likewise, some authors perceived the EES/OMC as 'cheap talk' and irrelevant for policy outcomes (Moravcsik 2005; Hatzopoulos 2007; Idema and Kelemen 2006; for a review, see: Borrás and Radaelli 2010; Kroger 2009b). Initial research indicated that the EES had some impact on domestic policy which varied across member states and policy areas (cf. Foden and Magnusson 2003; Govecor 2004; Jacobson and Viffell 2007; Zeitlin et al. 2005; Heidenreich and Zeitlin 2009).

This thesis aims to shed light on the domestic impact of the EES on the employment policy of two under-researched member states (see: sections 1 and 6 of this chapter). In other words, the central question of this thesis is *whether, how and to what extent the EES influenced domestic policy making in the specific areas of Public Employment Services (PES), gender equality policies (mainstreaming, reconciliation and pay gaps) and flexicurity*. It attempts to explain an *empirical puzzle* observed in two countries of the Southern European periphery, and answer critical questions related to employment policy in Europe. In doing so, it aspires to provide an original contribution to the field of study and offer useful insights for researchers and policy makers in employment policy. In this chapter, the thesis puzzle and case studies are presented, followed by a description of the variables, conceptual framework and

research hypotheses of the thesis. The research methodology, limitations and contribution are then discussed. Thus, the chapter will signpost the research that follows.

1. Thesis puzzle and case studies

The thesis aims to examine under what conditions the EES can influence member states' employment policy. It will try to answer this question by examining two critical or 'least likely' cases: Greece and Portugal (King et al. 1994: 209; Hancké 2009). Both countries have a number of features that could be expected to inhibit any significant impact of the EES. Yet, both appear to have implemented domestic policy reforms as a result of the EES. More specifically, both countries belong to what has been identified as the 'world of neglect' where neither political nor administrative elites adhere to the norm of compliance with EU law (Falkner et al. 2005: 325).³ In countries belonging to the world of neglect, compliance with EU law is not a goal in itself, such that negligence at the transposition stage is the defining characteristic of this world (Falkner et al. 2005: 325; Falkner and Treib 2008). The typical reaction to an EU-related implementation duty is inactivity. The national adaptation process is initiated only after the Commission intervenes since without its intervention transposition obligations are often not recognized at all. In the most recent effort to examine the compliance record of the Southern European countries, it was argued that Italy and Spain should be included in the 'world of domestic politics', whereas only Greece and Portugal were classified as true members of this negligent club (Hartlapp and Leiber 2010). It should be noted that, although these studies focus only on one policy instrument (EU social directives), they are relevant for other types of measures. After rejecting a number of alternative hypotheses (including ideology, preferences, misfits and capacity), Falkner et al (2005) and Hartlapp and Leiber (2010) argue that the best explanation for any given country's response to external instruments is a certain 'compliance culture' that exists in the political and administrative elites. Therefore, it can be expected that this compliance culture would be pervasive among political and administrative elites that respond to EU-related policy instruments irrespective of their degree of softness.

In addition, Greece and Portugal share all the characteristics that authors have identified as key obstacles in the implementation of EU policies (for a succinct

³ More recently, Falkner and Treib (2008) refined this type by renaming it 'world of transposition neglect'.

summary, see: Hartlapp and Leiber 2010: 471-474): (i) there is a very high ‘misfit’ between EU and national policies which usually results in inertia or even retrenchment (Börzel and Risse 2000; 2003; Risse et al. 2001); (ii) both countries have weak administrations⁴ and inefficient political systems which lack expertise, resources and coordination (La Spina and Sciortino 1993; Van den Bossche 1996; Linos 2007); (iii) their political systems are reactive (La Spina and Sciortino 1993), and party dominated (Ioakeimidis 2001); (iv) the gap between legislation and practice is generally high (Putnam et al. 1993); (v) they lack societal actors who will act as ‘pull factors’, namely forces of full implementation according to the ‘bottom-up’ implementation theory (Börzel 2000; Lipsky 1978); (vi) there is a general absence of consensual and corporatist decision making tradition, which has been shown to promote transposition and implementation of EU policies.

Moreover, both countries have similar socio-political backgrounds and welfare systems with common features. More specifically, the literature on the features of Southern European welfare systems follows mainly three distinct approaches. The first one argues that Southern European welfare states are perceived as the underdeveloped/poor version of Esping-Andersen’s (1990) Conservative or corporatist model. In contrast, the second approach argues that they share a set of distinctive features, which lead to a unique type of welfare model. Despite the numerous differences between these two schools, both agree that Southern Europe forms a group; yet they disagree on whether the similar characteristics result in a variety of Esping-Andersen’s conservative type or a new one (for a detailed discussion of these schools’ main propositions, see: Arts and Gelissen, 2002: 41-146). Finally, the third approach understands Southern Europe as welfare societies (Santos and de Sousa 1994; Hespanha 1999; Marinakou 1998). Despite their differences all these schools of thought agree on the weakness of the Southern European welfare states resulting in a high misfit between EU and domestic policies (Foden and Magnusson 2003; Heidenreich and Bischoff 2008; cf. Börzel 2005). Consequently, one would expect to find a weak employment policy with limited resources and poor

⁴ Bureaucracies in Southern Europe share the following characteristics: ‘*extensive politicisation of the top administrative ranks; enduring patronage patterns in recruitment; uneven distribution of human resources; formalism and legalism*’ (Sotiropoulos 2004a: 405; as cited in Sotiropoulos 2006). However, there are two notable differences between Greece and Portugal with regard to government capacity. First, clientelism is much more prevalent in Greece and Italy compared to Spain and Portugal (García and Karakatsanis 2006: 99-103). Likewise, (and probably as a result of clientelism) the score of Transparency International (TI) 2009 Corruption Perceptions Index (CPI) is higher for Portugal and Spain (5.8 and 6.1) than Italy and Greece (4.3 and 3.8) – the higher the score the lower the degree of respondents’ perceived corruption for their country.

design and efficiency. This poses a significant barrier to the EES in achieving an impact on both Greece and Portugal as they may lack the human, financial and institutional resources to respond to the EES stimuli. Moreover, both countries have an under-developed employment policy which would not be able to provide the necessary support to their workforce and therefore be at odds with the core goals of the EES. Therefore, Greek and Portuguese pre-EES employment policies are expected to act as barriers to the incorporation of the EU stimuli. The latter treat social (including employment) policy as a productive factor of the economy, namely a factor which increases productivity and competitiveness (cf. Schelkle 2008; Schelkle and Mabbett 2007; Andersson 2005).

Further, while both countries were not classified by Hall and Soskice (2001:21) in their original typology of Varieties of Capitalism (VoC), Greece and Portugal were later classified as two cases belonging into a third VoC type called Mixed Market Economies (MMEs) (Hancké et al. 2007; Molina and Rhodes 2007). The main characteristics of MMEs are (Kornelakis 2011: 55-56): strong institutional stability combined with low institutional complementarities and clustering; mixed coordination, that is both market and non-market. In MMEs the non-market element is provided mainly by the family given the absence of state intervention and the under-developed and inefficient welfare state (Hancké et al. 2007; Molina and Rhodes 2007). As a result, both Greece and Portugal can be considered as two countries which have few prospects of institutional change (Hall and Thelen 2009).

In other words, the existing literature indicates that Greece and Portugal constitute two critical or 'least likely' cases in the EU-27 in examining the impact of the EES in their employment policies. In the EU-15, the world of neglect was the least likely to comply with EU law (Falkner et al. 2005). More recently, Falkner and Treib (2008) added the 'world of dead letters' to their typology to cover the Central and Eastern European Countries (CEECs). In this category, EU directives are not systematically enforced and implemented despite their quick transposition. Therefore, the impact of EU directives on national policy is doubtful. The world of neglect and the world of dead letters share one key characteristic: compliance is often superficial as shortcomings in enforcement and application are quite common. Even though Falkner and Treib (2008) argue that enforcement and application problems are not the defining characteristics of the world of neglect, this cannot be said for Portugal and Greece. Specifically, their typical procedural pattern during the transposition stage was neglect, as well as significant enforcement and application problems (Falkner et

al. 2005: 275). Consequently, Greece and Portugal combine the characteristics of both the world of neglect and that of dead letters: inactivity / negligence during transposition and problematic enforcement and application of EU social directives. Thus, one may justifiably regard Greece and Portugal as two least likely cases in the EU-27. In other words, there is a variety of literatures that have characterised Greece and Portugal as least likely Europeanization cases – especially in the area of employment policy – hence justifying their selection as least likely cases in this thesis.

Another typology used in studies of public policy is based on the types of political system. As noted above, both countries have similar political systems, namely they are both parliamentary democracies based on majoritarian political systems (cf. Lijphart et al. 1988). The key difference between them is that Greece is a clear case of parliamentary democracy where the president has almost no executive and legislative powers, whereas Portugal has a semi-presidential parliamentary democracy where the President is directly elected and has some say in *cabinet appointment and dismissal, parliamentary dissolution, ministerial appointments, referral of legislative bills to judicial review, veto powers, and agenda-setting through going-public tactics* (Neto and Lobo 2009: 234).

Three policy areas were selected: (i) the activation of the unemployed through Public Employment Services (PES), (ii) gender equality policies (mainstreaming, reconciliation and pay gaps), and (iii) flexicurity. These policies were selected because they were deemed as three of the most important policy areas of the EES. As will be discussed in Section 2.2 of this chapter, ‘activation’ and ‘flexicurity’ have been the two mantras of the EES: activation was the headline policy of the EES during the period of 1997-2005. Flexicurity then dominated the EU agenda on employment policy (from 2007 onwards). As for the gender equality policies area, it was a key policy goal of the EES since 1997 and gender equality promotion has been one of the most significant policies of the EU since its creation (Walby 2004; Rossili 2000; Ostner and Lewis 1995; Ostner 2000; Hantrais 2000). A limitation in the research design is that the time span of the three different EES stimuli (activation of the unemployed by the PES, gender equality policies and flexicurity) are not similar since the period of examination for the third and final policy area (the flexicurity stimuli) was shorter than the other two. As a result, it is not possible to compare longer term effects in the three areas. However, the flexicurity area was judged to be a good test case as it was a completely novel policy concept to which the two

countries examined would have been relatively unexposed, and therefore changes in policy content would have been fairly easy to track. In addition, early in the investigation of this area, relevant documents indicated that Greece and Portugal showed divergent policy reform records even over this short time span, which posed an interesting research puzzle. The effect of the EES flexicurity stimuli was examined for the longest possible period i.e. up to 2009 after which the introduction of a major confounding factor (the EU financial crisis) would have made it impossible to compare the flexicurity case with the other two policy areas since the latter two had been examined in a period prior to the financial crisis. In addition, the study asks the same question in all three areas (whether and if so how and to what extent the EES altered Greek and Portuguese employment policy).

Preliminary findings indicated that Greece and Portugal showed a puzzling reform record. Both countries were unlikely to show a significant EES impact yet both of them implemented potentially path-breaking reforms in their employment policy.⁵ In addition, as will be shown in the empirical chapters of this thesis (Chapters 3-7), the reforms occurred in a divergent manner with regard to their content, timing, process and significance. More specifically, this thesis will examine the reforms of the Greek and Portuguese PES, which were implemented after decades of stagnation. Although there are considerable differences between PES across the EU member states (cf. Weishaupt 2010), they are all responsible for contributing towards matching supply and demand on the labour market through the provision of information, placement and active support services (Eures 2013; OECD 1998; 2001). Hence, as will be argued in Chapters 3 and 4, the PES are the most important organisation in national employment policies as they provide: (i) a unique and usually nation-wide service of *labour market information* regarding vacancies, training, education, and career change opportunities in particular to the unemployed who have to register with them (EC 1998a: 5); (ii) *brokerage services* between employers with job vacancies and jobseekers through matching and job search assistance; and (iii) *market adjustment* between supply and demand through the implementation of national employment policies (EC 1998a: 6).⁶ The observed policy change constituted a major break with the past in Greek and Portuguese employment policy as the goal

⁵ When examining national employment policy this thesis will focus on: policy content; timing, process and significance of policy change (see also section 2.1).

⁶ Chapters 3 and 4 will also discuss succinctly the definition, organisation and role in labour market / employment policy of PES. However, it should be stressed that this thesis does not focus on the PES as such but on the potential impact of the EES on them.

of the reforms was to replace the old-style passive support with active support to the unemployed which was based on prevention, personalisation and integrated interventions for the unemployed. The content of these reforms bore important similarities to that of the EES soft stimuli of the first two 1997-2003 guidelines with regard to the activation⁷ of the unemployed (cf. Stiller and Van Gerven 2012: 121; see also below). These guidelines stated that a personalised (tailor-made) new start in the form of employment, training or other employability measure should be offered within six months of registered unemployment to every young person and within twelve months to all unemployed adults (see also section 2.2.1 of this chapter and Chapters 3 and 4).

However, as will be discussed in Chapters 3 and 4, Greece and Portugal implemented these reforms in a divergent manner with regard to their timing, content and process. Portugal initiated the PES reform in 1998 and completed it by 2000, whereas Greece began the reform in 2001 and completed it through a series of laws in 2003 and 2006. In terms of content, Portugal implemented activation using the preventative approach⁸, while Greece focused mainly on the personalised and integrated support.⁹ Finally, Greece and Portugal employed different methods of reform implementation: Portugal implemented the policy change within the existing PES structure, while Greece bypassed the core PES organisation as it outsourced the implementation of the reforms to independent organisations especially created for these tasks. The divergent reform path of the Greek and Portuguese PES reforms is summarised in the following table.

Table 1.1: Differences in PES' Reform in Greece & Portugal			
	Content	Timing	Process
Greece	Activation through personalisation and integrated support to the unemployed	No reform until 2000; three reforms after 2000 (in 2001; 2003; & 2006)	Reform was outsourced to new independent entities called KPA & KPA2
Portugal	Activation through preventative approach	Reform began in 1998 & was completed by 2000	Reform took place within the Portuguese PES (IEFP) administration
Source: Author's analysis of the observed reforms			

⁷ For the concept of activation in the context of the EES, see section 2.2.1 of this chapter and Chapters 3 and 4.

⁸ According to the 1998 reform each unemployed had to get a response from the PES in a pre-defined period of time (3 months for the young unemployed and 6 months for the adults). The goal of this early response of the PES was to prevent the newly registered unemployed from becoming LTUs.

⁹ As will be discussed in section 2.2.1 of this chapter the preventative approach, the personalised and integrated support constitute parts of the EES stimuli on the activation of the unemployed through PES.

Coming back to the structural characteristics that make such differences in the reform record at first sight surprising, there is one feature in which the two countries differed considerably and this is female employment. Greece traditionally showed some of the worst performances in the EU on gender equality, while Portugal had one of the highest female employment rates and usually met the Lisbon targets (see tables 1.2 and 1.3). More specifically, the Portuguese labour market was characterised throughout the 1990s by: (i) low unemployment rates; (ii) one of the highest female full-time employment rates in the EU - similar to those in Scandinavian countries and almost twice the figures for the other Southern European countries (see table 1.2); and (iii) low rates of part-time work for both women and men (Silva 2003: 112).¹⁰ By contrast, over the same period Greece stood out among the EU-15 because of the huge gender inequalities in its labour market: it had the largest gender gap in employment rates and the second largest in unemployment rates; although, its ranking was close to the EU-15 average with regard to the gender pay gap (see table 1.3), it had the lowest scores for occupational segregation by sex, while, vertical segregation in terms of 'glass ceilings' was very high. Since the late 1990s, however, female workforce participation in the Greek labour market improved; as a result, the gender gap in both employment and unemployment rates was reduced (see table 1.2). Only a third of the new jobs for women were low paid as the main area of employment was the public sector (Karamessini 2006: 247; Lyberaki 2010: 5). Yet, female unemployment remains the most significant problem of the female workforce.

¹⁰ Based on data until 2000; employment levels have deteriorated since then. The main reason for this seems to be the loss of competitiveness of the Portuguese workers compared to their Eastern European ones resulting in many foreign companies relocating from Portugal to Eastern Europe (OECD 2004; EIU 2005).

Table 1.2: Employment rates (%)											
	1997	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total											
Greece	55.1	56.5	56.3	57.5	58.7	59.4	60.1	61.0	61.4	61.9	61.2
Lisbon gap ¹¹	-	13.5	13.7	12.5	11.3	10.6	9.9	9.0	8.6	8.1	8.8
Portugal	65.7	68.4	69.0	68.8	68.1	67.8	67.5	67.9	67.8	68.2	66.3
Lisbon gap	-	1.6	1.0	1.2	1.9	2.2	2.5	2.1	2.2	1.8	3.7
EU-15	60.7	63.4	64.1	64.2	64.5	64.8	65.3	66.1	66.8	67.1	65.8
Males											
Greece	72.1	71.5	71.4	72.2	73.4	73.7	74.2	74.6	74.9	75.0	73.5
Portugal	75.5	76.5	77.0	76.5	75.0	74.2	73.4	73.9	73.8	74.0	71.1
EU-15	70.6	72.8	73.1	72.8	72.7	72.7	73.0	73.6	74.2	74.1	71.9
Females											
	1997	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Greece	39.3	41.7	41.5	42.9	44.3	45.2	46.1	47.4	47.9	48.7	48.9
Lisbon gap ¹²	-	-	-	-	-	-	-	-	-	-	-
Portugal	56.5	60.5	61.3	61.4	61.4	61.7	61.7	62.0	61.9	62.5	61.6
Lisbon gap	-	+0.5	+1.3	+1.4	+1.4	+1.7	+1.7	+2.0	+1.9	+2.5	+1.6
EU-15	50.8	54.1	55.0	55.6	56.2	56.9	57.6	58.6	59.5	60.1	59.6
European Commission 2010a and Eurostat (date accessed 20/06/2011).											
- Denotes does not apply as the Lisbon targets were introduced since 2000. For female employment rates the symbols - and + indicate a negative or positive gap with the Lisbon targets respectively.											

Table 1.3: Gender pay gap¹³ (%)				
	2002	2006	2007	2008
Greece	25.5	20.7	21.5	22
Portugal	:	8.4	8.3	9
EU-27	:	17.7	17.6	:
Structure of Earnings Survey, Eurostat (date accessed 20/06/2011).				
: denotes missing data				

Despite their different settings, both countries followed a very similar path of employment policy reform, which may be partly responsible for the improvement of

¹¹ 70% target as of 2000 to be reached in 2010

¹² 60% target as of 2000 to be reached in 2010.

¹³ The unadjusted gender pay gap represents the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees. For a discussion of the differences between unadjusted and adjusted pay gaps, see chapter 6.

female employment and unemployment rates in Greece.¹⁴ This thesis explores three key areas of gender equality in employment policy: gender mainstreaming (GM); reconciliation of work and family life; and pay gap.¹⁵ As will be shown in Chapters 5 and 6, both countries introduced measures promoting GM, reconciliation of work and family life and tackling gender gaps. However, in Greece, GM was introduced mainly after 2001 in the form of expanding training and employment creation subsidies to women. In Portugal, by contrast, it was introduced after 1999 in the form of employment creation subsidies for women, a novel monitoring system to evaluate the impact of public policies on women and an altered institutional framework for implementing and overseeing the promotion of GM in PEP. The new institutional framework consisted of: (i) a new GM committee within the office of the Presidency; (ii) the inclusion of two long-standing Committees with specific competence in equal opportunities and evaluation and monitoring duties (Committee for Equality in Work and Employment and Committee for Equality and Women's Rights) in policy design and policy evaluation processes; and (iii) the appointment of equality advisors to government departments (committees and ministries) to ensure gender equality promotion was taken into account in all governmental decisions (Rubery et al. 2001).

Similarly, although both countries promoted reconciliation through the expansion of care facilities, this occurred after 2001 in Greece, while in Portugal it occurred mainly during 1997-2002 and 2005-2010. Finally in the area of pay gaps both countries did not alter their policy significantly – with Portugal showing more effort in tackling the problem than Greece. The comparison between the two countries with regard to these areas is summarised in the following table.

¹⁴ As will be argued in chapter 2, it is impossible to establish a causal relationship between the EES and policy outcomes such as employment rates.

¹⁵ For the conceptual discussion of these areas, see section 2.2 of this chapter and Chapter 5.

Table 1.4: Reforms promoting gender equality in Greek and Portuguese employment policy

Gender Mainstreaming			
	Content	Timing	Process
Greece	Women identified as a group needing more training, support and subsidies for women-led business start-ups	Very few new measures (mainly pilot programs) before 2001 Reforms are implemented after 2001	Gender mainstreaming promoted primarily through vocational training and other employment creation subsidies
Portugal	<ul style="list-style-type: none"> • New institutional framework for implementing and overseeing the promotion of GM • Establishment of new organisations for GM • Expansion of vocational training for women • Educational programmes to change gender stereotypes • Studies on gender equality and mainstreaming • Improving databases to monitor GM of policies 	<p>Change starts in 1998 and is intensified until 2002</p> <p>During 2002-2005 changes subside</p> <p>The issue returns on the agenda after 2005</p>	<ul style="list-style-type: none"> • Vocational training and other employment creation subsidies • Administrative and organisational reform • Improvement of monitoring capabilities • Measures to address stereotypes
Reconciliation of Work & Family life			
	Content	Timing	Process
Greece	Promotion of care facilities	Only some pilot programs until 2001; afterwards, expansion of care facilities	Care facilities are funded mainly by the ESF
Portugal	Promotion of care facilities	Expansion of care facilities takes place from 1997; the expansion is subdued during 2002-2005 and intensified after 2005	Care facilities funded almost exclusively by national funds
Pay Gaps			
	Content	Timing	Process
Greece	Very few measures; issue not on the agenda	Some efforts after 2001	Measures to raise awareness and combat social stereotypes
Portugal	Public sector pay equalised but not private	Measures to tackle the pay gap implemented from 1998	Awareness-raising put in place; public sector pay gap is equalised; private sector gap remains unchallenged
Source: Author's analysis of the observed reforms			

The third area of EES stimuli that this thesis will examine is ‘flexicurity’, a concept that has been promoted by the European Commission since 2006 as a best practice for all EU member states. Flexicurity refers to a labour market model adopted by Denmark in the early 1990s, which combines flexibility in labour legislation with a high level of social benefits. The reform measures under this label consist of three principles (EC 2007a: 12; Gray 2009: 48; cf. Gwiazda 2011): (i) the reduction of the restrictions on hiring and firing in order to increase labour market flexibility; (ii) the provision of adequate and possibly more generous support to jobseekers; and (iii) investment in activation measures or the introduction of strict conditions to reduce the time spent in unemployment.

Even though Greece and Portugal faced a significant misfit between the flexicurity model proposed by the European Commission and their domestic employment policy, they both responded to the Commission’s call to explore ways of incorporating flexicurity in their employment and social policy. Nonetheless, despite their similar domestic settings and misfits between their employment policy and flexicurity, the reform records observed in these two countries diverged significantly as follows. In the first instance there was significant support from the Portuguese government. However, the social partners reacted negatively to the idea of incorporating flexicurity and forced the government to remove the term from an ongoing labour market reform. Nonetheless, the Portuguese reform introduced novel measures towards promoting internal and time flexibility in the workplace seemingly in accordance with the EES flexicurity stimuli. Greece responded to the EES flexicurity stimuli by setting up a dedicated expert committee to examine how Greece could incorporate flexicurity into its labour market and employment policy. However, despite the relatively subdued reaction of the social partners the government, in an unprecedented move, did not accept the expert committee’s report and flexicurity was quickly removed from the agenda. Moreover, no reform took place as the government completely abandoned any effort to alter its employment policy. The divergent reform path of the two countries in the flexicurity area is summarised in table 1.5.

	Content	Timing	Process
Greece	Efforts to incorporate flexicurity begin but are halted before the beginning of a labour market reform	Greece responds immediately to the European Commission's call for flexicurity	Government sets up an expert committee; its report is not accepted and remains unpublished. The issue disappears from the agenda
Portugal	Flexicurity is discussed as part of the labour market reforms, and some measures are implemented	Portugal responds in advance to the European Commission's call for flexicurity	Flexicurity included as a proposal by an already established experts committee. The issue becomes part of a wider debate. The concept is omitted due to a hostile reaction from social partners but reform is achieved

Source: Author's analysis of the observed reforms

This divergence may itself be regarded as unanticipated given the many features that Greece and Portugal share relevant to the dependent variable under investigation. Summary indicators of their similarity include: levels of economic development (as measured in Gross Domestic Product (GDP) and Purchasing Power Parity (PPP) – see table 1.6); geographic size and demographics; socio-political backgrounds; and welfare systems (Leibfried 1993; Ferrera 1996; Katrougalos and Lazaridis 2003) which had been highly resistant to reform (Rhodes 1997: 15; cf. Petmesidou and Mossialos 2006).

	1997	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total											
Greece	84 ^(p)	84 ^(p)	86 ^(p)	90 ^(p)	93 ^(p)	94 ^(p)	91 ^(b)	92 ^(p)	90 ^(p)	92 ^(p)	94 ^(p)
Portugal	78	81	80	80	79	77	79 ^(b)	79	79	78	80
EU-15	115	115	115	114	114	113	113 ^(b)	112	111	111	110

Source: Eurostat (date accessed 20/06/2011); p indicates provisional data and b break in series.

¹⁶ This table measures the Purchasing Power Standard (PPS) of Greece and Portugal as a percentage of EU-27 average (based on PPS per inhabitant). The unit is gross domestic product (GDP) at market prices.

2. Research Design

The empirical research will examine whether - and if so, how and to what extent - the EES altered domestic employment policy outputs. In the following three sub-sections the variables of the thesis are described.

2.1. The Dependent variable

The dependent variable of this study is the Greek and Portuguese employment policy. To measure a potential EES-induced change on Greek and Portuguese employment policy the thesis will use a number of indicators. Two of these are general indicators of EES-induced change and the rest are specific to the policy areas examined (PES, gender equality and flexicurity). The indicators are:

- General indicators of policy change:
 - National Legislation in order to meet the EES benchmarks, guidelines, country-specific recommendations or the European Social Fund (ESF) conditionality;

- Area specific indicators of policy change:
 - PES: the introduction of a preventative approach; the change from passive to active support;
 - Gender equality policies: the introduction of GM; the promotion of gender equality in employment policy through appropriate support to women, the reduction of pay gaps; the promotion of reconciliation of work and family life through the expansion of care facilities;
 - Flexicurity: ‘protecting workers, not jobs’, namely a change of labour market policy toward reducing employment protection in return for high earnings replacement in unemployment benefits as advised by the EU’s Green Paper on flexicurity.

Each indicator is further defined by the traditional ‘stages heuristic’ policy cycle model (Breyer and de Leon 1983; Anderson 1984). The stages heuristic model has received a number of criticisms (for a summary, see: Sabatier 2007: 7; Howlett and Ramesh 2003: 12-13), however, it helps separate the key parts of public policy in order to best explore each policy stage. The aim of this division is to gauge the EES impact in a systematic fashion. The model proposes five stages of policy making:

1. Agenda-setting (problem recognition): did the EES influence the process by which problems came to the attention of domestic actors and governments?
2. Policy-formulation (proposal of solution): did the EES influence the set of policy options which are formulated and proposed within governments?
3. Decision-making (choice of solution): did the EES influence the process by which governments adopted a particular course of action or inaction?
4. Policy-implementation (putting solution into effect): did the EES influence the process which governments used to put policies into effect?
5. Policy-evaluation (monitoring results): did the EES influence the process of policy monitoring?

One of the weaknesses of the stages heuristic model is that it can result in a dichotomous (yes/no) and, therefore, an incomplete assessment of the EES's impact on domestic policy. To add a further dimension to the indicators and measure the degree of EES-induced change, the study uses the conventional Europeanization typology (Radaelli 2003: 37; Börzel 2005: 58-59). This typology has suggested five possible outcomes:

- *Inertia*: no change at the domestic level as a result of the resistance of domestic institutions, policies, and beliefs to adapting to the European requirements. Thus, there is no domestic change.
- *Absorption*: member states adapt some elements of their domestic policy to European requirements without altering its core. In other words, they absorb certain non-fundamental changes in order to avoid the costs of inertia without substantial modifications to existing structures. The degree of domestic change is low.
- *Accommodation / Upgrading*: member states accommodate the pressures of Europeanization by adapting existing processes, policies and institutions without changing their essential features and the underlying collective understandings attached to them. An example of this effect is to 'patch up' new policies and institutions onto existing ones without fundamentally changing the latter (cf. Héritier 2001). The degree of domestic change is moderate or medium.
- *Transformation*: there is a major change at the core of domestic structures. Domestic institutions, policies and beliefs are either replaced by completely different ones or altered to the extent that their core

features are fundamentally changed. The degree of domestic change is high.

- *Retrenchment*: resistance to change may have the paradoxical effect of increasing the distance between domestic and European structures. Thus, Europeanization makes domestic policy ‘less European’. In essence, retrenchment refers to ‘negative’ Europeanization (Radaelli 2003a: 37).

This typology will be applied as the main analytical tool in the empirical chapters of the thesis. It provides a reference scale for change and will serve to distinguish the relative significance of EU-induced effects at the domestic level and evaluate the degree of change using a standard set of criteria, thus facilitating comparison of the EES impact across the policy areas examined in this thesis. It has the advantage of being widely used in the literature (cf. Börzel 2005; Radaelli 2003; Zeitlin et al. 2005; Heidenreich and Zeitlin 2009; Graziano et al. 2011; Graziano and Vink 2008). Its wide use offers comparability between this thesis and other studies following the same theoretical approach. The typology has a few limitations. In particular, the categorisation of outcomes in specific empirical cases may be a matter of judgment and therefore dispute. Moreover, what may appear to be relatively modest outcomes could mask high or complex levels of prior activity (cf. Radaelli 2003). Nevertheless, as a measure of magnitude it offers a sense of the significance of EU causal effects - answering the ‘so what?’ question – while other, more hidden and short-term effects need not necessarily be discounted. The table below summarises this typology.

Table 1.7: Typology of Europeanization outcomes

Type of Europeanization outcome	Definition
Inertia	No change
Absorption	Pre-existing programs are partially changed
Accommodation/Upgrading	Entire programs are changed or new ones are introduced
Transformation	The goal of national employment policy is replaced by the EES stimuli – a paradigm shift
Retrenchment	Greater distance between domestic and EES policy goals

Source: Author's analysis of the typology of Europeanization outcomes

To further specify the evaluation criteria in measuring the EES-induced change using an ordinal scale, the above typology is combined with Peter Hall's (1993) typology of policy change to produce a three point scale of change (excluding no change and retrenchment). Hall describes three types of policy change (1993: 278):

- First order change: the settings of policy instrument are changed while the basic types or categories of instruments and overall goals of policy remain the same;
- Second order change: in addition to the settings settings the basic types or categories of instruments are altered even though the overall goals of policy remain the same;
- Third order change: all components of policy are changed; in addition to instruments and settings the entire hierarchy of goals behind policy is altered.

It should be noted that the term 'settings' does not mean the location of a policy instrument but the instruments' contents or component parts (for a more general critique of Hall's (1993) typology, see: Howlett and Ramesh 2003: 146). Hence, first order change refers to the alteration of some parts of an existing policy or agenda, second order change refers to the change of the instruments of a policy or the

terms of the agenda and third order change refers to the change of the goals of the policy/agenda. For the thesis' empirical case studies the evaluation criteria of EES-induced change are defined through a combination of the Europeanization outcomes typology and Hall's (1993) typology of policy change as follows.

- First order change will refer to absorption: a change in some parts of an existing employment program;
- Second order change will refer to either accommodation or upgrading: in addition to the above, existing programs will be changed in their entirety, either through the complete alteration of an existing program (accommodation), or the introduction of a new program (upgrading);
- Third order change (transformation): includes not only change in parts of existing programs or the introduction of new programs but also change of the core employment policy's goals.

This combined classification is summarised in the following table.

Table 1.8: Change scale based on the typologies of Europeanization and Hall (1993) to evaluate EES-induced change

Change scale	Type of Europeanization outcome	Definition
<i>No change</i>	<i>Inertia</i>	-
<i>First order change</i> (low degree of change)	<i>Absorption</i>	Pre-existing programs are partially changed
<i>Second order change</i> (medium degree of change)	<i>Accommodation</i> <i>/Upgrading</i>	Entire programs are changed or new ones are introduced
<i>Third order change</i> (high degree of change)	<i>Transformation</i>	The goal of national employment policy is replaced by the EES stimuli – a paradigm shift
<i>Reverse change</i>	<i>Retrenchment</i>	Increased distance between EES and domestic policy goals

Source: Author's analysis of the Europeanization and Hall (1993) typologies of change

The above criteria for evaluating the degree of EES-induced change in policy content are further specified for application to each policy area as follows. In the PES

area, if the policy response to the EES PES stimuli consists in modifying part of an existing program (e.g. provision of an employability measure within three to six months) without the complete overhaul of the program then the observed change will be classified as a first order change or absorption. If the policy response to the EES stimuli leads to the complete overhaul of existing programs and/or the introduction of new ones then this change will be considered a second order change or as upgrading/accommodation. For instance, if the national PES alters its programs (accommodation) or introduces new ones (upgrading) in order to provide individualised support to the unemployed that aims to enhance their employability through consultation, training, and employment subsidies this will be considered a second order change or accommodation/upgrading. Finally, if the goals of the national employment policy are replaced by those of the EES leading to a paradigm shift in national employment policy then the EES-induced change will be classified as a third order change or transformation. In the case of the PES this will be defined as a change in the policy goals of the national PES from those present pre-EES, to a prioritisation of the main goal of the EES which is to promote the activation of the unemployed such that there will be a change from passive support to activation and from support of the unemployed to a preventative approach.

The same logic applies to the gender equality policies. If only parts of existing programs or policies are altered to include gender equality then this EES-induced change will be classified as first order change or absorption. An example of this would be the introduction of pro-gender equality goals typically favouring women, such as more funding for women in training, in existing employment policy programs. If the EES stimuli result in the introduction of new programs and/or the complete overhaul of existing programs that incorporate the principle of gender mainstreaming then the change will be classified as second order or upgrading/accommodation. For instance, if a (new or an existing but modified) program provides a holistic approach to gender equality and offers impact assessment with regard to gender equality, then this EES-induced change will be considered as a second order change or accommodation/upgrading. Finally, if the EES-induced change results in the replacement of the existing goals of national employment policy such that gender mainstreaming becomes prioritised as the key strategy to promote gender equality within national employment policy then the change will be classified as third order change or transformation. This will be equivalent to a paradigm shift in the goals of the national employment policy with regard to gender equality

promotion. The same criteria apply to the other areas of gender equality policies (reconciliation of work and family life and pay gaps).

Similarly, if parts of the existing employment policy programs are altered in order to incorporate the EES flexicurity stimuli then the EES-induced change is perceived as first order change or absorption. For instance, if flexibility inside the firm is promoted without further flexibilisation of the working arrangements of insiders then this change will be assessed as first order or absorption. If existing laws are completely overhauled or new ones are introduced then the observed EES impact is classified as second order change or upgrading/accommodation. For example, the promotion of a new employment policy where insiders have less security and outsiders less flexibility because of the EES then this change will be understood as second order or accommodation/upgrading. Finally, if flexicurity becomes the main goal of national employment because of the EES, then the EES-induced change is classified as third order change or transformation. In this case, employment policy will be completely reconfigured to promote flexicurity which will be the new paradigm for national employment policy.

Finally, the same evaluation criteria will be applied to the domestic agenda of national actors in order to measure the EES impact on the agenda-setting (problem recognition). If only existing parts of the agenda are changed then the observed EES-induced change will be a first order change or absorption; for instance, if domestic actors already favour activation/gender mainstreaming/flexicurity but alter their problem recognition due to the EES (e.g. by including new problems/issues) then this will be a first order change or absorption. If new goals are introduced or existing parts of the entire agenda are altered then the EES-induced change will be classified as second order change or accommodation/upgrading. An example of this change can be the inclusion of a limited number of EES goals (e.g. promotion of activation by PES/flexicurity) without altering their core pre-EES agenda. If the EES stimuli completely replace their pre-EES national agendas then the observed Europeanization outcome will be third order change or transformation. In this case, domestic actors will be seen to adopt an entirely new agenda resulting in a paradigm shift of their problem recognition in line with the EES stimuli. For instance, if actors who had first opposed EES goals, or had never considered activation, gender equality or flexicurity to be a priority for national employment policy subsequently change their agenda and adopt that of the EES, this will constitute third order change or transformation.

2.2. Independent variable: the European Employment Strategy (EES)

The independent variable is the EES which is conceived in this thesis as being composed of two kinds of stimuli:¹⁷ (i) soft law instruments (EES guidelines, country specific recommendations and benchmarks); (ii) financial conditionality (funding from the ESF (Lopez-Santana 2006; Jacobsson and West 2009; Weishaupt 2009; see also section 2.2.3. of chapter 2). The ESF provides funding in accordance with the Structural Funds' Regulations which since 2000 have been aligned with the EES soft law. Thus, the ESF operates as the EES' financial tool, since member states are obliged to comply with the ESF regulations to receive funding. This conceptualisation of the EES diverges from most of the literature on the topic as the EES is usually treated primarily as a soft law instrument (cf. Hodson and Maher 2001; Regent 2003; de la Porte 2002; for a review, see: Trubek and Trubek 2005; Kroger 2009b; Borrás and Radaelli 2010). The benefit of this understanding is that it encompasses all possible EES stimuli when examining the domestic impact of the EES.

The EES began to take form after the Essen European Council (1994). It was the tool to implement the goals outlined in the 1993 White Paper on Growth, Competitiveness, and Employment. The next milestone in the development of the EES was the Treaty of Amsterdam where an agreement was reached on the form of EU employment policy: the multilateral process associated with EMU would be adapted to employment policy (de la Porte 2002: 46). The process envisaged in the Employment Chapter of the Amsterdam Treaty was operationalised during the Luxembourg European Council and was repeated on an annual basis. This process constituted a crucial element of the distinctive nature of the EES and entailed five stages: the European Commission, following the Spring European Council conclusions, proposes the Employment Guidelines which set out common priorities for member states' employment policies after being adopted by the Council; member states draw up a National Action Plan (NAP) (until 2005) or a National Reform Programme (NRP) (after 2005) in which is described how these Guidelines are going to be implemented nationally; based on a *Joint Employment Report* of the Commission and Council, the European Council examines the employment situation

¹⁷ The term stimulus refers to all aspects of the EES (guidelines, recommendations, benchmarks, and ESF funds) that may bring about / trigger change of national employment policies. As will be discussed below and in Chapter 2, the EES stimuli are not constant or the same across the three examined policy areas and over time.

and may decide, by qualified majority, to issue country-specific Recommendations upon a proposal by the Commission; the Commission reviews the progress made at both national and Community levels - based on regular monitoring and on evaluation of the implementation of the member states national programmes - and publishes an *EU annual progress report*.

The policy content of the EES was defined through the EES guidelines and the subsequent benchmarks which were introduced to monitor member states' progress. The EES was modified twice - in 2003 and 2005 - in order to improve its efficiency. However, these reforms are likely to have weakened the EES soft stimuli and therefore the EES domestic impact on member states' policies (see below). The first set of (nineteen) European Employment Guidelines was structured along four pillars (Rhodes 2005): *Employability* (more training; transition to activation measures and the easing of school-work transitions); *Entrepreneurship* (business start-ups; employment friendly taxation); *Adaptability* (modernising work organisation); *Equal Opportunities* (promotion of GM; tackling gender pay gaps; reconciliation of work and private life; aiding reintegration of the long-term unemployed and disadvantaged groups). In addition, a set of quantitative targets were established during the Lisbon Summit of 2000 that had to be reached by 2010: 70% overall employment rate; 60% employment rate for women. Finally, in the Stockholm summit of 2001 the target of 50% employment rate for older workers was established. After 2003, however, the four pillars were replaced by three overarching objectives: *full employment*; *quality and productivity at work*; and *cohesion and an inclusive labour market*. These were to be achieved through action along ten '*priorities for action*' (Council 2003; see also: Rhodes 2005). Even though most of the 1997-2002 EES soft stimuli remained intact, they were somewhat weakened. After 2003 the gender equality soft stimuli lost their 'visibility'. In the 1997-2002 period gender equality was one of the four EES pillars while after 2003 its status was reduced to a single guideline out of the ten that formed the EES stimuli (Rubery et al. 2005; 2006). In addition, the EES soft law time-frame also changed as the European Council decided that, instead of annual evaluations of the implementation of the guidelines, the EES would acquire a three-year perspective – allowing for more leeway for member states to reach the required targets and policy goals (Rubery et al. 2005; 2006).

The EES was revised again as part of the 2005 Lisbon re-launch following the recommendations of the Kok report (EC 2004). The 2005 revision intended to make the EES more effective by reducing the number of EES guidelines and integrating the

EES with the Broad Economic Policy Guidelines (BEPG) in order to simplify the process. As a result, the EES was renamed the 'European strategy for growth and employment'. However, it can be argued that instead of increasing its effectiveness and potential influence on national employment policies, the 2005 revision resulted in even weaker EES soft stimuli relative to the 2003 reform. More specifically, the integration of the EES with the BEPG meant that the document outlining the member states' reforms to incorporate the EES guidelines was renamed to National Reform Programme for Growth and Employment indicating a double focus on economic and employment policy. Subsequently, member states had to respond in the same document for macro and micro economic issues as well as issues about employment. This double priority, however, was not equally balanced as most EU countries drafted their NRPs by clearly downplaying employment issues (Fagan et al. 2006; Rubery et al. 2006). In addition, instead of reporting specific policy measures, member states were allowed to report general policy priorities. As a result, member states had licence to report vague statements without the need to include specific reforms as evidence of their response to the EES soft stimuli. Further, the gender equality guideline was completely removed from the EES. In other words, the EES's prioritisation of gender equality declined over the period of study (Mósesdóttir 2011: 41-42). After 2006 the notion of flexicurity became the new EES mantra and member states were asked to examine ways of incorporating flexicurity into their labour markets (EC 2007a; Gray 2009: 48 – see section 2.2.3 below and Chapter 7).

As mentioned above, this thesis will focus on three policy areas (activation of the unemployed through the PES, gender equality policies, and flexicurity). As will be discussed in the empirical chapters (Chapters 3-7), these areas constituted some of the most important EES stimuli for member states and are described briefly below.

2.2.1. Activation of the unemployed by the PES

The 1990s saw a revival of enthusiasm for active labour market policies (ALMPs) which refer to work, training or other programmes aimed at securing work for the unemployed or higher earnings for those already in employment (cf. (Robinson 2000). Thus, the activation of the labour market refers to the move towards active measures and away from passive measures which refer to the payment of unemployment and related benefits. PES constitute a key organisation through which activation of the unemployed can be implemented (Robinson 2000: 13-14).

The EES activation stimuli were included mainly in the first two EES guidelines during the 1997-2003 period (cf. Stiller and Van Gerven 2012). These concerned the activation of the unemployed by the PES in order to shift the focus of employment policy from support of the unemployed to the prevention of long-term unemployment. More specifically, according to the the first two 1997-2003 guidelines (see also Chapters 3 and 4), the incorporation of the activation paradigm into member states' employment policies necessitated the offer of a personalised 'new start' in the form of employment, training or other employability measures to all unemployed individuals. This new start had to be provided to every young person within six months of registered unemployment and every adult within twelve months of registered unemployment. Hence, the activation of the unemployed by PES reflects the shift in the policy approach of the PES from providing passive support (reaction to unemployment) to active support (prevention of long-term unemployment) via the offer of this personalised new start within a pre-specified time-frame (Stiller and Van Gerven 2012: 121).

As will be discussed in Chapter 3, the activation of the unemployed through the PES aims to promote the concept of 'mutual obligations', namely the reciprocal responsibility from both parties (state and the unemployed) to comply with certain criteria. On the one hand, the state is obliged to prevent the newly registered unemployed from becoming long-term unemployed (LTU) by giving them a job offer, training or a placement opportunity. For their part, the unemployed are obliged to actively aim to re-enter the labour market as soon as possible. This can be achieved by not declining jobs, placements, internships or training that the PES suggests to them as beneficiary for their labour market reintegration. In addition, the PES is to offer 'personalised' or 'individualised' services to the unemployed, which is achieved mainly by providing individually tailored services to each unemployed person in order to assist them in re-entering the labour market. The tailored services should be 'integrated' or 'holistic' as they should include a multi-faceted set of measures providing financial, educational and psychological assistance to the unemployed.

2.2.2. Gender equality policies

This thesis will examine the three key areas in gender equality policies that the EES emphasised in order to promote gender equality in employment policy (cf. Rubery 2002; Walby 2004; Jacquot et al. 2011; Caune et al. 2011): the promotion of

GM (guideline 18¹⁸), the reconciliation of work and family or personal life (guideline 17¹⁹) and the reduction of pay gaps between men and women.²⁰ Following Rubery's (2002; 2004; 2005) categorisation of the EES gender equality stimuli, the empirical analysis will group the areas of reconciliation of work and family life and the reduction of pay gaps into the single area of *dedicated equality measures in employment policy*. Hence, in Chapters 5 and 6 the empirical analysis will distinguish between GM and gender equality measures in employment policy. The term 'gender equality policies' will be used instead of the EES term 'equal opportunities' in order to avoid unnecessary confusion since the latter is also used by the EU to promote anti-discrimination directives and the reintegration of old people into the labour market (cf. Walby 2004; Jacquot et al. 2011; Caune et al. 2011; Stratigaki 2005). As mentioned above, non-EES related stimuli such as EU directives are beyond the scope of the thesis.

The GM related EES stimuli required member states to promote gender equality in all areas of employment policy by integrating a 'gender equal' perspective into policy design, implementation, monitoring and evaluation. According to the UN Women – the United Nations' Entity for Gender Equality and the Empowerment of Women – '*mainstreaming is not an end in itself but a strategy, an approach, a means to achieve the goal of gender equality*'.²¹ The EES stimuli in the GM area necessitated member states to show that they had adopted this new approach in employment policy-making by putting gender equality on the centre-stage throughout the policy cycle. More specifically, the EES GM stimuli stressed that gender equality promotion should not be confined only to some 'women-friendly' measures (e.g. dedicated training for women) but be 'spread' or mainstreamed to all employment policy measures and all EES stimuli with a particular focus on (Velluti 2012: 97): (i) equal access to ALMPs among unemployed women and men; (ii) assessment of the gender

¹⁸ According to guideline 18 member states should ensure that they 'adopt a gender-mainstreaming approach in implementing the Guidelines of all four EES pillars [...]by providing for adequate data collection systems and procedures' (Council resolution on the 1999 Employment Guidelines as cited in Eurofound 2011). For the concept of gender mainstreaming, see: EC 2008b; Rees 1998; Beveridge and Nott 2002; Daly 2005; Rubery 2002 and Chapter 5.

¹⁹ According to guideline 17 member states should ensure that 'there must be an adequate provision of good quality care for children and other dependants in order to support women's and men's entry and continued participation in the labour market' (Council Resolution of 15 December 1997 on the 1998 Employment Guidelines as cited in Eurofound 2007).

²⁰ Since 1999 the EES has included the reduction of pay gaps between men and women as a key goal for member states and has been one of the key EES indicators for gender equality (Plantenga et al 2007: 7; cf. Plantenga and Remery 2006). The gender pay gap (GPG) refers to the difference in average wages between men and women (for the different indicators used, see Chapter 5).

²¹ Source: <http://www.un.org/womenwatch/osagi/gendermainstreaming.htm>.

impact of tax and benefit systems; and (iii) the application of equal pay for work of equal value. To facilitate this member states had to establish an appropriate monitoring system to assess how existing policies impact on the life and labour market position of both women and men (Rees 1998; cf. Rubery 2002; Beveridge and Nott 2002; Daly 2005).

The work/family reconciliation area encompasses a variety of policy options that are meant to allow parents to combine care obligations and career choices, such as parental leave, flexible working time arrangements, and childcare (cf. Fagan et al. 2006). Indeed, female employment rates and the 2002 Barcelona targets for childcare provision (which required member states to provide childcare for at least 90% of children between three years old and the mandatory school age, and at least 33% of children below three years of age by 2010) constituted the two major EES benchmarks for gender equality promotion in employment policy. However, this thesis will focus only on the promotion of public and private child care services for children below mandatory school age divided into two age groups (children under three years old and those between three years and the mandatory school age) as this is the only measure that can be attributed directly to the EES reconciliation stimuli (guideline 17 – see above; cf. Lewis 2006; Leon 2003; Rubery 2002). By contrast, the area of parental leave is included under EU directives (cf. Jacquot et al 2011; Leon 2003) and therefore falls outside the scope of this thesis as well as being linked to a completely different EU policy mechanism. As for the area of flexible working arrangements for women, it is linked to the adaptability EES stimulus as well as to the gender equality stimuli. Therefore, the establishment of a causal relationship between the EES gender equality stimuli and domestic change was deemed too problematic and was therefore excluded from the thesis investigation.

With regard to the reduction of the gender pay gap (GPG), the EES stimuli prescribed the reduction of pay differentials between men and women for both public and private sector workers (Plantenga and Remery 2006). In 2003, the EES stimuli on GPG stated that: by 2010, member states should achieve ‘a substantial reduction in the gender pay gap [...] through a multi-faceted approach addressing the underlying factors of the gender pay gap including sectoral and occupational segregation, education and training, job classifications and pay systems, awareness raising and transparency’ (Plantenga and Remery 2006: 9). According to Eurostat (and the EES) the GPG is ‘the difference between average gross hourly earnings of male paid

employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees' (Eurofound 2012).

The EU uses two indicators to measure GPG: the adjusted and unadjusted pay gap. The reduction of the adjusted and especially the unadjusted GPG requires a multi-dimensional policy response from member states. One policy avenue is to reduce direct or indirect gender wage discrimination through *inter alia* legislative measures, information about pay structures and transparent job evaluation systems (Plantenga et al 2007: 7). Another policy avenue is to reduce horizontal and vertical labour market segregation through *inter alia* educational reform where women are encouraged to opt for male-dominated professions and vice-versa. A rather popular measure is vocational guidance and new programmes as well as initiatives aiming to alter gender stereotypes (Plantenga et al 2007: 8). Vertical segregation can be reduced by policy measures (quotas or other incentives) which increase female participation in management positions. Finally, a third policy avenue is linked to broader income policy. For instance, increasing the minimum wage may help to reduce GPG as more women have low-paid jobs; likewise, more co-ordinated or centralised wage bargaining may help the reduction of GPG to assist women in the business and other employment sectors that have weak bargaining powers resulting in lower earnings than men (Plantenga et al 2007: 8).

This thesis does not attempt to cover the broader issues of gaps in educational attainment or in decision making (e.g. gender equality in politics and companies' boards). Rather, the concern is with the impact (or otherwise) of the EES on Greek and Portuguese domestic employment policies - thus, it focuses only on gender pay gaps. The thesis does, however, consider the potential gender differences in employment and unemployment levels in order to contrast the domestic contexts of employment policy in Greece and Portugal.

2.2.3. Flexicurity

The final area of investigation is the domestic impact of the EES flexicurity stimuli. As will be discussed in Chapter 7 the flexicurity EES stimuli refers to the first component of flexicurity (flexible and reliable contractual arrangements), which focuses primarily on reducing the strictness of the EPL score and the first flexicurity pathway which stresses the importance for tackling labour market segmentation between insiders and outsiders by reducing job protection to the former (flexibility) and increasing protection to the latter (security) achieving thus a more 'flexicure'

labour market. Thus, the thesis will not examine all the policy areas of the EES flexicurity multi-dimensional concept, namely lifelong learning, social security (pensions and minimum income schemes), and effective ALMPs.

This thesis puts forward four main considerations regarding the EES. First, the EES consists of a variety of soft stimuli aiming to influence member states' employment policy: the EES guidelines, quantitative targets, country-specific recommendations and the EES peer-review process. Second, in the policy areas examined the EES stimuli were neither constant nor identical (see Table 1.10), and therefore, a differential EES-induced change is expected (see below). More specifically, this thesis distinguishes between different variations of the EES stimuli in the examined policy areas by drawing on the concept of legalization (Abbott et al. 2000).²² The notion of legalization focuses more on the efficiency of policy instruments adopting a continuum between soft and hard law and has three dimensions (Abbott et al. 2000: 401):

- Obligation: the degree to which actors or organizations are '*legally bound by a rule or commitment in the sense that their behaviour is subject to scrutiny under the general rules, procedures, and discourse of international law, and often of domestic law as well.*' (Abbott et al. 2000: 401);
- Precision: the degree of how rules '*unambiguously define the conduct they require, authorize or proscribe.*' (Abbott et al. 2000: 401);
- Delegation: the degree to which third parties have the '*authority to implement, interpret, and apply the rules; to resolve disputes; and possibly to make further rules.*' (Abbott et al. 2000: 401).

Each dimension entails different degrees of commitment to the actors or institutions involved in international agreements. The thesis argues that categorising the EES stimuli in a continuum of different types of legalization instead of using a hard law/soft law dichotomy is more accurate and useful for empirical research. The EES stimuli have a low degree of legalization (see: Abbott et al. 2000: 406) as they show a low degree of obligation and delegation (see: Table 1.10). The combination of weak EU stimuli applied to critical cases (Greece and Portugal) represents the most stringent form of testing of the effectiveness of the EES as a stimulus, as it is highly

²² For the application of the concept of legalisation on the Stability and Growth Pact, see: Schelkle 2007.

unlikely for Europeanization to occur under such unfavourable conditions. Should the research findings of this study indicate that Europeanization did occur, they would demonstrate the significance of the EES as an Europeanization stimulus. In terms of obligation the EES soft stimuli are non-obligatory for EU member states as they are specifically framed as ‘guidelines’, ‘recommendations’ and ‘benchmarks’. As for delegation, the EES is concerned with coordination standards and is the result of institutional and political bargaining. In addition, despite being able to evaluate a country negatively and issue country-specific recommendations, the Commission has almost no intervening role in implementing the EES at the national level as it cannot initiate an infringement procedure (as with the EU directives) or impose any penalty or threat of penalty for defiant/negligent/indifferent member states.

However, the degree of precision varies among the EES soft stimuli in the selected policy areas (see: Table 1.10). The EES stimuli relevant to the area of PES were very precise and left little room for interpretation by member states. The EES stimuli pertaining to the policy area of gender equality policies were moderately precise as they allowed a relatively moderate space for interpretation by the member states (see: Daly 2005; Rubery 2002; Fagan et al. 2005; Chapters 5 and 6). The EES stimuli related to the flexicurity policy area had low precision: instead of specific benchmarks and policy requirements, flexicurity was less prescriptive and ambiguous (Viebrock and Clasen 2009; see also: Chapter 7). In addition, the EES stimuli in the selected policy areas differed in their ‘visibility’ (see: Table 1.10). In areas of low legalization, visibility can be important in how significant the EES stimuli are perceived by member states (de la Porte 2010: 11; Rubery et al. 2004). In this vein, although ‘activation’ and ‘gender equality policies’ were two of the four 1997-2002 EES pillars, they did not carry the same weight, since activation was the EES’s headline policy and remained so throughout most of the period examined in this thesis (see: Wincott 2003a; 2003b). After the 2003 EES reform and the abolishment of the pillar structure, the gender equality soft stimuli became weaker and disappeared altogether from the EES agenda after 2005 (Rubery et al. 2004; 2005; see also: Chapters 5 and 6). By contrast, when ‘flexicurity’ became the new EES buzzword after 2006 (cf. Viebrock and Clasen 2009; Gray 2009), it gained high visibility which lasted throughout the duration of this study.

Further, this thesis argues that the EES is not comprised only of soft law. Besides the EES soft stimuli (guidelines, benchmarks, country specific recommendations and the peer-review process), the EES stimuli include the ESF

funding. In the 1999 Structural Funds' reform, the EC regulation 1260/99²³ legislated that Structural Funds would promote the EES goals. Moreover, the ESF would constitute the financial tool of the EES. Even though the synergy is not perfect, it was after the Amsterdam Treaty and the institutionalisation of the EES that the ESF would be in accordance with the EES goals (for a discussion of the link between the EES and the ESF, see: Hartwig 2007). As a result, after 1999 all EU financed programmes (mainly the ESF and Community Support Framework (CSF)) were required to promote gender equality (as defined in the EES: gender mainstreaming and reconciliation of work and family), and to encourage the use of new policy tools, such as individualised/personalised services to the unemployed. These new EES inspired principles would be implemented in the next programming phase of 2000-2006. As a result, new programmes and services aligned with the EES would appear at the national level in 2001 and be reported in the 2002 National Action Plans. This significant time gap between the launch of the EES (1997) and the new ESF (and CSF) financed programmes (2001) is important in distinguishing the different types of Europeanization mechanism (for the mechanisms of domestic change, see: section 3 of this Chapter and Chapter 2). Since the ESF became the financial arm of the EES, *'an assessment of the effectiveness of the EES (and other OMC processes) must incorporate the ESF as part of the story; otherwise, the independent influence of the EES will be overestimated'* (Lopez-Santana 2009: 6). While the ESF role in promoting Europeanization has been recognised in a number of other studies (Lopez-Santana 2006; Jacobsson and West 2009; Weishaupt 2009; Zartaloudis 2010; Graziano et al. 2011; Verschraegen et al. 2011), this thesis contributes to the existing literature by suggesting an additional mechanism of EES influence: the ESF financial conditionality. In other words, the EES can arguably have a domestic impact on member states through the conditions set for ESF funding which, after 1999, were aligned with the EES policy goals (see section 2.2 of this Chapter and Chapter 2).

The size of the ESF and CSF funds allocated to Greece and Portugal for the period 2000-2006 and 2007-2013 is impressive by any standard and indicates the significance that these funds had for both countries (see: table 1.9). A total of 25 billion (bn) Euros²⁴ was allocated to Greece for the 2000-2006 programming period.²⁵

²³ See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31999R1260:EN:HTML>.

²⁴ Source: http://www.hellaskps.gr/Index2_en.htm

²⁵ This figure includes all EU structural funds, namely the European Regional Development Fund (ERDF), the ESF, the European Agricultural Guidance and Guarantee Fund - Guidance Section

Of this amount, 4bn Euros were ESF funds dedicated to training programmes. This represented 78% of the total national budget dedicated to training programmes which is higher than the EU average of 75% (Nardo and Koncokova 2010: 69). Moreover, more than 20.4bn Euros were allocated to Greece for the 2007-2013 programming period (EC 2008: 30).²⁶ Of this amount 4.4bn Euros were ESF funds, which represented 77% of the total national budget dedicated to training programmes (EC 2012). Around 20.5bn Euros were allocated to Portugal for the 2000-2006 programming period.²⁷ Of this amount, 7.1bn Euros were ESF funds (Nardo and Koncokova 2010: 69). This represented a lower contribution to the total national budget dedicated to training programmes than Greece and was around 65% (Nardo and Koncokova 2010: 69). Moreover, 21.5bn Euros were allocated to Portugal for the 2007-2013 programming period (EC 2008c: 12). Of this amount more than 6.8bn Euros were ESF funds which represented 72% of the total national budget dedicated to training programmes.²⁸

The EU funds for the 2000-2009 period contributed 1.2% of annual GDP in Greece and 1.6% in Portugal. The cumulative contribution of EU funds during 2000-2009 was more than 11% in both countries (EC 2010c: 249). It should be noted that the 2000-2006 programming period was expanded to 2009, covering the entire period of inquiry of this thesis, as Greece and Portugal were facing numerous problems in absorbing the EU funds (COM 2010d). For instance, by 2006 it became obvious that Greece would end up losing more than 35% of the allocated funds as in 2006 it had only absorbed 58% of the allocated EU funds (Hardouvelis et al. 2008: 29). However, by 2008 the absorption rate had increased to 80% and by 2010 Greece succeeded in absorbing all the funds of the third CSF - including those of the ESF - (Hardouvelis et al. 2010: 29). As for Portugal, it had absorbed all EU cohesion funds and more than 95% of the ESF funds (COM 2010d: 92). In addition, both countries spent around €100 per active person annually, which constituted the highest amount spent in all EU-15 member states (three times the EU25 average) making the ESF contributions a major part of the Greek and Portuguese labour market expenditures (ESF 2010: 5). The ESF was even more important for ALMPs as most of the ESF funds were

(EAGGF Guidance Section), and the Financial Instrument for Fisheries Guidance (FIFG) and the Cohesion Fund.

²⁶ Financed through the ERDF, the ESF and the Cohesion Fund.

²⁷ Source:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/00/260&format=HTML&aged=1&language=EN&guiLanguage=en>.

²⁸ Source: <http://ec.europa.eu/esf/main.jsp?catId=394>.

dedicated to their financing (ESF 2010: 6; cf. Papadopoulos 2006: 226). Given the size of the ESF contributions to Greek and Portuguese employment policy spending it can be expected that the ESF funding criteria and conditionality constituted a key part of the EES stimuli for both countries.

The allocation of funds per ESF policy area in each country gives a clearer picture of the importance of the ESF as an EES stimulus. During the 2000-2006 programming period the ESF allowed for five 'policy fields' to which funding could be allocated in member states (EC 2010e: 2): (i) developing and promoting active labour market policies; (ii) promoting equal opportunities for all in accessing the labour market; (iii) promoting and improving training, education and counselling as part of a Lifelong Learning policy; (iv) promoting a skilled, trained and adaptable workforce, innovation and adaptability in work organisation, developing entrepreneurship; and (v) specific measures to improve women's access to the labour market. Therefore, the ESF policy fields were not directly aligned to specific EES guidelines and/or pillars. Nonetheless, there was significant overlap. The first policy field mirrors the first EES pillar of employability; the third and fourth fields echo the third EES Pillar of adaptability; the fifth field mirrors the fourth EES pillar while the second field was applicable to all pillars (EC 2010e: 5).

Table 1.9 shows the allocation of ESF funds per ESF policy area for Greece and Portugal as well as the EU15 average. Both countries had similar levels of allocated ESF funds for the policy fields of Social Inclusion and Lifelong Learning. While the allocations may look different for the area of ALMPs and Adaptable Workforce, it should be noted that these ESF fields are related to similar areas of domestic employment policy, namely training and counselling programmes (EC 2010e; EC 2001). Therefore, put together these two fields represent 40% and 41% of total ESF funding in Greece and Portugal respectively. In terms of ESF funds allocated to women's participation, it appears that Portugal did not allocate any funding to this field. However, to assume that no ESF funding was allocated to gender equality promotion would be erroneous because Portugal had mainstreamed gender equality promotion in all other ESF policy fields as stated in its NAPs (Rubery et al 2004: 217; cf. NAPs 1999-2004). In any case, both countries repeatedly reported that the ESF constituted the main financial arm of their NAPs/NRPs (see also: Chapters 3-6).

Table 1.9: ESF earmarked funds per policy field during 2000-2006 as a percentage of total ESF funding²⁹			
Policy field	Greece	Portugal	EU-15
Active labour market policies	27% (1.1bn)	16% (1.1bn)	34%
Social Inclusion	15% (0.6bn)	13% (0.9bn)	15%
Lifelong learning	41% (1.64bn)	45% (3.1bn)	21%
Adaptable workforce	13% (0.5bn)	25% (1.8bn)	24%
Women's participation	4% (0.2bn)	0%	6%
Source: EC 2010e: 4			

The ESF funds included in the table above, cover the examined period of the thesis (2001-2009) and were absorbed over a timeframe consistent with the introduction of the EES and the period under study. In other words, in both countries the ESF funds were important in both absolute and relative terms and had the potential to promote EES-induced change in Greek and Portuguese employment policies through financial conditionality.

The EES stimuli differed across the examined policy areas not only with regard to their soft stimuli, but also in terms of the availability of ESF funding (see: Table 1.10). Activation and gender equality policies could utilise ESF funds since 2000, while flexicurity was based only on the weakest form of EES soft stimuli (pathways instead of a specific policy model). Flexicurity also tackled very controversial issues forming the core of labour market policy in Europe by trying to reconcile flexibility and security – something that is far from the norm in most EU countries (cf. Rhodes 2005; Sapir 2006; Esping-Andersen 1990). In other words, in the flexicurity area, the EES stimuli are the weakest and are expected to face the strongest domestic opposition. The lack of ESF funding means that in the flexicurity area the EES cannot offer support and/or oblige countries to design EU funded measures implementing

²⁹ As mentioned above, the total ESF funding during 2000-2006 for Greece was 4bn and for Portugal 7.1bn. The actual amount allocated per policy field is calculated in approximation by the author. The actual amount spent at EU-15 level is not calculated as this is an average between very different countries in terms of size and wealth and thus does not represent a real value.

flexicurity. Thus, in the selected policy areas the EES stimuli differed significantly; the main characteristics of the EES stimuli in the areas examined are summarised in Table 1.10.

Table 1.10: EES stimuli in Activation, Gender Equality Policies and Flexicurity					
	Obligation	Precision	Delegation	Visibility	ESF funds
Activation	Low	High	Low	High	Yes (post-2001)
Gender Equality Policies	Low	Moderate	Low	High (97-03) Medium (03-05) Low (05-10)	Yes (post-2001)
Flexicurity	Low	Low	Low	High	No
Source: Author's analysis of the EES Activation, Gender Equality and Flexicurity stimuli					

This study aims to examine whether the different features of the EES stimuli meant a different domestic impact on Greek and Portuguese employment policies. More specifically, the case studies allow the research to compare the effect of different types of soft EES stimuli; compare the effect of soft *versus* financial ESF stimuli; and test whether Europeanization outcomes depend on the kind of EES stimulus, the policy area, or on country-specific mediating factors. The thesis assumes that the EES will have greater impact in areas where the EES stimuli have higher precision, visibility and where ESF funding is available. In other words, it is expected that the domestic impact of the EES will be the highest in the activation area, moderate in the gender equality area and the lowest in the flexicurity area (Abbott et al. 2000; Daly 2005; Rubery 2002; Fagan et al. 2005; Rubery et al. 2004; Wincott 2003a; 2003b; and Hartwig 2007). In addition, as will be discussed in detail in the empirical chapters (3-6) Greece and Portugal experienced comparable gaps between their domestic arrangements and the EES stimuli related to activation of the unemployed by the PES and to flexicurity, although Portugal had few problems in meeting the EES targets for female employment rates as these were already high. Despite the much better employment rates in Portugal, however, both countries faced similar challenges in terms of reforming policy content, because the actual content of pre-EES employment policy was almost identical in the two countries and therefore both had difficulties in incorporating the EES stimuli.

3. Europeanization pathways and the research hypothesis

The interplay between EU stimuli and the member states' responses may be conceptualised as a process of 'Europeanization' and this will be further discussed in Chapter 2. To summarise, this thesis understands Europeanization as the impact of European integration on domestic (employment) policy. The impact is synonymous with change: Europeanization amounts to change of domestic policy because of the EU (in this thesis: the EES) stimuli. In other words, for Europeanization to occur the observed policy change should be in line with the EU (in this thesis: the EES) stimuli. The relationship between the independent (EES stimuli) and the dependent variable (Greek and Portuguese employment policies) is modelled by three mechanisms of EES-induced change or Europeanization pathways. These are extracted after a critical review of the mechanisms found in the literatures on Europeanization and the OMC (see: Chapter 2). The three key Europeanization pathways used to model EES-induced change in this study are: (i) policy learning; (ii) domestic empowerment; (iii) ESF financial conditionality (see: Chapter 2). As will be discussed in Chapter 2, these pathways are distinct but not mutually exclusive as more than one pathway may be traced in one policy area, country, or between different stages of policy-making. Hence, the hypothesis of the thesis is that *'if the EES altered Greek and Portuguese employment policy at all, it did so through one of three main Europeanization pathways: (i) policy learning; (ii) the domestic empowerment of policy entrepreneurs; (iii) financial conditionality.'*

Europeanization and OMC studies face also a number of methodological challenges in establishing causality between their independent (EU/EES stimuli) and their dependent variables (domestic policy). In the following, I will critically discuss these challenges arguing that in both cases it is possible to establish causal relationships between EU stimuli and domestic reforms.

3.1. Causality in Europeanization studies

The first argument against the possibility of establishing causal relationships in Europeanization studies is related to the concurrence of several external stimuli. In this vein, it is argued that examining the domestic impact of the EU is problematic because of the existence of parallel processes that simultaneously put pressures on the domestic level, such as globalisation and liberalisation (Haverland 2006: 135-137). Equifinality, however, is not Europeanization specific but a general problem of social

sciences. Indeed, Mill has argued that the complexity of causal relationships encountered in social enquiry limits the possibility of discovering meaningful causal relations. This raises both technical (how to isolate and measure the impact of the independent variable(s) versus alternative explanations) and ontological (whether the alternative explanations are truly distinct from each other) problems. This thesis argues that given an appropriate and rigorous research design following social science methodology causal relationships can be uncovered – even when this involves multiple variables/causes.

Regarding the technical problems, the main problem of causality is to isolate, as far as possible, a factor or a limited number of factors that appear(s) to produce - or at least are strongly associated with - changes in the dependent variable. Thus, the problem of causality becomes a problem of identifying possible ways to exclude the numerous potential confounding factors in the relationship between a set of variables (Peters 1998: 29; cf. Hancké 2009). As outlined above, this thesis adopts a ‘least likely’ research design where two similar countries are compared to explain the different policy outputs. The dependent and independent variables as well as its main research hypothesis are defined below. In order to test the research hypothesis alternative explanations (other external stimuli and purely domestic processes) will be examined and excluded. The elimination of alternative explanations as well as the linking of the EES stimuli and domestic policy changes to support the Europeanization research hypothesis of this thesis constitutes a mainstream approach in the social sciences. In other words, Europeanization will be subjected to the same methods of enquiry as other fields in the social sciences.

Another technical problem that has been raised in Europeanization studies is case selection – namely that most of the Europeanization field examines only EU countries. It is argued that in order to trace the causal relationship between EU and domestic change researchers should compare EU countries and non-EU countries: where the ‘stimulus’ (the EU) is present and where the stimulus is absent – which will constitute the control group of the study (Haverland 2006: 139). Indeed, a number of studies have employed this research design showing mixed results with regard to the occurrence of Europeanization (cf. Schimmelfennig and Sedelmeier 2004; Fontana 2011; Afonso and Papadopoulos forthcoming; Graziano et al. 2011; Rumelili 2005) showing that the experimental approach cannot necessarily provide a definitive answer. Causality between the EU and the domestic level can be uncovered without the recourse to the controlled experiment approach, which originates from the natural

sciences, and is not easily replicated in the social world (cf. Hancké 2009). Social science methodology such as before-after studies, process tracing and the triangulation of different sources of evidence are much more suitable for understanding the complex processes of policy making and impact. The findings may have a lower 'internal validity' but can produce rich data that is useful theoretically as well as in practice (Hancké 2009; King et al. 1994; della Porta 2010). This thesis follows the latter approach and argues that even without non-EU cases it is possible to establish with some level of certainty whether the EES had an impact on Greek and Portuguese employment policies.

Regarding the ontological problems of Europeanization, a key limitation of establishing causality is linked to the similarities between EU and other non-EU policies (e.g. globalisation and domestic practices uploaded at the EU level). However, this argument implies that 'uniqueness' or a *de novo* status of the EU policy is a necessary condition for establishing a causal relationship between EU stimuli and the domestic level. This seems like an unnecessarily stringent, if not impossible, condition to fulfil since most policies the EU promotes already exist in a few of the member states. For example, the OMC is designed as a tool to spread best practices across Europe; similarly, the Economic and Monetary Union (EMU) is based on the German model regarding the role of the Central Bank and the logic of monetarist policy (cf. Dyson and Featherstone 1999). In general, all EU policies have been (usually partially) uploaded by member states and are always the product of agreement between national governments. In other words, the EU stimuli in most of the cases are not *sui generis* but include many existing ideas, policies, policy making mechanisms and cultures. As a result, examining the EU stimuli's uniqueness seems futile. Nonetheless, even in the (extreme) case that an EU stimulus might be a copy of another process (international/national/sub-national) the EU influence still has an added value in explaining domestic change. For example, even if we accept that EU membership has similar effects to globalisation, as it causes the opening of an economy through the Single Market's 'four freedoms' it would be a mistake to doubt the causal impact of the EU across its member states. Similarly, although the EMU design is very close to the German monetarist model, researchers have not discounted its causal effect in promoting reforms not only across Europe but also in Germany where this design originated (cf. Dyson and Goetz 2003).

3.2. Establishing causality in OMC studies

As described in the above section on Europeanization studies, criticism against the possibility of establishing causality in the case of the OMC has been raised due to similar concerns. For example, since the EES/OMC stimuli coexist with those of other international organisations, such as the OECD (with its Jobs Strategy), that also aim to influence ideas and knowledge in policy making, it was declared impossible - or at best extremely treacherous - to attempt to distinguish between the EU and other external stimuli (Büchs 2008; Kröger 2009). One counter-argument to this is that the EU has added value even when the EU stimuli are identical to those of other organisations: if, for instance, the EU, the OECD and the International Labour Organisation (ILO) promote the same policy, but domestic policy change occurs as a result of EU related mechanisms uncovered through social science methodology then Europeanization can be accepted as an explanation of the observed policy change despite overlap in policy content with other international organisations (cf. Moumoutzis 2011). In addition, this critique neglects some key differences between the EES and the OECD stimuli identified in the existing literature: (i) the EES is different from the OECD Jobs strategy as was convincingly shown by Casey (2004) and Schelkle and Mabbett (2006); (ii) the recommendations of the OECD - contrary to EU policies - have no sticks and carrots as the EU can employ financial incentives (ESF funding) as well as other forms of persuasion and dissuasion (see section 2.2 of Chapter 1); (iii) the EES is characterised by a high level of political participation both in the policy formulation phase (through the input of the Council of Ministers) and in the monitoring process (through the annual European Council spring summits). In this respect, the EES differs substantially from the peer review process of the previous soft law in the EU, and those of the OECD where the monitoring phases are typically managed at an administrative level, and therefore, constitute an administrative and technocratic process than a political one (Borrás and Jacobsson, 2004: 189). This does not mean that other external stimuli cannot be considered as alternative explanations for domestic policy change. As described in the first chapter, in the bottom-up research design of Europeanization studies researchers start from an empirical puzzle and 'go up' trying to find an explanation for it. Hence, research can examine whether Europe, the OECD, or any other external variable or domestic actors' agenda can explain any given empirical puzzle.

The second criticism levelled at the possibility of establishing causality between the EES/OMC and domestic impact concerns the EES/OMC decision making-process: examining the impact of the OMC on member states is futile since: (i) the EES guidelines and country recommendations are voted by ministers or heads of state in the (European) Council; (ii) national actors upload their preferences to the EU level (Büchs 2008). However, the fact that national governments are key in defining the EES stimuli (cf. de la Porte 2011), does not necessarily mean that examining its domestic impact is conceptually or methodologically problematic. Arguing so may result from a misinterpretation of the EU decision-making processes. For instance, in both Unanimity and Qualified Majority Voting (QMV) member states rarely impose their will on others since most of the time a consensus is achieved among different voices (cf. Hix and Hoyland 2010; Tsebelis and Garrett 2000; Tsebelis and Garrett 2001; Tsebelis G. et al. 2001; Hayes-Renshaw et al. 2006; for a similar argument on the theoretical and methodological issues of Europeanization studies, see: Moumoutzis 2011 and Moumoutzis and Zartaloudis 2010). The two existing in-depth studies of the EES meetings (Deganis 2006; Thedvall 2006) agree that the EES stimuli are the result of a fluid process where two loose coalitions of member states (one liberal and one pro-social model one) try to shape the EES agenda. These discussions are based on a consensual and deliberative spirit (Deganis 2006: 27). In other words, the fact that the Council is central to the EES, says nothing about its potential influence or not. A scientific analysis can then examine whether and, if so, to what extent any given member state downloaded the EES stimuli.

In a similar vein, the OMC has been critiqued as being too vague and non-binding (Scharpf 2002), and a gratuitous evasion of commitment and accountability that characterizes the Community Method (Chalmers and Lodge 2003). The logical question that follows is why national governments raised expectations and engaged in 'cheap talk' which may end up being politically costly (Schelkle 2005: 150). OMC 'sceptics' respond that the EES/OMC is another incidence of the 'new politics of welfare state' (Pierson 1996; 2000) where domestic actors use it opportunistically as a scapegoat to promote their agenda of unpopular welfare retrenchment. The role of the EU, therefore, is not causal; it is merely a tool in the domestic arena for pro-reform governments against domestic opposition rendering the EU's importance marginal and/or false.

This critique also has a number of weaknesses. If the EES were to be used as a scapegoat in domestic reforms then it would have a causal role as one could argue

that without it, EES-related reforms would not go ahead. So while the EES may not be a sole cause in bringing about change it is a necessary one for reform to occur. However, scapegoating may not accurately depict the role of the EES in any case. It would be unlikely for national actors to claim that the EES makes change inevitable (and therefore use it as a scapegoat) as governments are not legally obliged to follow the EES recommendations. In addition, a number of Europeanization studies have shown that the EU can alter the structure domestic opportunities and lead to external empowerment (see Chapter 2) so what is labelled as a scapegoating process may more accurately be described as a process of empowerment.

In sum, this section argued that not only is the examination of the EES' domestic impact possible, but also that research in the field should include alternative (external and domestic) explanations.

4. Methodology

In testing the hypothesis of the thesis and the different Europeanization pathways, the empirical inquiry will not presume an Europeanization effect *a priori*. It will follow a 'bottom-up' approach (Exadaktylos and Radaelli 2009). Accordingly, this thesis will begin its research from the puzzling reforms mentioned above and will investigate whether, how and to what extent the EES had a role in these reforms without excluding other variables. Indeed, in order to establish causality between the EES and domestic developments this thesis will test its proposed hypothesis against alternative explanations. As will be discussed in chapter 2, the main alternative explanations will be other international influences (namely the United Nations (UN) Beijing Action for Women and the OECD Jobs Strategy) and/or purely domestic explanations, such as existing (pre-EES) preferences and non-governmental actors (trade unions, NGOs, activists) demanding governmental action which led to these policy shifts. Empirical evidence confirming these alternative explanations would be: (i) the existence of a pre-EES domestic agenda that would define the observed policy change (for instance, an electoral promise made by the ruling party and subsequently implemented in the form of the examined policy shifts); and/or (ii) a policy change that was implemented as a response to a non-EES stimulus as apparent in the content, temporal sequence and rationale of the reform in question (for instance, domestic change would be consistent with the requirements of a non-EES stimulus and the events related to the change would show a weak association with the EES stimuli).

The main methodology employed will be that of process tracing (cf. Van Evera 1997 and Checkel 2005). This method focuses on the examination of the chain of events and temporal sequences between the independent and dependent variables. In this respect, the thesis will examine domestic policies and agendas before and after the introduction of the EES stimuli and will ‘go up’ to find whether the EES can explain the puzzle of this thesis (Exadaktylos and Radaelli 2009: 510). Process tracing is usually supported by the following tools: qualitative content analysis of official documents, media, academic and specialist publications; the examination of temporal sequencing of events and decisions; and interviews with key informants (in total 44 interviews were conducted; for a list of the people interviewed, see: Appendix I).

Consequently, the empirical study will triangulate different forms of evidence and methods by taking into account the following:

- Primary evidence from:
 - Semi-Structured interviews with key policy makers, informants, experts and trade unionists using a voice recorder complemented with personal hand-written notes. All quotes included in this thesis were recorded using a voice recorder. The Greek quotes are exact transcripts translated to English by the author of the thesis. The Portuguese quotes were recorded in English and are included as exact transcripts. The interviewees gave their consent for the use of their quotes and attributing the quotes to them.
 - The target population was defined as individuals involved directly (policy makers and advisors) or indirectly (experts) in the policy making process in Greek and Portuguese employment policy. The population did not include those who were not involved in the policy process (e.g. NGOs, research institutes, and most social partners) or those who were the target of employment policy (e.g. the unemployed). The study population was defined as such because the focus of the research is on Europeanization pathways (whether, how and to what extent the EES affected domestic policy making) and not on the social impact or implementation of policy public policy. As will be discussed in Chapter 2, the EES and the plausible pathways of EES-induced domestic change are characterised by close-knit groups of policy makers which rendered the process elitist according to most of the literature. As will be shown in the empirical chapters (Chapters

3-7) and discussed in the conclusions (Chapter 8) the elitist nature of the EES was corroborated by the empirical evidence collected in the thesis.

- Purposive sampling was used to select the sample of interviewees from the population of individuals involved in the policy process. The sample was identified by using the snow-balling technique. This technique has been used in research to locate subjects belonging to concealed and hard-to-reach populations, such as the deprived, the stigmatised (e.g. drug addicts) and the elites (Atkinson and Flint 2004). The main principle of snowballing is that researchers use informants to suggest other cases and informants that would be useful to be included in the study (Kemper et al. 2003). This technique is deemed appropriate to penetrate the unknown and rather close-knit ministerial elites involved in Greek and Portuguese policy making.
- EU documents and OECD reports published in the period of mid-1990s until 2012 (e.g. National Action Plans and evaluation reports);
- National Governments' documents including laws, reform announcements, policy papers and any other related material to the case studies of the thesis;
- Party manifestos and key national policy documents which referred to the case studies of the thesis;
- All relevant reports from the European Foundation for the Improvement of Living and Working Conditions (Eurofound);
- Speeches and statements made by members of government, opposition and social partners;
- Parliamentary debates;
- Secondary evidence from the academic and policy literature.

The research was conducted in three main stages. The first included a preliminary review of the existing academic and policy literature on the EES and its effects on member states' policy (Europeanization). This led to the identification of a significant research gap in the cases of Greece and Portugal. In addition, the literature revealed a number of reasons why both countries represented two least-likely cases of EES-induced Europeanization as discussed in section 1 of this chapter. To address the research gap on Greece and Portugal and their response to the EES, primary data was collected through interviews with key informants. Additional empirical evidence was collected through an extensive online search for secondary and primary documentary

evidence (sources included the Eurofound database, and the EU's web-portal Europa.eu.) as well as documents cited by the interviewees in this study. Interviewees were specifically asked to indicate public documents in which their or their party's positions were outlined. Further, national press documents were reviewed using the databases of Kathimerini and TO VIMA newspapers in Greece and the databases of Público and Diário de Notícias in Portugal.

The second stage was the implementation of the fieldwork which was comprised of the conduction of interviews. A total of forty four interviews were conducted during March-June 2009 in Greece and March-June 2010 in Portugal. Between these two periods, some interviews were conducted in Brussels during September 2009 and July 2010 with Greek and Portuguese representatives to the EU institutions respectively identified through the snowballing technique. Finally, the third stage involved the combination of the interview data the primary and secondary documentary evidence, and the examination of the material against the conceptual model described in the next chapter.

5. Scope and limitations of the research

Unsurprisingly, the project has certain limitations. The study design is limited to two countries and three policy sectors in its comparative method which limits its generalisability (cf. Héritier 2001). For instance, it is unlikely that the findings of this study will be applicable to countries with very different characteristics from those of Greece and Portugal. These include countries with a very efficient political system and bureaucracy; a very developed welfare state; a very active and strong civil society; a developed policy community; and citizens and elites holding a Euro-sceptic stance (cf. Graziano et al. 2011). However, the findings of this research may be relevant for other countries on the EU periphery. The scope of this thesis will be limited to one broad policy area (employment policy) and, thus, its findings are relevant mainly to regulatory social policies less applicable to transfer policies such as pensions or taxation.

Additionally, this work does not deal with questions relating to the nature of the EU stimuli (EES and ESF) and the implications in EU governance, democracy, or legitimacy of policy making. Further, it will not examine the EES stimuli's origin. These two avenues of research go beyond the scope of this study which - as described above - is concerned with the domestic impact of the EES on domestic policy. Moreover, this thesis is not a policy evaluation study as it does not examine the

implementation on the ground of policy outputs, namely how far the policy changes made a difference in the domestic labour market (for the different types of public policy studies, see: Howlett and Maresh 2003). In other words, it seeks to be a policy agenda study which examines the reasons behind certain policy outputs rather than policy outcomes (employment/unemployment rates). The latter are affected by such a large number of variables that the delineation of the EES's impact is practically unfeasible. In addition, proceeding into a policy evaluation study is that this research avenue goes beyond the scope of this study, that is, whether, how and to what extent the EES altered domestic policy.

Another limitation of this thesis is that it has not collected fieldwork evidence from individuals who were not involved in the policy process (e.g. NGOs, research institutes and most social partners) or those who were the target of employment policy (e.g. the unemployed). The choice of the study population derived from the research question which was to trace and explain possible EES-induced Europeanization pathways. While information from these actors would have been useful for an evaluation of policy impact the latter was not the focus of the thesis.

6. Contribution

This study aims to make several empirical and theoretical contributions to the existing EES, OMC, Europeanization and comparative politics literatures. Empirically, it attempts to provide a sound explanation and better understanding in employment policy making and welfare reforms. It also aims to shed light on the impact of the EES on national employment policy making. Further, the thesis will examine different policy areas in which the EES stimuli differ. As part of its investigation of the effect of different types of EU stimuli, furthermore, the thesis will examine in depth the role of the ESF financial conditionality in promoting EES-induced reforms - something that has been neglected in the literature. The goal of this comparison is to draw general conclusions on what kinds of EES stimuli and which conditions work best to promote substantive policy change in employment policy defined as Europeanization. In addition, because Greece and Portugal belong to the world of transposition neglect and also have a significant policy gap between their domestic policies and European policy, they pose a real test for the EES's ability to influence member states' employment policy. Thus, this thesis aims to find which conditions may promote Europeanization of member states' employment policy when the EU stimuli are primarily based on soft law.

Moreover, this study's ambition is to fill an important empirical gap in the field of study. Existing literature on the EES impact on Greece and Portugal can be divided into two main categories: (i) comparative studies; and (ii) in-depth single case studies. The main comparative projects are the Govecor project (Govecor 2004; Linsenmann et al. 2007) and a number of edited volumes and special issues which tried to provide a broad account of the EES impact on member states (Zeitlin and Pochet with Magnusson 2005; Foden and Magnusson 2003; Heidenreich and Zeitlin 2009; Kröger 2009; Graziano et al. 2011). This thesis builds on these studies but also advances the field of study by tackling some of their limitations. Greece is not always included in comparative studies, while Portugal is included only in the Govecor study. In addition, most of these studies are outdated as their last year of reference is the five year assessment of the first EES period of 2003 (Govecor 2004; Linsenmann et al. 2007; Zeitlin and Pochet with Magnusson 2005; Foden and Magnusson 2003). Further, they do not follow a common theoretical and methodological framework – something that significantly limits the validity of their overall conclusions. The only comparative study available that includes both Greece and Portugal and has a time frame lasting until 2010 (see: Sotiropoulos 2011 for Greece; Zartaloudis 2011 for Portugal) does not focus on the key policy areas investigated in this thesis.

Although both countries are under-researched and excluded from most comparative research projects, there have been a few studies on the Europeanization of social policy (including employment policy) in both countries (for Greece, see: Sotiropoulos 2004b; Featherstone 2005b; Featherstone and Papadimitriou 2008; Petmesidou and Mossialos 2006; Dimitrakopoulos and Passas 2003; Johnson 2003; Feronas 2007; Karamessini 2006; Ioakeimides 2001; for Portugal see: Guillen et al. 2003; 2001; Silva 2009; 2011). In addition, there have been some in-depth studies on labour market and pension reforms in Greece (Featherstone 2005b; Featherstone and Papadimitriou 2008), on GM in Greece (Karamessini 2006), a number of comparative studies from the Expert Group on Gender, Social Inclusion and Employment (EGGSIE) on the measures included in the NAPs/NRPs for GM in all EU members (Rubery et al. 2005; 2006; 2007), two papers on the impact of the EES in Greece (Johnson 2003 and Feronas 2007). Besides Karamessini who examined the promotion of GM in Greece until 2002 and Silva who examined the Portuguese PES reform, none of the aforementioned investigations focus on the policy areas of the thesis. This thesis will build on these studies and try to advance the existing literature.

Conclusions

The EES was introduced in 1997 with the aim of promoting a stronger role for the EU in the co-ordination of member states' employment policies. As the significance of the EES has been hotly debated in the literature, this thesis aims to explore its impact on two cases that are least likely to show evidence of significant EES-induced change. This chapter outlined the main components of the thesis: it presented the puzzle and case studies; it described its variables, conceptual framework and research hypothesis; and discussed its research methodology, limitations and contribution.

The outline of the remainder of the thesis is as follows. Chapter 2 will provide the theoretical framework of this study by critically discussing the Europeanization and EES/OMC literatures and justifying the conceptual framework of this work (briefly described in section 2.3 of this chapter). Chapter 2 will also argue that establishing causality in Europeanization and OMC studies is possible though some of the suggested EES-related Europeanization mechanisms are problematic in examining this area. Chapters 3-7 contain the empirical research conducted as part of the thesis investigation: Chapter 3 will examine the Greek PES reform, arguing that empirical evidence indicated that the EES altered the Greek PES significantly via the ESF conditionality; Chapter 4 will study the Portuguese PES reform arguing that according to the research findings it appeared that the EES transformed Portuguese employment policy by empowering a group of policy entrepreneurs aiming to alter Portuguese social (including employment) policy; Chapter 5 will discuss the Greek gender equality reforms arguing that -similarly to the Greek PES case- it appeared that the EES promoted gender equality in Greek employment policy through the ESF conditionality; Chapter 6 will focus on the Portuguese gender equality reforms arguing that the empirical evidence suggested that the EES impact occurred through the empowerment of a group of pro-gender equality experts; finally, Chapter 7 will examine the Greek and Portuguese flexicurity cases arguing that the evidence collected in the fieldwork suggested that the impact of the EES in both countries was very low. Chapter 8 will conclude by discussing the thesis findings, contributions and implications to the field of study and the limitations of the findings.

Chapter 2: Theoretical Framework

Introduction

This chapter provides the theoretical framework of this thesis. It first critically reviews the Europeanization and Open Method of Coordination (OMC) literatures and presents the conceptual choices of this study. The second part of this chapter scrutinises Europeanization's and OMC's causal mechanisms. Here, I argue that a number of them are not so useful in examining the impact of the EES on member states; hence, I propose that there are three key mechanisms for the impact of the EES on domestic policy.

1. Europeanization: conceptualising the domestic impact of the European Union

In order to examine the impact of the EES on domestic employment policy this thesis uses the Europeanization approach. This study will not employ the traditional compliance approach (cf. Falkner et al. 2005; Falkner and Treib 2008; Schimmelfennig and Sedelmeier 2004) as the EES stimuli are based on soft law, which are not legally binding and therefore do not produce an adaptational or compliance necessity. Consequently, any identifiable EES-induced change cannot be the result of compliance but of a more voluntary and open-ended process of (EU-induced) change which can be best conceptualised using the Europeanization approach. This section discusses the Europeanization literature, arguing that studies using the Europeanization concept require the researcher to make a set of analytical choices. The notion of Europeanization, is quite recent in the academic literature (for a detailed study of the history, usage and typology of the term, see: Featherstone 2003; Dyson and Goetz 2003; Olsen 2002). Even though the concept became increasingly popular, it faces some existential problems: few writers have sought to define its precise meaning (Featherstone 2003: 12); it did not develop as a theory; and it has been used as heuristic concept that has evolved in a variable and open-ended way to accommodate the need of scholars to capture the complex changes that result from European integration (Dyson and Goetz 2003: 14). This variety and the

contradictory perspectives used to define the term, bring to mind Puchala's (1972) classic metaphor of the blind men and the elephant.

More specifically, the term has been used to describe both uploading and downloading processes. According to the literature, these two perspectives are not mutually exclusive. Börzel (2002) and Bulmer and Burch (2001) argue that Europeanization is a two-way process. Member states upload their preferences to Brussels via complex negotiations and download them from various EU policy menus (as cited in Radaelli 2003: 34). Likewise, Goetz (2002: 4) argues that *'Europeanization is circular rather than unidirectional and cyclical rather than one-off'*. This thesis, however, adheres to Radaelli's view that in analytical terms a distinction should be made between the process leading to the formation of a certain policy, and the reverberation of that policy in national arenas because unless this distinction is drawn, Europeanization *'would be exactly the same as the concept of 'EU policy process', which included both uploading and downloading'* (2003: 34). In addition, in this thesis uploading is not perceived as compatible with the notion of Europeanization as this has been the focus of other theoretical approaches of European integration, namely neo-functionalism and (liberal) intergovernmentalism (cf. Radaelli 2003; Moumoutzis 2011).

Europeanization as downloading can be seen in two perspectives (Dyson and Goetz 2003: 14-16): the top-down and the bottom-up. The top-down approach focuses on the changes induced at the domestic level as a consequence of the 'misfit' between the European and the national levels. The bottom-up approach focuses on domestic opportunity structures and illustrates how domestic actors make use of the EU in order to promote their own agenda and legitimise policy reforms, develop new policy solutions or minimize the costs of the implementation of European policies (Börzel 2005: 63). Consequently, this thesis makes the following conceptual choices. It understands Europeanization as a downloading process of EU policies. In addition, it adopts Radaelli's definition which states that Europeanization refers to (2003: 30):

Processes of (a) construction, (b) diffusion, and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, 'ways of doing things', and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and then incorporated in the logic of domestic discourse, identities, political structures, and public policies.

Radaelli's definition offers a number of advantages in the study of the impact of the EES on domestic employment policy. It has a clear downloading focus, stresses

the importance of change, and encompasses all types of EU stimuli for domestic change by referring to 'EU public policy' (including those which are not targeted towards law making, such as the OMC). It also stresses the making of policy, without assuming that there is a coherent layer of EU decisions from which Europeanization descends. This allows for the examination of Europeanization in soft law areas where member states have significant freedom in the downloading process. It restricts Europeanization only to EU level developments in policy by ignoring processes that go beyond the EU dimension, such as the development of the European identity and culture, the imitation and transfer of policy between EU countries without the involvement of the EU (Radaelli 2003: 30-31). Thus, Europeanization refers to EU induced domestic change in discourse, identities, political structures and public policies.

However, the aforementioned definition has some limitations. Featherstone (2003) offers a succinct critique by highlighting three main problems: first, the focus on construction, diffusion and institutionalisation is wide-ranging; second, the emphasis on phenomena which start at EU level and then affect the domestic level '*begs a 'chicken and egg' question: which comes first? Or, who is affecting whom?*' (2003: 18); third, the notion of logic of domestic policies, discourse and structures is ambiguous. To overcome these shortcomings construction, diffusion and institutionalisation of EES stimuli were defined in terms of its dependent and independent variables (see: Chapter 1). Additionally, an analytical distinction is drawn between the creation of EU stimuli and their effect on domestic policy. The focus is not on how EU stimuli were constructed but their domestic impact. Moreover, the fact that member states participate in the formulation of EU policies is not necessarily an ontological limitation of Europeanization research (see Section 3.1 of Chapter 1). Further, the case studies chosen to answer the research question of the thesis (as well as other Southern, Central and Eastern European countries) are characterised by institutional and policy voids, by low policy making capabilities and a lack of state resources necessary to upload national preferences to the EU level (Dyson and Goetz 2003: 19; see also: Börzel 2002).

2. Europeanization's Causal Mechanisms

According to Börzel and Risse the main concern of the Europeanization literature is '*no longer whether Europe matters but how it matters, to what degree, in what direction, at what pace and at what point in time*' (2003: 60). This section will

try to identify the causal mechanisms through which Europe can affect member states' policies.

2.1. The standard Europeanization mechanism and its weaknesses

A number of causal mechanisms have been put forward in Europeanization studies (cf. Featherstone 2003; Börzel 2005). In summarising the literature, Börzel and Risse argue that most of them share two main propositions: first, in order for Europeanization to take place *'there must be some degree of 'misfit' or incompatibility between European-level processes, policies, and institutions, on the one hand, and domestic-level processes, policies and institutions on the other'* (2003: 58). This degree of fit or misfit creates a degree of adaptational pressure which is a necessary but not sufficient condition for expecting domestic change. Domestic change is also dependent on mediating factors (actors, and/or institutions) that respond to the adaptational pressure and either enable or resist domestic change.

2.1.1. Europeanization as a result of misfits?

The necessity of misfit in answering the question of 'how' Europe affects member states, however, is not unanimously accepted. Four key objections have been raised: (i) EU and domestic legal frameworks, institutions and public policies have no absolute existence but are open to political interpretation and negotiation; thus, fits and misfits are not given; (ii) in the uploading perspective domestic actors seek to export their preferences to the EU level, so the misfits are purposively engineered (Dyson and Goetz 2003: 19); (iii) institutional and policy voids are increasingly observed across Europe: most of the 25 member states (especially Southern, Central and Eastern European countries) joined EU without fully developed institutional and policy frameworks; (iv) the goodness of fit explanation seems to be not so suitable for the various forms of horizontal Europeanization (e.g. the EES) which, contrary to the vertical mechanisms which work through adaptational pressure, involve different forms of framing (Radaelli 2003; Dyson and Goetz 2003).

However, some of these objections are also problematic. The conditional existence of misfits does not mean that misfits are not necessary for the beginning of Europeanization as the process can start when misfits have been negotiated and interpreted. It is both theoretically and empirically impossible to assume that all negotiations between the EU and domestic actors always conclude with an agreement resulting in a fit between EU and national arrangements. Moreover, the obstacles that

policy voids pose to the Europeanization pressures should not be underestimated. For instance, a policy void may exist in the area of gender equality (lack of gender equality promotion) but it is not possible to know in advance whether this is a result of underdevelopment or of a deliberate choice due to cultural and socio-political reasons. Thus, as policy voids exist for specific reasons that may result (especially if they exist for cultural, political or other reasons that go against EU policies) in a clash between EU stimuli and domestic arrangements. In other words, policy voids are considered to be a type of policy misfit between EU and domestic arrangements.

However, the question is not whether a misfit exists or not but whether there is a concept that can encompass all potential EU-domestic inconveniences. Although the traditional definition of misfit is not directly applicable to soft law policy areas since soft law is non-coercive and the ECJ does not have any authority in its implementation, the concept is useful to identify any possible differences or gaps between EU and domestic arrangements. Therefore, in this research the existence of a misfit does not imply a deterministic adaptational pressure for member states: even though there may be a misfit between EU and national arrangements this difference does not entail a justiciable misfit, or an ensuing pressure for member states to act in order to resolve it. Rather, in this definition member states are able to interpret misfits, use them according to their existing agenda negotiate them or even ignore them.

2.1.2. The different logics of EU-induced change

The second part of the traditional Europeanization mechanism is related to the different approaches in understanding the context under which Europeanization takes place. In summarising the literature on the causal mechanisms of Europeanization, Börzel and Risse (2003) argue that there are two main logics of domestic change emanating from the theoretical traditions of rational and sociological institutionalism (see: March and Olsen 1989, 1998; Hall and Taylor 1996). Both approaches focus on domestic (intervening) actors and on the EU's impact on their environment and behaviour. Studies drawing on rational choice institutionalism perceive EU-induced change as an emerging political opportunity structure which redistributes the available resources in the policy arena between actors. This redistribution results in a differential empowerment to rational profit maximizing domestic actors: European policies offer additional resources to some in exerting influence while others face additional constraints in pursuing their interests (Börzel and Risse 2003; Börzel

2005). Consequently, domestic change is the result of actors behaving rationally after EU-induced differential empowerment. Whether, and to what extent, this will occur depends on the capacity of domestic actors to exploit these opportunities and avoid the constraints. Two mediating variables influence these capacities. First, veto points: the more power is dispersed and the greater the number of actors that have a say in the political system, the harder it will be to form a winning coalition which is necessary to introduce the Europeanizing pressure (Tsebelis 1995; Haverland 2000; Héritier et al. 2001). Second, facilitating formal institutions: when these exist they may provide domestic actors with material and ideational resources to exploit new opportunities, leading to an increased probability of change (Risse, et al. 2001). These resources may be material, such as utilizing European funding to facilitate change or ideational, such as importing ideas to the same end (Börzel 2005: 53).

However, this framework perceives the preferences of national governments as constants or given. They are stable before and after the EU differential empowerment as the role of the EU is to change the balance of power between rational actors. Treating preferences as secondary derives from the 'logic of consequentialism' which the rationalist account uses (March and Olsen 1984; 1998). Moreover, Europeanization studies using this framework assume the existence of a misfit between EU and national level which creates adaptational pressure. Thus, the context of action is defined and redefined by the 'goodness of fit'. However, in the case of the OMC this is not applicable as neither justiciable misfits nor adaptational pressures exist. As a result, it is up to national policy makers to promote change or ignore the EES stimuli. In other words, the 'differential empowerment' logic of domestic change in areas where there is no justiciable misfit is not automatic but dependent on whether it is highlighted by domestic actors (Dyson and Goetz 2003).

However, in areas where there is no automatic redistribution of resources - as in the EES - and active involvement of domestic actors is required to the change of domestic opportunity structures, Kingdon's (1984) model of policy windows provides a very useful theoretical framework for empirical research. According to this model, policy entrepreneurs exploit agenda-setting opportunities (policy windows) to move items onto formal governmental agendas. Such opportunities can be seized upon or not by policy entrepreneurs who are able to recognize and act upon them (Howlett and Maresh 2003: 135). Kingdon argues that there must be a combination of at least two of the three sets of streams for an issue to become policy: problem streams (problem recognition); policy streams (examination and choice of solutions) and

political streams (change in governments, national mood and interest group campaigns). For Kingdon it is up to 'policy entrepreneurs' to link policy problems, solutions and opportunities. Policy entrepreneurs may be politicians, civil servants or pressure group leaders with issues they want to put on the public agenda – just like 'surfers waiting for the big wave' (Kingdon 1995: 225). When these policy entrepreneurs achieve this linking a policy window is opened and public policy begins. The existence of policy entrepreneurs is not enough; they should also be successful in coupling problems, solutions and opportunities; success is more likely when policy entrepreneurs have access to power (usually) and resources that can enable them to push their agenda (Zahariadis 2007).

Kingdon's model allows a more nuanced understanding of the EES/OMC as an Europeanization stimulus. The EES can be perceived as a new opportunity, which allows domestic actors to link their problem recognition and identified solutions, and thus, succeed in putting their issues onto formal governmental agenda. As it is up to domestic actors to exploit the EES window of opportunity, this conceptualisation differs substantially from the classic rational choice differential empowerment model as it assumes a much less deterministic and automatic redistribution of resources: policy entrepreneurs have to actively exploit the EES opportunity and push their agenda of problems and solutions (for a more detailed discussion on the differences between Kingdon's model and rationalism, see: Zahariadis 2007: 66-70; Howlett and Ramesh 2003: 135-8; Schlager 2007).

The second approach of Europeanization is the sociological variant of new institutionalism which follows the logic of 'appropriateness' in which domestic change happens because domestic actors are socialised into adopting the 'right thing to do'. Similarly to the rationalist institutionalism approaches, sociological institutionalism suggests that there are two main mediating factors which influence the degree of domestic change. First, there are 'change agents' or norm entrepreneurs who mobilize forces in the domestic context and persuade other actors to redefine their interests and identities by using moral arguments. Second, there is a political culture and other informal cooperative institutions which are conducive to consensus-building and cost-sharing. As argued in chapter 1, Greece and Portugal do not have a consensual political culture and have weak cooperative institutions. With regard to the first mediating factor, the literature highlights two types of norm entrepreneurs: epistemic communities and advocacy or principled issue networks. Epistemic communities are defined as '*networks of professionals with recognised expertise and*

competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue area' (Haas 1992: 3). Epistemic communities are more influential in inducing change the greater the uncertainty about cause and effect relationships among policy makers in the particular policy area, the higher the consensus among scientists involved, and the more scientific advice is institutionalized in the policy process. In employment policy, such actors may be technocrats or high skilled policy makers or academics who are considered as national experts.

Advocacy or principled issue networks are bound together by shared beliefs and values rather than consensual knowledge. They appeal to collectively shared norms. However, the thesis deviates from the traditional sociological account of reliance only on norms by following the traditional definition of advocacy coalition³⁰ (Sabatier and Jenkins-Smith 1993; Sabatier 1998) which acts upon both normative and interest based considerations. Nonetheless, this thesis argues that despite its merits, the Advocacy Coalition Framework (ACF) framework is not useful for this thesis as it envisages that it will be highly unlikely to find an advocacy coalition in EU member states' employment policy. This field of public policy is quite closed as it involves few actors and, therefore, usually deviates from the pluralist and multi-actor policy environment of US public policy – a criticism that has been widely raised against the ACF (cf. Skogstad 2001; Dudley et al. 2000).

2.2. OMC-related Europeanization mechanisms

The literature has used a plethora of concepts and mechanisms to conceptualize the domestic impact of the OMC, such as policy learning, policy transfer, deliberation, participation, peer-pressure, shaming, diffusion and mimicking. All these different approaches in conceptualising the OMC's domestic impact have been categorised by Trubek and Trubek (2005) within a top-down versus bottom-up axis, arguing that these different mechanisms are not necessarily exclusive. However, bottom-up, horizontal, or non-hierarchical mechanisms³¹ are not incorporated into this thesis as they are incompatible with the definition of the concept of

³⁰ According to Sabatier and Jenkins-Smith (1993) an advocacy coalition consists of actors from a variety of public and private institutions at all levels of government who share a set of basic beliefs (policy goals plus causal and other perceptions) and who seek to manipulate rules, budgets and personnel of governmental institutions in order to achieve these goals over time.

³¹ 'Bottom up' is understood as the efforts of national policy makers to influence the EU/EES agenda and/or policy; 'horizontal' refers to processes of influence between MS which is a rather intergovernmental process of policy change; 'non-hierarchical' pathways are also excluded as they are incompatible with the top down approach to Europeanization.

Europeanization of this thesis. Hence this section will critically discuss only top-down OMC-related mechanisms of domestic change.

2.2.1. Policy Learning

The first and foremost mechanism suggested in the literature is policy learning. The OMC's promise of 'spreading of best practises' led to the dominance of this mechanism in the literature (Begg and Berghman 2002; Berghman et al. 2003; de la Porte and Pochet 2002; Eberlein and Kerwer 2004; Ferrera et al. 2002; Heidenreich 2009; Trubek and Mosher 2003; Trubek and Trubek 2005; Wincott 2003; Zeitlin 2005; cf. Kröger 2009: 1-5; Borrás and Radaelli 2010). Through this mechanism, policy change occurs because of a change in the perceptions of policy makers'. However, the concept of learning has been used in a twofold fashion in the literature.

The first approach understands learning as the result of a voluntary and rational process during which policy makers evaluate past experiences and new information. Heclo (1974: 306) defines policy learning as a '*relatively enduring*' change '*in thought or behavioural intention*' resulting '*from experience and/or new information concerned with the attainment or revision of policy objectives*' (Heclo 1974: 306). According to another key figure in this literature, policy learning should result in '*a deliberate attempt to adjust the goals or techniques of policy*' and it is traced empirically when '*policy changes as the result of such a process*' (Hall 1993: 278). In other words, a change in the perceptions of policy makers albeit important is not enough as the ultimate evidence of policy learning is policy change. As the famous typology of Hall (1993) states, learning can involve policy change in the settings of these instruments (first order change – lowest degree of change), the techniques or policy instruments used to attain them (second order change – moderate degree of change), and finally, the overarching goals that guide policy in a particular field (third order change – highest degree of change).³² The second approach can be found in the constructivist studies on social learning and deliberation (Risse 2000; Checkel 1999; 2001, 2003; Checkel and Moravcsik 2001) and understands learning as the result of socialization and deliberation (Chiattelli 2008: 59).

This study will employ the first variant of the learning concept. It will not examine the second as establishing the occurrence of this type of learning is impossible in this study. Establishing the existence of social learning would necessitate the close observation of group dynamics in isolated social environments,

³² For an analogous classification see Argyris and Schon 1978 on single and double loop learning.

such as closed networks and committee meetings. Besides methodological challenges, this kind of learning refers to a greater extent to issues of identity and general understanding which go beyond the focus of my thesis. Hence, in this thesis learning is rational and voluntary: policy makers alter their preferences because they choose to do so. This thesis argues that policy learning may be the Europeanization pathway when the observed policy change is linked to a learning process in which national policy makers changed their preferences with regard to their country's employment policy content.

2.2.2. Naming and Shaming and Peer Pressure

Another particularly popular mechanism in the OMC literature is naming and shaming and peer-pressure. The literature has used these mechanisms interchangeably to refer to the negative implications that national participants will face in the OMC meetings if their country is under-performing *vis-à-vis* the OMC's benchmarks. As a result, member states will comply with the OMC's soft law in order to avoid naming and shaming or because of the pressure of the OMC deliberations (Büchs 2008; Trubek and Trubek 2005). These two mechanisms provide an alternative to the hard law coercion as the OMC creates a need for compliance. In the following, it is argued that these mechanisms are not identical and that their assumptions are problematic. Therefore, their explanatory power is limited.

To begin with, naming and shaming and peer-pressure should not be regarded as identical or synonymous as they entail one key difference: naming and shaming requires publicity, while peer-pressure does not. More specifically, it is argued that naming and shaming puts pressure to comply with the OMC stimuli through the OMC reviews in combination with publicity. As a result, national policy makers will be obliged to change their policy in order to avoid negative OMC feedback which highlights poor performance among member states' (Trubek and Trubek 2005: 357). For instance, if every year a country is identified as a bad performer relative to the EES benchmarks, public opinion will react negatively (Büchs 2008). In this reasoning, there is a direct interplay between the OMC and national electorates: national governments have to maintain balance between EU and national spheres. They cannot allow being named and shamed by the EU as a country which fails to achieve common targets or underperforms in some benchmarks. To avoid the negative repercussions of the OMC's 'soft punishment', governments will be incentivised to comply with the OMC.

In contrast, peer-pressure does not require any publicity or interplay between OMC performance and public opinion. In this mechanism Europeanization is the result of a pressure that domestic policy makers feel when participating in the OMC meetings from the representatives of other member states. In order to satisfy their peers and avoid losing respect, national representatives will comply with the OMC recommendations. In other words, even though the EES stimuli are not compulsory, policy makers feel obliged to comply with them. Empirical studies conclude that national representatives in EU committee and Council meetings do feel the pressure to reach common targets and carry out mutually agreed commitments - or at least try to be seen to be doing so by the other participants (for a review, see: Zeitlin 2005).

However, both mechanisms entail some inconsistencies and inaccuracies, which significantly limit their applicability and explanatory power. More specifically, naming and shaming can be effective only when: the electorate is familiar with the OMC; and concerned about their country's evaluation. However, both prerequisites are far from given. Although public awareness for the OMC was moderate during the first years of the EES's and Lisbon Strategy's operation, it gradually disappeared from the media (Ardy and Umbach, 2004). In essence, the EES is known only to those who are directly or indirectly involved in the process. As a result, as Büchs (2008: 24) rightly argues 'it is doubtful that shaming alone will increase the OMC's influence and effectiveness'.

In addition, the assumption that national electorates, even if they are aware of the OMC, do care about EU evaluations and will put pressure on their governments is problematic: in some countries with long traditions of welfare state (Scandinavians, Continentals) or national arrogance (Germany, France, the UK), voters may react negatively to EU evaluations and accuse their governments of appearing weak and accepting non-obligatory EU prescriptions; countries with problematic compliance to the EU social directives - especially those that belong to the 'world of neglect' (Falkner et al. 2005; Falkner and Treib 2008) - will have no 'shame' in ignoring OMC evaluations as they already ignore hard law. Therefore, the assumption that OMC evaluations will always be positively received by electorates is problematic. In other words, the core trigger of this mechanism seems at best very weak in putting pressure on governments.

The assumption behind the peer-pressure mechanism with regard to the capability of the OMC participants to influence national policy is also problematic. Even if one accepts that participants feel (or try to show that they feel) pressure to

comply with their peers' advice, one cannot assume *a priori* that this pressure will be translated into domestic policy change for a number of reasons: OMC participants should be the key policy makers in their country; and they should have complete independence to 'transfer' peer pressure into national policy. However, this mechanism neglects the restrictions posed by the policy making environment: OMC participants have to persuade other members of government, the parliament, social partners and the public, but their consent cannot be taken for granted. In addition, empirical reality does not support this mechanism: in most countries participants in the OMC deliberations are low or middle level officials who only have a limited input in the national policy making process; in some countries there is a special EU relations office which is completely detached from the core policy making circle (for a comprehensive and succinct review of the influence of Economic and Employment Coordination on member states, see: Jacobsson and Viffell 2007). Hence, even if member states' representatives feel obliged to comply with the EES stimuli due to the peer-pressure exerted in the EES meetings, the domestic hierarchy and division of labour severely limits the explanatory power of this mechanism.

2.2.3. The financial conditionality of the ESF

Until recently, the power of EU money to promote Europeanization was not taken into consideration in the Europeanization literature. Notable exceptions are the studies on the accession process of the Central and Eastern European Countries (CEECs) where EU financial aid was acknowledged as '*reinforcing the transfer of EU models, because the aid helps to pay for implementation*' (Grabbe 2003: 314). Similarly, the financial element of the EES stimuli was largely neglected in the EES/OMC literature. Indeed, de la Porte and Pochet argued that research was necessary to explore the role of the ESF and the EES-ESF relationship (de la Porte and Pochet 2004: 72). It was only after 2006 that the role of the ESF was acknowledged as significant in promoting national policy reformulation (Lopez-Santana 2006; Jacobsson and West 2009; Weishaupt 2009).

However, the mechanisms suggested by the existing literature are only partly useful. Lopez-Santana (2006) argued that countries which were exposed to the ESF programmes were influenced to a greater degree by the EES's soft law because national policy makers were socialised by the ESF discourse. Thus, they accepted the EES stimuli much more easily. However, as described above, even though the ESF existed since 1957, it was only after 1999 that it was linked with the EES. Moreover,

since the new (EES-inspired) ESF principles are defined by the hardest form of EU legislation (Regulations), whether EU funding works only as a discursive socializing force which diffuses policy frames from EU to the member state level is a questionable proposition (Lopez-Santana 2006).

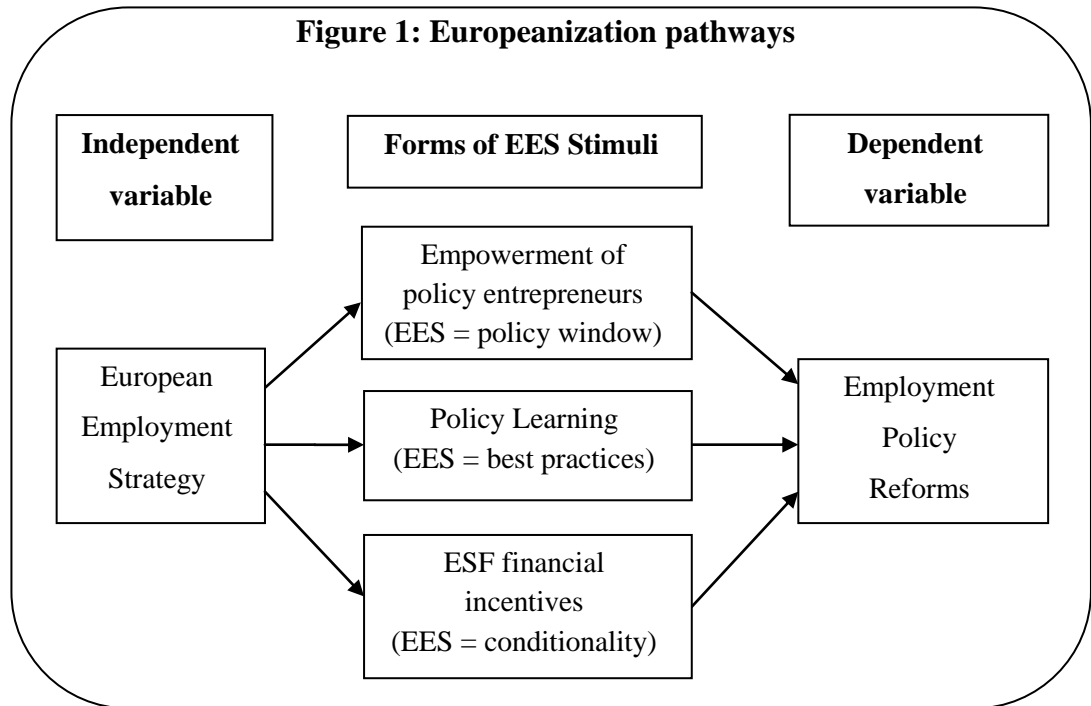
Another recently suggested mechanism argues that the ESF 'has the potential to generate or sustain political will' (Weishaupt 2009: 3). This mechanism is in line with Jacobsson's and Viffell's (2007) interpretation of the EES-ESF relationship - a strategic use in which national actors strategically use the ESF in order to achieve the EES goals. Even though this is a correct interpretation, it is incomplete since it does not encompass the possibility of a government being indifferent or against the EES goals. In this scenario, the ESF programmes would oblige the government to implement certain policy measures which have to follow the EES goals. Thus, contrary to the aforementioned ESF mechanisms, research should examine a more standard compliance mechanism in which national policy makers are obliged to adapt national policy in order to receive EU funds.

It should be noted that, albeit if the ESF serves the EES goals, the mechanism promoting domestic change is not 'soft'. In other words, this thesis argues that the EES draws on what the EU studies literature has named as the 'shadow of hierarchy', which appears when soft law is linked to the existence of alternative and stronger policy instruments. This shadow refers to the indirect coercive mechanisms which would appear in case of failure of soft law: if soft law is not effective it will invariably unleash stronger policy instruments, with binding and sanction mechanisms, that is, hard law (Scharpf 2002; Héritier 2002). However, the ESF hard law is different from the traditional hard law in Europeanization studies - namely EU directives - for several reasons: regulations do not have to be transposed to national legislation as they are automatically incorporated into national law; in the case of non-compliance the European Commission does not initiate an infringement procedure, but rather imposes financial penalties as it can immediately block the approval of the respective ESF funds. In other words, in the case of non-compliance, member states do not have any room for manoeuvre and additionally face direct/automatic financial penalties. Hence, the mechanism which promotes change is financial conditionality. If national policy makers do not comply with the ESF regulations, then their country will either not receive the respective EU funding or return the money back to the EU.

Consequently, the thesis will test three main mechanisms of domestic change under the EES which are distinct but not mutually exclusive as more than one pathway may be traced in one policy area, country, or between different stages of policy-making (see summary in Figure 1 below):

1. *Policy Learning*: in this pathway the observed policy change is linked to a learning process in which national policy makers changed their preferences with regard to their country's employment policy content as a result of the EES stimuli. To empirically verify this pathway, the EES-induced reforms would have to plausibly result from a new governmental agenda and the preferences of policy makers regarding the desired content of national employment policy. The new agenda and preferences would have to: (i) differ from those present prior to the introduction of the EES, and (ii) occur in the absence of financial support from the ESF (cf. Weishaupt 2009: 3);
2. *Domestic Empowerment*: the observed policy change is linked to a change in opportunity structures. To empirically verify this pathway the research would have to identify successful policy entrepreneurs (see: Kingdon 1984) who would take advantage of the EES policy window to promote their own pre-existing agenda. The EES' causal significance in this case would be twofold: opening a window of opportunity and determining the content of the reform.
3. *Financial Conditionality*: the observed policy change would be linked to identifiable *ESF* regulations. To empirically verify this pathway the research would have to show that national policy makers altered domestic policy primarily due to the incentive of funding attached to the ESF-funded programmes, and that policy learning or strategic entrepreneurship had minimal role in the process. Therefore, domestic change would be primarily and self-consciously the result of an endeavour to meet the conditions for receiving ESF funding.

Hence, the hypothesis of the thesis is that '*if the EES altered Greek and Portuguese employment policy at all, it did so through one of three main Europeanization pathways: (i) policy learning; (ii) the domestic empowerment of policy entrepreneurs; (iii) financial conditionality.*'



Source: Author's analysis of the potential Europeanization pathways

Conclusions

This chapter analysed the theoretical framework of this thesis. It critically reviewed the Europeanization literature and suggested certain choices that any research project would have to make for the concept of Europeanization to be useful and applicable. It also critiqued the view that causality in Europeanization and OMC studies is impossible. The standard Europeanization mechanism were refined to generate research hypotheses on the role of mediating factors and whether they promote or hinder Europeanization. It then selected only three EES-related mechanisms of domestic change or Europeanization pathways to be tested in the case studies of this thesis. Two of them are quite common in the Europeanization and OMC literatures, while the third (ESF financial conditionality) is novel. It is incorporated in the thesis research because the EES domestic impact cannot neglect the role of the ESF which since 2000 operates as its financial tool.

Chapter 3: Public Employment Service's Reform in Greece: Following the EU money?

Introduction

The functioning of the Public Employment Services (PES) is fundamental to employment policy. PES are core to all stages of the employment policy making cycle: they contribute to problem recognition (Agenda-setting) by collecting and interpreting data to analyse the situation of labour markets; PES are also responsible for policy formulation, decision making, policy implementation and evaluation. Additionally, the PES manage national and EU financial resources as they usually have an independent budget dedicated to the provision of support to the unemployed. Thus, it can be argued that PES organisation, efficiency and policy orientation are a key component of a country's employment policy.

This chapter discusses the first case study of this thesis: the reform of the Greek PES or OAED.³³ A number of international institutions (OECD, EU) perceived reforming the OAED as imperative for the overall improvement of Greek employment policy. Greece reformed its PES with successive laws during the late 1990s and 2000s which marked a significant break from the historical legacy of immobility and lack of reform. According to the OAED's webpage³⁴ there have been three key moments in the organisation's history: the creation of the institution which preceded OAED in the mid-1950s (law 2961/54) titled 'Organisation for Employment and Unemployment Insurance' (Οργανισμός Απασχόλησης και Ασφάλισης Ανεργίας - OAAA); the renaming and reorganisation of the OAAA to OAED in late 1960s (Law 212/69); and the two legal reforms in the 2000s (Laws 2956/2001 and 3518/2006). Indeed, the research findings of the thesis suggest that, despite other legislative initiatives (laws 2639/1998 and 3144/2003), the main episodes of reform took place in 2001 and 2006 (see section 2.1). Hence, an interesting puzzle emerges: why after almost half a century of no reform three

³³ Acronym for the Organisation of Employment of Labour Force (in Greek: Οργανισμός Απασχόλησης Εργατικού Δυναμικού). As mentioned in Chapter 1, OAED is the key organisation responsible for designing, implementing and evaluating Greek employment policy (for a detailed discussion of the OAED's responsibilities see section one of this chapter). In this chapter, the terms PES, Greek PES and OAED will be used interchangeably.

³⁴ http://portal.oaed.gr/portal/page/portal/OAED/Organization/Istoriki_Exelixi.

different governments with different ideologies (two PASOK³⁵ governments (1996-2000 and 2000-2004) and one ND³⁶ government (2004-2008)) implemented consecutive PES reforms?

In the first part of this chapter, I discuss the historical development of the OAED and I outline its main features before the implementation of the examined reforms. In the second part, I briefly summarise the EES recommendations for PES reform and present the history (events, timeline) and rationale of the Greek PES reforms. In the third part, I examine a number of alternative causes that may explain the Greek PES reforms. The research findings corroborate the literature in that the Greek PES reforms appear to be linked to the EES (Sotiropoulos 2004; Feronas 2007; Sakellariopoulos and Oikonomou 2006; Venieris 2006; Seferiades 2006; VFA and Metronanalysis 2002); however, the findings of this chapter add to the existing literature by suggesting that the observed policy change was linked to identifiable ESF regulations (3rd Europeanization Pathway: ESF conditionality). The ESF conditionality led to three main reform episodes: Greece upgraded its vocational training network in order to keep receiving EU (ESF and CSF) funds in 1998; and it reformed the OAED in 2001 and 2006 - when the 3rd and 4th CSF began respectively - to enable the OAED to provide a specific set of policies in accordance with the ESF regulations. In the fourth section, the degree of domestic change and EES influence will be evaluated.

1. The OAED: the weakest link of Greek Employment Policy

The first Greek PES (OAAA) was created in the 1950s. Its remit was to run adult occupational training services and ensure successful placements. After 1962, the OAAA became responsible for running apprenticeship courses, but also for the administration of unemployment insurance benefits and family allowances which it took over responsibilities from the Ministry of Labour and the Social Insurance Institute (IKA³⁷) respectively (OECD 1998: 18). The reasons behind the creation of the OAAA were indicative of the policy priorities that the new organisation would serve. According to Konstantinopoulos (1993: 80), the OAAA became independent from IKA because of the excessive financial burden that the unemployment benefits had on pensions. In other words, the prime concern of Greek policy makers was not

³⁵ PASOK is the Greek acronym of the Pan-Hellenic Socialist Movement (in Greek: Πανελλήνιο Σοσιαλιστικό Κίνημα) which has been the main centre-left party in Greek politics.

³⁶ ND is the acronym of the New Democracy (in Greek: Νέα Δημοκρατία) party.

³⁷ IKA is the main social security fund for private sector employees.

to enhance employment policy or ALMPs but rather limit the rising costs of pensions.

Nevertheless, ALMPs were not absent as they existed in a limited fashion since the 1950s. The most important ones were: (i) the organisation of the apprenticeship and vocational training system and (ii) the short term hiring in the public sector.³⁸ For the first kind of ALMPs, the Greek PES - for the first time in Greek employment policy - created its own schools and centres for apprenticeships and vocational training with a direct link to the demand for skilled labour by certain big industrial firms (Konstantinopoulos 1993). Short-term hiring in the public sector was used mainly in the public works programmes organised by the Minister of Labour in collaboration with the Ministry of Works and Municipalities. These programmes provided low-skill and low-pay jobs for 30.000 to 35.000 unemployed persons annually for an average duration of one to two months. Out of the two main active measures of this period, the public works programmes constituted the dominant element in ALMPs spending (OECD 1998: 18). Since the beginning of the OAAA, therefore, the training and apprenticeship elements of ALMPs were of secondary importance.

Further, ALMPs were unsuccessful in meeting the general shortage of skilled labour resulting from the intensive industrialisation and the labour shortages that the massive Greek emigration created in the late 1960s (Karamessini 2006: 240). The Greek state also lacked the necessary funds to support ALMPs. The policy of providing temporary employment to public works programmes was abandoned in the mid-1960s, as it was widely accepted that it became a clientelistic mechanism. In addition, unemployment was no longer considered an important social problem due to the mass migration out of Greece (Konstantinopoulos 1993; cf. Dedousopoulos 1997: 15). Moreover, state interventionism, hiring into the public sector combined with an agrarian Greek economy lead to the marginalisation of the ALMPs.

The OAAA was renamed to the OAED (Manpower Employment Organisation) and was decentralised into seven regional directorates to improve provided services according to the different needs of each Greek region in 1969. The policy orientation of the OAED, however, did not change: until the 1980s, the main mission of the Greek PES was to provide insurance to the unemployed and welfare benefits,

³⁸ Another active measure included incentives for the geographical mobility of labour but were very small in scale and thus had no significant impact on employment creation or the adjustment of supply to demand for labour (Karamessini 2006: 259).

whereas ALMPs were further marginalised. In addition, the OAED failed to develop any meaningful services which would link supply (the unemployed) and demand (employers looking for employees) or provide vocational guidance and counselling to the unemployed (Dedousopoulos 1997: 15). Even though, since the early 1950s, there was a legal requirement for employers to hire from lists kept by the OAAA's local offices, this policy had little - if any - effect. The OAAA was maintaining and updating the lists for job seekers and employers who were looking for employees; however, this system failed to deliver any results because employers were uninterested in recruiting from the OAAA lists (OECD 1965 cf. OECD 1998).

After the return of democracy in 1974, the OAED gradually and progressively phased out the public works schemes, which was effectively phased out by the end of the 1980s (OECD 1998: 19). A marginal intensification of the development of vocational education and training occurred in the 1970s due to the instigation and financial support of the World Bank (OECD 1998: 19).³⁹ Besides these marginal and piecemeal vocational training programmes, the OAED also implemented a number of localised and relatively unimportant programmes to boost geographical labour mobility in order to meet seasonal needs in the agricultural sector (Dedousopoulos 1997: 14). Consequently, until EU membership, ALMPs '*remained rudimentary and did not have any considerable influence on the overall structure of the social protection system*' (Katrougalos 1996: 54).

After Greece became an EU member, ALMPs suddenly gained some importance as Greece was entitled to receive funding from the European Social Fund (ESF). Since its inception, the ESF was the main tool of the European Union to improve skills and the re-integration of vulnerable groups (youth, women, minorities) into the labour market through the funding of vocational training programmes. During the 1980s, the ESF funding strengthened the ALMPs mainly in quantitative terms: the OAED gained the resources to implement more vocational training programmes but the quality of the programmes was at best questionable. The main reason behind the programmes' poor quality in terms of design and implementation (evaluation was hardly practised) was that the main goal of Greek governments was to maximise the absorption of the EU funds and as a result, '*issues of design, coordination and management of the programmes were of secondary*

³⁹ As will be discussed below, the research findings of the thesis suggests that vocational training was predominantly ignored in GEP. Only external influences seem to be pushing for the enhancement of vocational training in Greece: before 1981 (EU membership) the World Bank and afterwards the EU.

importance' (Dedousopoulos 1997: 15). Hence, careful design of policy measures and their well-organised implementation - a key prerequisite of an effective employment policy (Dedousopoulos 1997; OECD 1998) - was missing in the Greek case.

Another crucial element of efficient ALMP implementation is the adequate insurance coverage of the unemployed (Dedousopoulos 1997; OECD 1998). Providing sufficient passive support (unemployment benefits, tax exemptions and/or tax credits, benefits in kind, housing subsidies for, etc.) is necessary for the ALMPs to be effective. Following the Amsterdam meeting on the EES, the EU put activation at top of the agenda and promoted the transition from passive to active labour market policies. This was a contrast to the approach of the OECD, which has criticised ALMPs as too expensive and of questionable impact (see: OECD 1990; OECD 1994; OECD 1996). However, passive employment policies were still needed for the ALMPs to work effectively. The main reason for this rather counter-intuitive interdependence is that ALMPs have maximum effectiveness when they are targeted and specialised: they need to be tailored to provide trainees with the skills specific to the economic sector and geographical area in which they will seek employment. Thus, passive labour markets provide the general and basic coverage for all the unemployed and ALMPs supplement employment policy through targeted measures. In other words, ALMPs are not (and should not operate as) large programmes for all the unemployed expected to result in mass employment. If that were the case, then the ALMPs would become income support measures rather than specialised interventions aiming at the activation of the unemployed (Dedousopoulos 1997).

Unfortunately, this was the case in Greece: ALMPs were perceived by both policy makers and the unemployed as an (additional) income support policy since the Greek welfare state was weak and the passive support to the unemployed was rudimentary: Greece traditionally spends the lowest total amount of its GDP on labour market policies (passive and active combined) of all OECD countries and the lowest among EU states (OECD 1990; OECD 2000 cf. Brodsky 2000: 33; OECD 2006; see also Table 3.2). In terms of expenditure on passive labour market policies, Greece is one of the lowest in the OECD (after the US) and the lowest in Europe. The percentage of ALMPs in the public expenditure however is one of the highest. The majority of the unemployed found participation in the ALMPs as a method to expand the relatively short (12 months) period of unemployment benefit provision which was less than half of the minimum salary (approximately 300 Euros per

month). The reason for this alternative use of ALMPs is the fact that after the end of the period, when an unemployed individual's entitlement to unemployment benefit ends, there is no other welfare support (Lazaridis and Koumandraki 2001). Greece remains one of the few countries in the OECD and the only one in the EU where there is no minimum income scheme for individuals or families (EC 1999; Matsaganis 2005). Hence, Ferrera's (1996: 20; cited from Lazaridis and Koumandraki 2001) early description of the Southern European welfare state is still applicable for Greece since:

a person who is neither old nor an individual with special needs, but has neither a job nor contributory entitlements nor source of income, is not entitled to any support from the state, as evidence of low income and of living in poverty are not in themselves enough to entitle one to any support from the state.

In other words, the main tool for labour market policies are ALMPs which are mostly EU funded. Hence, ESF and CSF funded programmes were 'converted' from activation or training tools to passive or income support measures.

The third major prerequisite for an effective employment policy, and hence efficient ALMPs, is an effective public employment service. The OAED was not immune to the general problem of the Greek policy making apparatus: inefficient organisation and lack of a Weberian bureaucratic culture (Sotiropoulos 2006). Although these problems haunted Greek social policy since the birth of modern Greece (cf. Petmesidou 1991), they were exacerbated during the post-1981 period. The 1981-1989 PASOK governments of the populist Andreas Papandreou proceeded to expand the Greek state. This expansion led to raising the contribution of the public sector to Greek GDP from 40% in 1980 to 60% in 1990; additionally, public debt and deficits skyrocketed and explain to a large extent Greece's current fiscal problems (Lyrintzis 1993; Pagoulatos 2002; cf. Hlepas 2003: 222).

During this period, effectiveness and efficiency were completely neglected; the public administration was controlled by party cadres, and thus, converted to a fundamental component of Greece's 'bureaucratic clientelism' (Lyrintzis 1984; Mavrogordatos 1997 cf. Hlepas 2003: 222). The dominant policy model was statism – namely the intervention of the state in economic and social activities. Statism was accompanied by clientelism, which marginalised any autonomous political organisation of the disadvantaged classes or groups (Diamandouros, 1983; Haralambis, 1989). Furthermore, the predominant role of the public sector in providing employment resulted in a strategic use of the public sector by political

elites. They could satisfy voters and expand their electorate through the provision of employment in the public sector. Finally, trade unions were highly subordinate to parties and party politics, while the pressure from civil society, social partners and other societal actors for progressive redistribution was weak (Marinakou, 1998: 241).

In the case of the OAED, these problems were exemplified by a number of organisational weaknesses including a lack of qualified staff and fewer PES staff numbers compared to the European average. In addition, despite the increase in OAED workload as unemployment rates rose significantly during that period the number of OAED staff was reduced in the 1990s which led to the deterioration of its services (Dedousopoulos 1997). Finally, there was an inadequate territorial and managerial allocation of staff (Konstantinopoulos 1993). In theory, the OAED's local offices should be staffed in accordance with the corresponding needs of their area of responsibility. Due to political favours, however, other reasons determined staff allocation, such as proximity to urban centres and to their place of origin. Consequently, flexible and localised services were more goals on paper than an actual practice and local OAED offices ended up implementing a centrally defined policy with some minor if any adjustments to local needs.

Another problem highlighted by all Greek-related EES documents (country specific recommendations, joint reports, etc) and most interviewees is the problematic data collection and overall supervision of OAED's policies and measures. The OAED had no databases or any other records to perform any checks on the registered unemployed. For instance, the OAED was unable to verify whether somebody was indeed unemployed or not.⁴⁰ Moreover, the OAED had no evidence of the actual effectiveness of its measures. For instance, a systematic recording of what happened to the unemployed who had received its services (benefits, training, placements, etc.) after their completion was non-existent. In addition, the financial auditing of the OAED was at best rudimentary and mostly on paper since the organisation could not provide a detailed record of all implemented measures. For some interviewees, the OAED was the big 'black hole' of Greek Employment Policy since no one really knew either how much money was really spent on the OAED programmes or how these financial resources were used; and more importantly

⁴⁰ According to one Expert Advisor to the Minister of Employment and Social Protection during 2000-2002 (A. Lyberaki – for further information on the interviewees, see: Appendix I) before the reforms in the 2000s one high-level official of the ministry visited the OAED to register as unemployed, in an attempt to test the OAED's logistical capabilities. Despite being already employed in the same ministry that administered this particular OAED he was successful in doing so.

whether spending on these programmes was effective or not (interviews with: Giannitsis, Tsitouridis, Matsaganis, Ioannou, Karamessini).⁴¹

Surprisingly, Greek governments were not preoccupied with improving the operation of the OAED and neglected the need to reform Greece's PES until the late 1990s. The only agents of change were some OAED Directors who tried to tackle some of the problems mentioned above. However, these unsystematic and piecemeal efforts were unsuccessful in any tangible change and improvement (Dedousopoulos 1997). Instead of being a tool to improve the employment situation of the unemployed, the OAED constituted a part of the byzantine Greek clientelistic system. As such, the OAED served many functions for Greek political and economic elites: the main criterion in the hiring process of its staff was the satisfaction of the clientele's demands for a permanent job in the public sector - a practice that resulted in the poverty of skills of OAED employees. In addition, the OAED was transformed from an agency responsible for employment promotion to a tool of favouritism and clientelism. The benefits were distributed arbitrarily to the unemployed, the area of economic activity related to their training (trainers, training schools, etc), and as indirect subsidies to companies (Dedousopoulos 1997). Part of the training for the unemployed was and still is the responsibility of private training schools (KEK⁴²) to which the OAED outsources its training responsibilities. These schools usually are operated by free-lance short-term trainers who tend to get employed in various KEKs. The decision of which KEK will receive training programmes (and how generous these programmes will be) and who will teach the courses in these programmes was determined by clientelistic concerns and practices (various interviews; among others: Giannitsis, Matsaganis, Ioannou, Karamessini).

As a result, all levels of the administration of the OAED were susceptible to clientelism, favouritism, corruption, and mismanagement. High-level officials were responsible for choosing the KEKs and allocating subsidies to private companies for virtual training or placements. Their main purpose was to provide the participating company and the unemployed with financial remuneration. Middle-level managers were responsible for the management of the financial resources and the low-level

⁴¹ In this thesis the name of the interviewees will be mentioned to support the claims made which stem from the evidence collected from interviews. The names of some interviewees such as Matsaganis, Karammesini and Ferreira will be used also as references. When a name is mentioned without the reference to a year then it should be perceived as material from a semi-structured interview and not an academic publication.

⁴² KEK is the Greek acronym for Κέντρα Επαγγελματικής Κατάρτισης; in English KEK means Centre for Vocational Training.

employees were responsible for granting people with the status of unemployed. Once given official unemployed status one was eligible for social benefits and, after the end of the duration of the unemployment benefit, eligible for subsidised training. Over the years, the OAED accumulated a high number of mismanagement cases (interviews with: Giannitsis, Matsaganis, Ioannou, Karamessini, and Lyberaki). The OAED was in all respects part of the problem instead of the solution. In other words, the OAED constituted the weakest link of Greek Employment policy.

2. Reforming the OAED: between domestic necessity and EU pressure

Besides the domestic necessity for reforming the OAED in order to improve Greek employment policy, the issue of PES reform became a pan-European issue after the Amsterdam Treaty (1997). More specifically, the EES necessitated that all European PESs should be reformed in order to facilitate the shift from passive to active labour market policies. This shift was vital for the implementation of one of the core EES doctrines, namely the ‘activation’ of the European labour force. The OECD (2007: 208) has defined the quintessence of activation as to ‘*encourage jobseekers to become more active in their efforts to find work and/or improve their employability.*’ For the OECD, activation has five key elements (OECD 2007: 208):

- Early intervention by the PES during the unemployment period and frequent contact between the unemployed and the employment advisors of the PES;
- Regular reporting and monitoring of job availability and employment-seeking actions;
- Direct referrals of the registered unemployed to appropriate vacancies (matching);
- Signing ‘back-to-work’ agreements or individual action plans; and
- Suggestion to join ALMPs to avoid apathy, decreasing skills and employability due to the unemployed peoples’ enduring unemployment.

The pillars of activation aim to promote the concept of ‘mutual obligations’, namely the reciprocal responsibility of both parties (the state and the unemployed) to comply with certain criteria. On the one hand, the state is obliged to prevent the newly registered unemployed from becoming long-term unemployed (LTU) by giving them a job offer, training or a placement opportunity. For their part, the unemployed are obliged to actively aim to re-enter the labour market as soon as

possible. This can be achieved by not declining jobs, placements, internships or training that the PES suggests to them as beneficiary for their labour market reintegration. The PES has to ensure that the eligibility criteria are respected by its clients. In cases of non-compliance, the PES has licence to impose temporary or permanent sanctions with regard to benefit provision (OECD 2007). In addition, the PES is to offer 'personalised' or 'individualised' services to the unemployed, which is achieved mainly by providing individually tailored services to each unemployed person in order to assist them in re-entering the labour market. The tailored services should be 'integrated' or 'holistic' as they should include a multifaceted set of measures providing financial, educational and psychological assistance to the unemployed. Additionally, the PES should be able to offer all available support to the unemployed combining passive and active measures.

The EES stimuli with regard to the activation of the unemployed by the PES were included in the first two 1997-2003 guidelines:

- Guideline 1: Every unemployed young person is offered a new start before reaching six months of unemployment, in the form of training, retraining, work practice, a job or other employability measure.
- Guideline 2: Unemployed adults are also offered a fresh start before reaching 12 months of unemployment by one of the aforementioned means or, more generally, by accompanying individual vocational guidance.

In other words, the incorporation of the activation paradigm into PES necessitated the offer of a personalised 'new start' in the form of employment, training or other employability measures to all unemployed individuals. This new start had to be provided to every young person within six months of registered unemployment and every adult within twelve months of registered unemployment. Hence, the activation of the unemployed by PES reflects the shift in the PES approach from providing passive support (reaction to unemployment) to active support (prevention of long-term unemployment) via the offer of this personalised new start within a pre-specified time-frame.

Although the EES put the issue of reforming the PESs on the top of the EU agenda (Goetschy 2001), the reform of the OAED had always been high on the agenda of the European Commission and remains one of the key EU recommendations towards the Greek governments (Ioannou 2009). The EU was very keen on the OAED reform due to the organisation's major role in Greek employment

policy as it designs and implements Greek employment policy measures (Dedousopoulos 1997: 14). As a result, the OAED is central in the implementation of ALMPs and, therefore, the management of EU funds. As well as the EES guidelines, Greece received many country specific recommendations that asked the country to reform its PES (Council of the European Union 2000-2004). The main recommendations found in the Greek country specific recommendations have been summarised by Sakellariopoulos and Oikonomou (2006: 236-237) as follows: (i) improve the overall employment policy's strategic framework by implementing coordinated and balanced policies in order to increase employment rates, especially female and youth ones, and prevent long-term unemployment; (ii) accelerate the PES's reform; (iii) upgrade the statistical monitoring system to establish the provision of accurate and rapidly available indicators; (iv) to promote employment by abolishing distortions caused by high taxation on labour and early retirement; (v) develop a global strategy for life-long learning and increase funding to the educational and vocational training systems; (vi) improve regulatory framework, reduce red-tape and disincentives to business start-ups; (vii) implement, in agreement with the social partners, labour market reforms which promote part-time work, workers' and companies' adaptability, and achieve a balance between flexibility and security; (ix) to introduce measures to tackle gender inequalities in employment and unemployment rates, pay gap, and continue improving care facilities.

After a long period of governmental indifference, successive PASOK governments implemented numerous reforms in the late 1990s. More specifically, three laws were passed in the Greek parliament, which significantly altered the structure and operation of the OAED. The first law was voted in 1998 (Law 2639/1998), the second, two years later (Law 2956/2001) and the third, in 2003 (Law 3144/2003). The current OAED's organisational and operational framework was finalised during 2004-06 with a reform implemented by the ND government (Law 3518/2006 - article 68) which allowed for the functioning of 119 (their number reached 121 in 2009) KPAs (OAED;⁴³ Feronas 2007: 118).

Hence, an interesting puzzle emerges: after almost a century of no reform, why did three different governments with different ideologies (two PASOK governments (1996-2000 and 2000-2004) and one ND government (2004-2008)) implement consecutive PES reforms? In the following, I examine possible reasons behind the OAED reforms and I argue that these can be explained by the ESF conditionality (3rd

⁴³ From its portal: http://portal.oaed.gr/portal/page/portal/OAED/Organization/Istoriki_Exelixi.

Europeanization pathway). In addition, the extent of reform will be appraised and finally further challenges will be highlighted.

2.1. Reforms of the Greek PES: paradigm change through ‘personalisation’

The first OAED reform occurred in 1998⁴⁴ and constituted a turning point for Greek Employment Policy as it included numerous novelties and reforms: it altered working time arrangements; introduced Private Employment Agencies for the first time in Greek history; and legislated for special forms of employment (namely flexible and part-time contracts) even in the wider public sector (DEMEYB 1998:⁴⁵ 3). These reforms were implemented in order to comply with the EU directive 93/104/EC on working time; the 97/81EC Framework directive on part-time work; the articles 52 and 59 of the Treaty of the European Union; and the 1996 ILO International Labour Treaty (Law’s Explanatory Report:⁴⁶ 1; 6-7; DEMEYB 1998: 3). Another EU-induced legislative initiative was the Law’s article 25 which incorporated partially⁴⁷ and inadequately⁴⁸ the 96/34EC directive on parental leave (DEMEYB 1998: 8). The Law 2639/1998 also promoted geographical flexibility by introducing ‘local employment pacts’ (Chapter A, articles 1-5). In addition, it introduced the Labour Inspection Body which would be responsible for the implementation of labour legislation in ‘all places where people are employed’ and capable of imposing penalties to the employers who do not abide by the Greek laws (Chapter B, articles 6-17). This change was a direct response to the ILO’s 1997 notification to the Greek Government that an earlier administrative reform in which the Labour Inspectorate was put under the supervision of Local authorities (Law 2218/1994), was against numerous (articles 4, 6, 19 and 20) articles of the 81st International Labour Treaty and to the negative reaction of social partners to the reform as they considered that the Labour Inspectorate was weakened (Law’s Explanatory Report:⁴⁹ 8). Moreover, the law introduced the official recognition of

⁴⁴ The Law can be downloaded from the Greek Parliament’s website at: http://www.vouli.gr/ergasies/nomosxedia/ValidNomosxedio/950/NOM_NOM_AP_2639_UB10.DOC

⁴⁵ Each Bill and law proposal has to be accompanied by a ‘scientific report’ by the Directorate of Studies of the Scientific Service of the Parliament (Greek Acronym: DEMEYB), which submits a statement with its comments on the law’s content.

⁴⁶ In the Greek legislative procedure it is ‘mandatory that Bills and law proposals are accompanied by an explanatory report which analyses the goals of the proposed regulation’ (from the Greek Parliament’s website: <http://www.vouli.gr/english/organwsh/legisl.asp>).

⁴⁷ It excluded nautical work from the area of applicability –going against the directive.

⁴⁸ It failed to secure gender equality especially for part-time workers were the majority employed in these contracts are women.

⁴⁹ Available at the Greek Parliament’s website: http://www.vouli.gr/ergasies/nomosxedia/EisigisiEpitropon/950/NOM_NOM_EE_2639_UB10.DOC.

training in another EU country as part of the framework of the Single Market and the European Citizenship (Law's Explanatory Report: 12).

The OAED related legislation was not a prime concern for the legislator, as it was included in the 'other articles' section (Chapter C) of the legal document. In addition, there was only one long article (article 20) devoted to the main institution of Greek employment policy. The novel provisions of the Law were not directly applicable to the OAED, but to the private training schools (KEKs) that the OAED was cooperating with for its training programmes. More specifically, the Law 2639/1998 introduced a stricter framework for KEKs which now had to be certified by the National Accreditation Centre for Continuing Vocational Training (Greek acronym: EKEPIS).⁵⁰ The law introduced an obligatory framework of legal and technical prerequisites that the KEKs and the trainers should abide by to address the fact that the quality and adequacy of both was doubtful. In addition, the law made it compulsory to only hire unemployed persons who had been registered on the OAED's unemployment list. Therefore, this condition made it *'possible to verify that these placements are not monkey,⁵¹ that we don't fool the [Greek] state and the European Union'*.⁵² Thus, this law tried to improve the vocational training system by introducing specific requirements for the main beneficiaries of vocational training programmes to fight the misuse of funds and corruption. As the deputy minister said *'the reforms since 1993⁵³ [...] give a real sense of change, that vocational training is linked with employment, that is evaluated and that KEKs are monitored'*.

Another significant innovation of the Law 2639/1988 was the legislation that introduced an obligatory traineeship period for the OAED-run schools (named IEK-OAED).⁵⁴ Until then, most unemployed individuals received training without any

⁵⁰ The National Accreditation Centre for Continuing Vocational Training (EKEPIS) was founded in 1997 under the Law 2469/1997 (O.G. 38A/14-03-1997) and the Presidential Decree No 67 (O.G. 61A/21-4-1997) and was renamed into its current name with the law 3385/2005. EKEPIS is the specialised agency which was established to certify organisations (schools) and people (trainers) who were involved in vocational training and lifelong learning programmes.

⁵¹ The colloquial word 'monkey' refers to something fake; similar to the English expression 'monkey business'.

⁵² Statement of Christos Protopapas -Deputy Minister of Labour- at the Greek Parliament's Social Affairs' Permanent Committee discussing this law. Available at the Greek Parliament's website: http://www.vouli.gr/ergasies/nomosxedia/ProtasiEpitropon/NOM_NOM_PR_2639_UB10.DOC.

⁵³ Even though no previous reforms took place, Protopapas refers to the year 1993 because this is when PASOK took over power from New Democracy. He makes this link to imply that there is continuity between the current 'modernisers' (after 1996 with the win of Simitis at the party leadership contest) and the Papandreou's old style PASOK that ruled from 1993-1996.

⁵⁴ IEK stands for Institutes of Vocational Training. In Greece, also private IEKs exist which charge fees contrary to the public IEK-OAED ones. IEKs produce skilled workers (plumbers, electricians, hairdressers, etc.) and are the main option for school drop-outs or high-school graduates who haven't entered higher education.

further links to the labour market. This law tried to establish a stronger link between training and the actual job market by introducing a traineeship period in which all trainees would be employed by a private company (placements). It was envisaged that even if the trainees would not succeed in getting employed after the training and placement period, they would have gained job experience and possibly some helpful contacts in their area of interest. Hence, this new policy attempted to increase the efficiency of the IEK-OAED training programmes by establishing a legal link between training schemes and the job market.

The next reform, which constitutes the most important one for the OAED, was implemented in 2001. In the law 2956/2001 titled ‘Reorganisation of the OAED’s services and other items’ the reorganisation of the Greek PES was the main issue.⁵⁵ The 2001 reform changed the organisational structure of OAED: even though the core structure of the OAED remained intact without any changes in its competences (DEMEYB 2001:⁵⁶ (i) three new public limited companies (PLCs) were introduced as subsidiaries of the OAED. These PLCs were responsible for many of its competences. More specifically, according to the ruling PASOK MP responsible for passing the law - Ektoras Nasiokas - the OAED would ‘carry on the duties of unemployment recording and insurance, apprenticeships and other basic services.’⁵⁷ The new PLCs would implement the shift from passive to active labour market policies, which was the fundamental goal of this reform⁵⁸ (Law’s explanatory report:⁵⁹ 1). The new PLCs were: (i) ‘Human Capital Support Services PLC’⁶⁰ which would provide personalised support to the unemployed and companies; (ii) ‘Vocational Training PLC’⁶¹ which would be responsible for the provision of ‘initial’, ‘continuous’ training and life-long learning to the human resources; and (iii)

⁵⁵ The ‘Other Items’ (articles 20-26) in this law were about the introduction of the controversial Temporary Employment Agencies, which would lend employees to companies for a fee. Trade unions called this reform as the ‘reinstatement of Slavery’ since employees would have no permanent job but rather be used for temporary needs by various companies. Another issue was the introduction of favourable terms for the people with severe disabilities who could be employed to the wider public sector including regional and local prefectures.

⁵⁶ Available at: <http://www.hellenicparliament.gr/UserFiles/7b24652e-78eb-4807-9d68-e9a5d4576eff/a-oaed-epi.pdf>.

⁵⁷ Ektoras Nasiokas made this statement at the Greek Parliament’s Social Affairs’ Permanent Committee discussing the law. The Committee was composed from MPs of all parties, OAED representatives and Social partners. Available at: <http://www.vouli.gr/ergasies/nomosxedia/ProtasiEpitropon/a-oaed-prak.pdf>.

⁵⁸ The other goals of this reform according to the law’s explanatory note were the following: to modernize the Greek PES in order to respond to the globalisation forces; to make PES the proper tool to implement the EES principles (activation, life-long learning) and to better utilize the ESF funds.

⁵⁹ Available at: <http://www.vouli.gr/ergasies/nomosxedia/EisigisiEpitropon/a-oaed-eis.pdf>.

⁶⁰ In Greek: Υπηρεσίες Υποστήριξης Ανθρώπινου Δυναμικού.

⁶¹ In Greek: Επαγγελματική Κατάρτιση Α.Ε.

‘Employment Observatory Research – Data PLC’⁶² which would conduct research and publish studies on the Greek labour market as well as the provision of ‘computerisation, technological and technical support of OAED services and of the above subsidiaries’ (Law’s Explanatory report: 3).

The 2001 reform marked a turning point for the OAED in policy content terms as well. The 2956/2001 law introduced legal definitions for the terms ‘Personalised Intervention’ to the unemployed, ‘Individual Action Plan’, and life-long learning. The first two concepts would be put into practice by the ‘Centres of Employment Promotion’ (Greek acronym: K.P.A.).⁶³ The KPAs, which should not be confused with the historic (since the 1970s) KPAs on vocational orientation,⁶⁴ would be independent entities operating under the supervision of Human Capital Support Services PLC. The KPAs were entities that existed on paper as they were expected to be introduced in 1996 in order to modernize the OAED’s traditional employment offices in the following fashion: use a computerised system for job-matching; provide specialist guidance and counselling for people with special needs; improve links with employers; conduct local surveys to monitor the needs of local labour markets; and juxtapose data from other organisations, such as IKA (OECD 1998: 110). However, they were inoperative until 1999 when the first KPAs were introduced (EC 2006a: 61-62; NAP 2000; Papadopoulos 2000). Nonetheless, it was only in 2001 that the KPAs became the main organisation of GEP which would implement the new policy paradigm. In other words, Greek policy makers delegated critical OAED competences to a relatively new entity of GEP which remained quite dormant until then with low input on policy implementation (interviews with: Ioannou, Giannitsis, Mavri, Koutsiaras and Karamessini).

Further, with the 2001 reform, the KPAs were given completely new responsibilities as they would offer: information on vocational orientation; professional and career counselling; and placements either directly in a job vacancy or in a training program aiming for the (re)integration of the unemployed in the labour market. For this reason, the KPAs ‘cooperated with private companies, professional, social partners, scientific and any other related organisations that would

⁶² In Greek: Παρατηρητήριο Απασχόλησης Ερευνητική – Πληροφορική Α.Ε.

⁶³ In Greek: Κέντρα Προώθησης Απασχόλησης (Κ.Π.Α.)

⁶⁴ Despite having the same acronym these KPAs are Centres of Vocational Orientation (in Greek: Κέντρα Επαγγελματικού Προσανατολισμού) provide vocational counseling to minors divided into two age groups: 14-18 and 15-18. For more information, see: http://www.oaed.gr/Pages/SN_26.pg.

facilitate their targets' (Law 2956/2001, article 1.1).⁶⁵ In addition, the KPAs would implement a novel approach that posed a turning point in Greek employment policy: 'personalised intervention' to the unemployed (EC 2006a: 61-62; Zeis and Liapi 2006: 5). After 2001, the mainstream of Greek employment policy would offer flexible, localised and 'personalised' services to the unemployed through the KPAs.

The personalised approach consisted of three elements: the provision of consultative support to the unemployed aiming to improve their position in the labour market; the provision of vocational orientation services tailored to the '*greatest improvement of one's qualifications, abilities, skills, and specific characteristics*' (Law 2956/2001, article 1.2); and the signing of a 'personal action plan' which included a detailed outline of the steps required for integration into the labour market. This plan would be tailored according to the '*specific individual characteristics, professional preferences, interests, capabilities, and abilities with the assistance of the special professional consultant*' (Law 2956/2001, article 1.3). Another notion that was defined in the 2001 Law and introduced into mainstream Greek employment policy was 'life-long learning', namely the continuous upgrading of human resources through education and training throughout one's professional career (Law 2956/2001, article 1.4). After the 2001 reform, Greek employment policy would promote integration into the labour market and life-long learning with a 'strategic plan' (Law 2956/2001, article 1.5). The strategic plan would be further specified by 'operational plans' which implement the goals and methodologies of the strategic plan on an annual basis (Law 2956/2001, article 1.6).

The 2001 reform constituted a turning point for Greek employment policy. According to the parliamentary minutes discussing the Law and semi-structured interviews with key policy makers involved in the reform, the organisational reform of the OAED was interlinked with the change in policy content of Greek employment policy. The fieldwork suggested that Greek policy makers considered the OAED as too bureaucratic, unmanageable, inefficient and inflexible (interviews with: Giannitsis, Protopapas, Ioannou, Matsaganis, Lyberaki and Karamessini). In this context, any meaningful reform of the OAED was considered to be futile, unless the OAED was organisationally partitioned. In other words, the three new independent PLCs did not add any new responsibilities to the OAED's remit as they restructured existing policies into three separate 'clusters'. This clustering was deemed necessary to improve accountability, supervision and efficiency (Giannitsis

⁶⁵ Available at: <http://www.vouli.gr/ergasies/nomosxedia/ValidNomosxedio/a-oaed-pap.pdf>.

in parliamentary minutes – see footnote 51; various interviews and especially: Ioannou; Protopapas; Mavri).

The new responsibilities and the new approach to policy-making were delegated to the KPAs. As with the organisational partition of the OAED, the introduction of new responsibilities and the establishment of new entities were interlinked. According to the fieldwork, it appeared that Greek policy makers believed that existing OAED structures and departments were incapable of implementing the personalised approach and therefore changing existing policy-making. Thus, they delegated the new policy to an already existing entity (KPAs), which was small, flexible and was not actually set-up until late 1990s. Thus, it was possible to re-shape KPAs in a way that would allow them to implement a completely new policy approach in Greek employment policy. The empirical evidence suggested that Greek policy makers excluded the possibility that this could be done by the main OAED departments (interviews with: Giannitsis, Mavri, Ioannou, Matsaganis, and Karamessini). In this respect, the 2001 government continued a long tradition of setting up a new organisation when a new policy or a significant policy change was to be introduced (Hlepas 1999). This process is quite common in Southern European bureaucracies (Sotiropoulos 2004a) and has been termed ‘agencification’ (Sotiropoulos 2006: 225; Spanou 2008). Similar examples of creating new organisations to improve existing and problematic ones are the special agency on tax evasion (SDOE),⁶⁶ and the one-stop centres of public administration offering most public certificates and documents (K.E.P).⁶⁷

The next reform took place in 2003 with the law 3144/2003, titled ‘*Social Dialogue for employment promotion and social protection and other provisions*’.⁶⁸ Similarly to the 1998 reform, the OAED was not the prime concern of the legislator. The law altered numerous labour and social security provisions and enriched existing legislation on Temporary Employment Agencies with regard to their licensing (cf. Arrowsmith 2009; Lampousaki 2008). In addition, this reform introduced ‘National Committees on Employment and Social Insurance’. According to the law, the Committees would serve as ‘forums for social dialogue between government, social partners and civil servants [...] and help reach common positions on the National Action Plans on Employment and Pensions’ (DEMEYB 2003; articles 1-2 of the

⁶⁶ SDOE is the Greek acronym for: Financial and Economic Crime Unit.

⁶⁷ KEP is the acronym for the Centres of Citizens’ Servicing (Κέντρα Εξυπηρέτησης Πολιτών).

⁶⁸ Available at the Greek Parliament’s website: <http://www.vouli.gr/ergasies/nomosxedia/ValidNomosxedio/k-dialog-pap.pdf>.

Law). However, these Committees would not be permanent but set up by ministerial decrees. The empirical evidence suggested that their ad-hoc nature was one of the reasons that after a couple of meetings they were abandoned and not convened again (Tsakloglou, Stratigaki, Matsaganis, Ioannou, Mavri and Giannitsis). According to two Committee members, these Committees were not proper social dialogue fora, but rather informal meetings between friends.⁶⁹ Further, no decisions were taken and the OMCs were not properly debated in these meetings (interviews with: Tsakloglou, Koutsiaras, and Giannitsis).

With regard to the OAED-related legislation, the 2003 law was a further effort to improve accountability and efficiency of the KPAs and their administration. In essence, the 2003 reform was another effort to implement the 2001 reform, which according to the 2003 Law, proved inefficient. The 2003 law envisaged the improvement of the OAED's territorial efficiency with the creation of local OAED Offices for each Greek Periphery;⁷⁰ abolished the PLC responsible for the KPAs; and replaced it with a new special independent department - entitled Special KPA Unit - which was directly accountable to the OAED director. In addition, a large number of KPAs were created in most prefectures in Greece.

Both changes demonstrated the failure of the 2001 legislative reform: the independent PLC responsible for KPAs was terminated - something quite unusual in Greek bureaucracy - and replaced with a new one. The empirical evidence suggested that the reason behind this move was the poor operation of the Human Capital Support Services which was responsible for the KPAs creation (interviews with: Ioannou, Protopapas and Karantinos). Consequently, until 2003 very few KPAs were operating according to the provisions of the 2001 law and the whole reform towards 'personalisation' remained mostly on paper. Therefore, the same government with a different minister (D. Reppas) had to further legislate in order to materialise the 2001 reform related to the KPAs and the implementation of activation through the personalised approach towards the unemployed.

The next OAED reform took place in 2006 with the New Democracy government's Law titled '*Restructuring of the sectors of Mechanics' and Public Works Contractors' Social Fund (Greek acronym: T.S.M.E.D.E.) and regulation of*

⁶⁹ Most of the participants were academics and former colleagues of the Minister of Employment and Social Protection Professor Giannitsis (for further information on the interviewees, see: Appendix I). The fieldwork revealed that no other Labour minister has convened any such meetings.

⁷⁰ The same applied to SEPE (Body of Labour Inspection) and IKA. Before this law, in many cases people from remote areas could not access these organizations, and therefore, their services directly.

other issues related to the competences of the Ministry of Labour and Social Protection'.⁷¹ Most provisions of this law concerned the implementation of a pension reform. The empirical evidence suggested that the OAED reform was again an issue of low priority (interviews with: Ioannou and Mavri). This becomes even more evident when examining the legal text of the 2006 reform: out of the seventy-two articles of the law, only one (article 67) was devoted to the OAED. Nevertheless, the 2006 Law put the latest touch on the long history of OAED reform with a significant change: the introduction of a new one-stop shop unit - entitled KPA2 - which was a further evolution of the KPAs.

The KPA2 were the result of the merger between the OAED's local services and the KPAs. The main difference was that they also included social security services. In other words, the 2006 Law replaced an organisation concerned exclusively with employment with one concerned with both employment and social security. The KPA2 were 'one-stop shop' entities aiming to provide comprehensive or *integrated* services to the beneficiaries of the OAED. Each KPA2 had three departments or 'offices': (i) Support office; (ii) Insurance office and (iii) Employment Office. The Support office was dedicated to all KPAs staff related issues and the efficient management of the agency. The Insurance office was committed to providing the passive support to the unemployed. The Employment was responsible for all the ALMPs and the new measures introduced after 2001. In particular, each Employment office offered the following services (Lioutas⁷² 2008):

- (i) registration of the unemployed people to the PES system; (ii) information and support the unemployed, employees, businesses and other relevant organisations and development for this purpose an informational system; (iii) application of the methodological tools of personalised intervention, the Personal Individual Plan, the classification of the unemployed, their monitoring and evaluation of the intervention of the KPAs that they received; (iv) implementation of methods and programmes of vocational orientation, techniques of employment seeking, consultative services to promote business start-ups, group consultation, etc.; (v) linking local businesses with the job seekers; (vi) cooperation with local scientific organisations and social partners; (vii) maintenance of job seekers and job offers lists; (viii) implementation of training programmes through an 'personalised intervention' approach and monitoring of placements; (ix) approval, after the agreement of the Consultative Committee, of the health and work booklets⁷³ for employees working in hotels.

⁷¹ Available at the Greek Parliament's website at: <http://www.vouli.gr/ergasies/nomosxedia/ValidNomosxedio/A-DIMERG-pap.pdf>.

⁷² Head of KPA2 in the area of Toumpa, Thessaloniki, Greece.

⁷³ The 'health' and 'work' booklets (in Greek: βιβλιάρια υγείας) constitute the NHS and unemployment card / social security records.

The empirical evidence suggested that the rationale of the 2006 reform was twofold (interviews with: Kontos and Mavri). First, KPAs proved to be quite flexible and efficient. As a result, they offered better services to the OAED clients than the core OAED. Second, the ND government (as the previous one) was unable to reform the core OAED to improve services towards the OAED beneficiaries; hence, it used the same tool as the previous government. Consequently, the 2006 reform followed the ‘agencification’ logic of the 2001 reform, namely the creation of a flexible, independent and semi-autonomous entity outside the actual structure of the OAED which would provide personalised services to the OAED beneficiaries and act as one-stop shop.

Moreover, the KPA2 would implement the new approach of Greek employment policy - the ‘integrated’ approach. The integrated support to the unemployed necessitates that the unemployed should receive a number of services on their first contact with the PES: training; placement; counselling; advice; vocational orientation; and social security advice. All these services were tailored to the needs of the unemployed (i.e. they should be personalised). Hence, the 2006 reform further strengthened the content of the 2001 reform as it completed the change of the Greek employment policy’s tools (KPA2) and logic (personalised and integrated services through one-stop shops outside OAED). As a result, the OAED was further bypassed in Greek employment policy, as the KPA2 became the frontline one-stop shop providing almost all OAED’s pre-2001 services. The summary of the Greek PES reforms is provided in the following table.

Table 3.1: Public Employment Services’ Reform in Greece			
	Reform Content	Timeline	Process
Greece	Personalisation and integrated support to the unemployed	<ul style="list-style-type: none"> • No reform until 2000; • three reforms after 2000 (2001; 2003; & 2006) 	<ul style="list-style-type: none"> • No reform of the core Greek PES (OAED) • Reform occurred through one-stop shops called KPA & KPA2 which: <ol style="list-style-type: none"> 1) became responsible for some of the OAED’s services; 2) by implementing the new measures of personalisation and integrated support to the unemployed
Source: Author’s analysis of the observed reforms			

3. Explaining PES reform in Greece: ministerial empowerment, policy learning, or financial conditionality?

The literature unanimously agrees that the OAED reforms were implemented within the EES framework (Sotiropoulos 2004b; Feronas 2007; Sakellariopoulos and Oikonomou 2006; Seferiades 2006; Venieris 2005; VFA and Metronanalysis 2002). In this line of argument, the emphasis of the EES soft law on the shift from passive to active employment policies was realised in the OAED reform. Some policy makers corroborated this view as well. For instance, to the question ‘name one reform that wouldn’t have taken place if the EES did not exist’ an experienced General Secretary of Employment⁷⁴ (Mr. Kontos) answered that this was definitely the OAED reform. However, the Minister responsible for the 2001 reform (Giannitsis) argued that Europe had nothing to do with the PES reform; in his words ‘*we wanted to improve Greek employment and Europe was a good excuse to persuade people who resisted our suggested reforms*’. Likewise, in the 2001 Law Committee’s parliamentary minutes, Giannitsis argued that the 2001 reform was a continuation of PASOK’s policy since 1985 -and especially since 1993.

In the following, I will scrutinise these arguments by examining the possible reasons and causes behind the Greek PES reforms. I will argue that the predominant factor behind these reforms was the ESF financial conditionality. In other words, the examination of the temporal sequences of the Greek PES reforms *vis-à-vis* the EU and national stimuli, as well as empirical evidence deriving from a number of semi-structured interviews, suggested that the OAED reforms were linked with ESF regulations over and above of a process of policy learning or domestic empowerment.

3.1. The Greek PES reform: the result of a purely domestic agenda (domestic empowerment)?

The first possible explanation was suggested by the Labour Minister of 2000-2001. According to Giannitsis, the Greek PES reforms were not related to the EES stimuli, but were part of the government’s agenda. In this respect, the EU was a mere justification and empowerment tool used by the Ministerial elite to promote its

⁷⁴ The highest ranking official below the Minister and deputy Ministers; he is politically appointed and typically each government or even each Minister selects and appoints its own general secretaries.

agenda against opponents (according to Giannitsis these were OAED originated). In his own words:⁷⁵

The EU had nothing to do with the reform of the OAED; we weren't at all influenced by the EES and we would do the 2001 reform anyway. We mentioned the EU's pressure to reform the OAED in the reform process, but this was an additional argument to strengthen our own agenda. We reformed the OAED because we wanted to improve the poor services that it was offering to the unemployed.

Nevertheless, in the following I will argue that this statement cannot be taken at face value and that it is one of the cases where national policy makers downplay the role of Europe to present the EU-induced reforms as their own. This tendency - as well as the exact opposite, namely the exaggeration of the EU influence - has been widely documented in the Europeanization literature and it constitutes one of the methodological challenges of the field with regard to the establishment of causal relationships between the EES and domestic reforms (cf.: Kröger 2009; Weishaupt 2009; Zeitlin 2005; 2009; Haverland 2005, 2006; Heidenreich and Bischoff 2008; Büchs 2007).

The empirical evidence suggested that there are four fundamental reasons why the successive reforms of the Greek PES - including the 2001 reform - were not driven by a domestic governmental agenda. First, the claim that the (1998 and 2001) Greek PES reforms were a continuation of the time-honoured PASOK agenda which goes back to 1985 and continued from 1993 onwards⁷⁶ is factually incorrect. As discussed in the first section of this chapter, the OAED had been the weakest link of Greek employment policy and no meaningful reform took place until 1998. In addition, it is arguable that there was only a single significant reform which occurred in 2001 since the 1998 reform concerned the Vocational Training Centres (KEKs) co-operating with the OAED and not the OAED itself and, the 2003 reform was a reiteration of the 2001 reform as the latter was not successful. Hence, there is only one significant OAED reform under the PASOK period in office, that is, one for 20 years.⁷⁷ Consequently, it is highly unlikely that the 2001 PES reform was part of a long-standing previously existent reform agenda of PASOK governments.

⁷⁵ Semi-structured Interview - June 2009. All quotes used in this chapter and in the other empirical chapters have been recorded using a voice recorder and the interviewees have given their consent in using their words and attributing the quotes directly to them.

⁷⁶ Besides the statement of Giannitsis mentioned in verbatim above, Giannitsis argues this point while in parliament and is found in the ministerial minutes of the 2001 reform.

⁷⁷ PASOK was in power during the following periods: 1981-1989; 1993-2004; 2009-present.

Second, reforming the Greek PES was never an issue of discussion before elections and, more importantly, neither was it when PASOK was in government. Similarly, none of the PASOK Labour ministers - including Giannitsis - included the issue in their agenda before taking office or during their public statements when in office. In addition, the background and previous career of Giannitsis as well as his very short term in office (2000-01) indicate that the reform of the OAED was not included beforehand in his ministerial agenda. Throughout his career, Giannitsis was concerned with issues of macroeconomic stability, the EMU, the economics of technology, foreign investment, and other relevant issues but neither with employment policy nor the OAED.⁷⁸ In addition, his main mandate when appointed by the Premier Simitis as a non-parliamentarian⁷⁹ Labour Minister was to offer a technocratic solution to the pensions problem.⁸⁰ His views on the relationship between employment policy and unemployment levels are indicative of the relative low priority that the minister had ascribed to this policy area. In his own words:

The Minister of Labour is usually blamed for high unemployment levels; however, employment policy is hardly influencing them. Employment levels are determined by economic policy, by growth rates and the overall developmental policy. Labour legislation plays only a minor role; this is why I tried to reform some parts of labour legislation related to overtime and tried to make it more expensive. The rationale was that employers would be forced to hire more people instead of having the same number of employees and asking them to work overtime. However, the Law didn't work and social partners did not use the new legal system.

Third, the content of the 2001 reform was not based on any previous practice, logic or measure existing in Greek Employment policy. As mentioned above, the notions, goals and practices of the 2001 reform, such as 'personalised approach', 'life-long learning' 'operational, strategic and personal plans' marked a break from past practices and a turning point for Greek employment policy. The KPAs were chosen as the implementation vehicles of these novel instruments which transformed Greek Employment policy because the OAED was perceived as 'too rigid, unwilling

⁷⁸ For a succinct profile see <http://www.in.gr/news/article.asp?lngEntityID=1081336>.

⁷⁹ Term used in Greek politics for Ministers who were not elected in the parliament. In Greek: εξωκοινοβουλευτικός.

⁸⁰ According to one Expert Advisor to the minister Giannitsis (Koutsiaras – see Appendix): *the pension reform was the main issue of the ministry; thinking about Giannitsis' strategy in retrospect, I would argue that the labour market reform was designed as a prelude for the pension reform: a great opportunity to win both employers and trade unions*. However, Giannitsis rejected such claims since 'one of his key mandates was to tackle unemployment which had reached some of the highest levels'. However, his statement about the role of the Minister of Labour on influencing employment/unemployment levels contradicts this 'fighting unemployment' mandate. In addition, none of the empirical evidence suggested that the 2001 OAED reform was linked to increasing employment or reducing unemployment.

and incapable' to transform itself and implement this new policy (interviews with Giannitsis, Ioannou, Matsaganis and Karamessini). This assessment was vindicated in the years following the 2001 reform, as an additional reform had to be implemented in 2003 in order to make the KPAs operational under a completely independent authority which was unrelated to the OAED.

Fourth, the preamble of the 2001 law is indicative of the origin and rationale of the respective reforms. Even though the first paragraph of the 2956/2001 Law links this piece of legislation with the general governmental agenda of modernisation, the EMU entry and the 'real convergence with the more economically and socially advanced EU countries', it directly states that one of the main goals of the law was to implement the national and European Employment strategy. In addition, reforming the PES was justified in the Law's introductory report as '*complementary to the great choices and the structural changes that have taken place the last years*' (Law's Explanatory Report: 1). These '*meaningful adaptations*' were necessary in order to complete the shift from passive to active labour market policies and implement further structural reforms. However, besides the effort to link the 2001 law with the overall Simitis' so-called 'modernisation' agenda (cf. Featherstone 2005a), the whole reform process was linked explicitly to developments in other European countries and the EU, with a particular focus on the European Employment Strategy. Unsurprisingly, the OAED reform was one of the key examples of Europeanization of Greek employment policy (cf. Sotiropoulos 2004b; Sotiropoulos 2011; Feronas 2007).

To sum up, the research findings suggested that the 'domestic agenda' hypothesis was not supported for a number of reasons. First, contrary to the Minister's statements, the OAED reform was never included in the governments' agenda and it was largely neglected throughout the history of modern Greece. Despite its numerous problems, the OAED was never reformed until the late 1990s. Second, neither the government and the minister discussed or presented the need and rationale for a PES reform; in addition, the short term in office of the minister and his background as well as his views on employment policy indicate that reforming OAED was not a previous consideration. Third, the 2001 reform was a turning point for Greek Employment Policy introducing an entirely new content with new concepts, goals and methods, which were alien to the Greek context. Research indicated that there were no domestic societal actors outside the policy making hub

of the labour ministry (e.g. trade unions, NGOs, PES staff and/or experts) asking for such reform.

3.2. The Greek PES reform: the result of the influence of EES soft stimuli?

The justification and rationale of the numerous PES reforms - especially the 1998 and 2001 Laws - were strongly linked with European developments. This led most scholars to link the OAED reforms with the EES soft stimuli. In this line of reasoning, after the Treaty of Amsterdam in 1997 and the institutionalisation of the EES, Greece was influenced significantly in its employment policy-making process. As a result, Greek governments reformed the OAED in order to facilitate the transition from passive to active labour market policies in accordance with the EES 'activation' mantra.

However, the collected empirical evidence from the thesis fieldwork did not provide adequate support for the hypothesis that the observed policy change resulted from the influence of the EES soft stimuli. First and foremost, it contradicts the overall Greek response to the EES. The empirical evidence suggested that Greek policy makers perceived the EES as a mere bureaucratic burden in the form of NAP/NRP-writing (interviews with: Stratigaki, Lyberaki, Karantinos and Matsaganis). Hence, the government's main concern was to make sure that the NAP was produced and submitted properly and that Greece was not drawing negative attention through this process. Avoiding negative attention was a far-reaching concern of the newly elected government of PASOK under the leadership of the premier Simitis (for this preoccupation of Greece to stop being 'Europe's patient', see: Simitis 2005: 34; for Simitis' view on the role of Greece in Europe and his plan which he wanted to implement, see: Simitis 2005: 33-45; for a succinct description of Simitis's government agenda and first years in government, see: Featherstone 2005a).

According to the fieldwork evidence, other issues such as the actual participation of Greece in the EES; the examination of what Greece could download or use selectively to the Greek labour market appeared to be absent from the governmental and ministerial agenda. This apparent lack of interest regarding the actual purpose of the EES (emulating best practices across Europe), seemed to originate from two factors: (i) the high misfit between the EES stimuli and Greek employment policy; (ii) the long-standing preoccupation of Greek ministerial elites with almost exclusively remuneration issues. With regard to the first reason, it

appeared that the immense misfit discouraged Greek policy makers from a meaningful engagement with the EES and its implementation to Greece as they perceived this task as unrealistic since most of the EES goals and notions sounded too alien for the Greek context. According to D. Mavri (Prime-Minister's advisor during 1996-2000; 2001-2002 advisor to the Minister of Employment and Social Protection):

I was responsible for keeping track with the EU developments related to the EES and then the Lisbon strategy at the Prime minister's office and reporting to the Prime Minister. I vividly remember how all of us at the PM's office perceived Gutierrez's EU presidency not only as quite a novel one, but also as really alien and distant from the Greek reality. In fact, all of the notions, goals and practises that were included in the EES were so different from our existing policy that seemed to come 'from outer space'. Activation, gender equality, reconciliation of work and family, and later on after 2002 flexicurity were completely unknown for Greece. All of us were worried about how Greece would be capable of incorporating these goals. [...] In my opinion, the fact that nowadays the discourse in GEP is in accordance with the EES discourse as well as the sum of measures which were implemented in accordance with the EES's direction is astonishing.

With regard to the second reason, historically in Greece the government was perceived as the manager of the state resources whose allocation was the main prize of the societal struggle. Hence, the Greek Labour minister is entirely preoccupied with issues related to remuneration of workers such as pay increases, working time, the calculation and pay for over-time, etc. Other issues of employment policy, such as health and safety, gender equality, or training are of almost no importance since they rarely matter for the people involved in the negotiations. The exclusive interest of Ministers and trade unions for pay and working time arrangements was confirmed by a number of interviewees. Two of them presented this preoccupation most vividly. According to an EES expert from the National Centre of National Research (interview with: Karantinos):

Over the history of Greek employment policy and until now the main actors in the policy process, that is, the Labour ministers and the social partners are preoccupied only with pay, overtime, and all the issues related to the cost-benefit aspect of employment. Employers ask for less labour costs, employees for more pay, benefits and leisure whereas the minister tries to balance these contradictory demands; all other issues are neglected. Any EU-related issues, such as activation, gender equality, and flexicurity are simply non-existent for these people.

Likewise, Prof. Matsaganis (the PM's advisor on social policy (health) – see also Appendix I) argued that:

Whatever the positions of social partners it is all about money: trade unions (who predominantly represent public sector employees)⁸¹ ask for rises in pay whereas the employers want to keep costs low; other issues are absent from social dialogue.⁸²

However, the empirical evidence suggested that even the task of NAP-authoring did not have any discernible impact on Greek employment policy as it was outsourced to external experts until 2004 (interviews with: Karamessini, Stratigaki, Drakou, Giannitsis and Protopapas); according to Prof. Antygoni Lyberaki who led the team of experts during 2001-2003 the whole NAP-authoring task was a window-dressing process since the EES soft stimuli had no influence on Greek policy making. The only change that the EES caused was the set up in 2001 of a special Unit of Documentation⁸³ responsible for the data collection needed for the NAP. Nevertheless, this Unit was only partially utilised until 2004 since, as it was described above, the NAPs during Giannitsis's term were written by an external team of experts. It appeared that this outsourcing followed by the PASOK governments during 1998-2004 prevented policy learning for Greek officials, public servants and also went against the EES logic, that is, to spread best practices and lead eventually to some kind of policy learning (interviews with: Lyberaki, Stratigaki, Matsaganis and Ioannou).

According to the evidence collected in the interviews, the decision to delegate the NAP-authoring task to external affiliates was necessitated by the extremely low levels of qualifications of the staff of the Labour Ministry (interviews with: Giannitsis; Tsakloglou; Matsaganis; Stratigaki; and Lyberaki). It appears that all ministers had great difficulty in designing and implementing any policy since the ministry lacked the qualified staff that could help them in the policy making process (interviews with: Tsakloglou, Giannitsis and Ioannou). According to all ministers interviewed and all the experts (both academic and policy), the Ministry of Employment and Social Protection has been historically one of the weakest in terms of significance and quality of staff from all other ministries of Greece. The main reason for this 'neglect' is the lack of advanced competence in the field of policy; as was argued above (section 1 of this chapter but see also section 1 of Chapter 5),

⁸¹ For the verification of this statement with data, see Chapters 5 and 7.

⁸² Karantinos's and Matsaganis's statements are further corroborated by the examination of the social partners' key positions in each negotiation process for the signing of the National General Collective Agreement (EGSIE) each year. See Kretsos 2004 for the 2004-5 EGSIE, Tsoumani (2002) for EGSIE 2002-3, Soumeli (2000) for EGSIE 2000-1.

⁸³ In Greek: Μονάδα Τεκμηρίωσης.

employment policy in Greece was almost non-existent until the 1980s. In addition, as argued above, historically and until today for the main actors evolved in policy making their understanding of employment policy is not related to any concrete public policy but rather to piecemeal benefits, the settlement/definition of pay and working hours/overtime. Hence, staff selection was predominantly determined by clientelism and favouritism compared to the rest of the ministries in Greece.⁸⁴

It was only after the election of the ND government in 2004 where the NAPs/NRPs began to be written by a specialised group within the Labour Ministry. However, this novel administrative practice was not related with the EES. According to the interviews, there are a number of different explanations with regard to this decision. For instance the ND General Secretary of Employment – Ministry of Employment and Social Protection (Kontos) argued that the government decided to ‘keep and safeguard the knowledge inside the ministry’. Others, however, argued that this decision originated from political necessity: all previous affiliates responsible for the NAPs were PASOK affiliated, and therefore, not appropriate to work with the new government; in addition, the new centre-right government could not find any external academics and/or experts on employment who were ideologically or party affiliated to ND (interview with: Karamessini). A senior official in the Ministry of Employment and Social Protection who was appointed as assistant⁸⁵ to the General Secretary of Employment argued that the Ministry had to utilize the new graduates of the National Centre for Public Administration and Local Government (E.K.D.D.A.)⁸⁶ who were hired after the 2004 elections. However, as

⁸⁴ Even though these practices were and remain common for the whole of the Greek public administration there is some degree of variance: for instance, Ministries of ‘high importance’ such as the Ministry of Economy, of Foreign Affairs, and Public works have much more qualified staff than the Ministry of Employment (Tsitouridis, Kontos, Giannitsis, Protopapas, Ioannou, Karantinos, Stratigaki) or other agencies with relatively less need for ‘technocratic’ policy making.

⁸⁵ Such appointments in Greece take place outside Supreme Council for Civil Personnel Selection (ASEP) the independent authority which is responsible for safeguarding transparency, publicity, objectivity and meritocracy in public sector hiring. In other words, they are based on party/political affiliations and/or nepotism.

⁸⁶ The National Centre for Public Administration and Local Government (E.K.D.D.A.) - according to its website - is the ‘strategic’ agency of Greece for the training and education of public servants and Local Government employees. It was established in 1983 inspired and set up having as a model the prestigious French National School of Administration (ENA). It is a Legal Entity of Public Law and is supervised by the Minister of Interior. In order to become a student of the EKDDA university graduates only should take exams and also pass from an interview panel. After two year of study graduates are entitled a job in their field of study at the level of the equivalent of 5 years of experience. Even though it was created in the logic of the elitist ENA, its graduates are sometimes having problems in getting appointed as soon as they graduate and their ‘5 year advantage’ may be overturned by other employees who have actual working experience in terms of getting managerial positions. However, their high level training and improved skills –especially in comparison to most public sector employees- should not be underestimated. Hence, the fact that after 20 years of its existence it was decided to use its graduates at the Ministry of Employment and Social Protection can be evaluated as a

was discussed above, the 2004 change of the NAP-authoring process was not linked to the EES but to domestic developments.

Another key aspect of the neglect of the EES by Greece can be found when one examines the participation of the country in the Employment Committee (EMCO) meetings. The empirical evidence suggested that in all the EES meetings the role of the Greek representatives was marginal as they could not suggest any best practices to their counterparts or present success stories (interviews with: Drakou and Ioannou). This resulted in a rather secondary and quite passive role - at best - for the Greek participants in the EES meetings. Indeed, Deganis (2006) who studied the proceedings of the EMCO meetings does not mention the Greek delegation at all in her study and Greece is not included in any of the identified EMCO 'camps'. According to the recollections of Greek EMCO participants, their main role was to hear other countries presenting their best practices or experiences and to examine whether this can be applied to Greece. The answer was almost always negative or very qualified since in most cases the 'alien' policies were considered to be too alien and too difficult to implement in the Greek context. It appeared that Greek EMCO representatives were passive, defensive and were involved in a somewhat 'damage limitation' behaviour: although they were participating in the meetings without causing any disagreements or criticising both the process and the content of the suggested policies, they were always trying to exclude out any possible influence from the EES. For instance, as one EMCO representative during 2007-08⁸⁷ argued about the EES-originating policies and related measures:

albeit Greece finds them very good and agrees with most of them the main problem of actual influence and direct implementation of what is deemed as best practices is that they cannot be implemented and work in the Greek context. [...] I would say that this is a long-standing position in our meetings: O.K., we agree but we cannot do it as it does not fit our employment model.

Another major impediment in the functioning of the EES as a learning instrument for Greece appeared to be the lack of a relatively cohesive group of people (experts, policy makers, and/or bureaucrats) who would participate in the EES meetings and would act as facilitators between the EU and domestic levels (cf. Kröger 2009). More specifically, the people participating in the EES meetings differed every year. It appeared that the composition of the Greek representatives

very positive step towards the improvement of the staff's quality in one Greek ministry which employs some of the most under-skilled public sector employees.

⁸⁷ Kyriaki Drakou, participated in 2007-08 and interviewed in 2009.

was always changing because the participation in the EMCO meetings was perceived as a perk of the job (interview with: Koutsiaras). Thus, the leadership of the Labour Ministry was involved in a balancing act with the aim to avoid grievances among the ministry's staff. As a result, the Greek representatives were not always the most qualified or experienced staff in the ministry. Additionally, participation was not always the rule - especially in the Mutual learning programmes. According to Ioannou, finding a Greek representative for the Mutual Learning Programme was always a daunting task since everybody was trying to avoid it; as a result, in many cases there were no participants from Greece attending the meetings. In addition, in many EES meetings (especially the mutual learning ones) the Greek participants were not always public officials but independent consultants or experts, who were not related to the actual policy making process. The main reason for this poor attendance record was that Greece was never interested in the EES and never perceived it as a learning opportunity for domestic policy. In sum, the empirical evidence suggested that Greek policy makers generally neglected the EES soft stimuli. Hence, it is quite unlikely that Greek governments were influenced by the EES soft law. In addition, all the Greek interviewees stated that no policy learning took place within Greek employment policy making with regard to the EES goals, benchmarks or recommendations, and that the EES stimuli were generally neglected. This finding is in accordance with the worlds of compliance typology which argues that Greece neglects EU soft law (Falkner et al. 2005).

The causal significance of the EES soft stimuli is further weakened when one examines the timing and sequence of the examined reforms. Greece reformed its vocational training centres (and not the OAED) one year after the introduction of the EES but then waited four years before implementing the first OAED reform. If these reforms happened because of the EES soft law the sequence should have been reversed: Greece should have first reformed the OAED and then the certification of vocational training centres because the OAED is much more crucial for the shift towards activation. In addition, neither the Minister nor any other governmental official linked the first reform - the certification of the KEKs in 1998 - with the EES in any public document or the law's explanatory report. This is unexpected considering the novelty of the EES and the significant political and communicative momentum it had gathered during the first years of its implementation in most EU countries (cf.: Ardy and Umbach 2004). Even though the EU and the EES are mentioned in the 2001 reform, the five year gap between the launch of the EES and

the implementation of the specific reform raises doubts regarding the direct link between the EES soft stimuli and the specific reform. In particular, during 1997-2001 the PASOK governments did not attempt to initiate a legislative reform of the OAED (interviews with: Ioannou; Matsaganis; Mavri). Hence, the EES soft law hypothesis seems weak as an explanation for the timing and sequence of domestic reforms.

Another finding that does not support the hypothesis regarding the importance of the EES soft stimuli in explaining domestic policy change in the Greek PES case is that there has been no shift from passive to active labour market policies: Greece did not change its overall spending pattern in labour market policies; the balance between passive and active labour market policies was not altered towards an increase in ALMP spending. On the contrary, the percentage of ALMP spending decreased during 2000-2007: labour market policy expenditure in 2000 was 23.6% (as a percentage of GDP in active measures) and after reaching its peak of 24.9% the following year it followed a downward trend reaching the extraordinarily low level of 5.6% in 2005. Passive measures retained the public expenditure's lion share throughout these years and in 2005 constituted exactly 40% of labour market spending (see: Table 3.2). In other words, Greece followed the exact opposite direction to that suggested to member states by the EES soft: not only was there no transition from passive to active labour moved in the opposite direction.

Table 3.2: Greek LMP expenditure as % of GDP

	2000	2001	2002	2003	2004	2005	2006	2007
Active Measures								
Greece	0.236	0.249	0.169	0.89	0.141	0.056	:	:
EU15	:	:	:	:	0.609	0.534	0.531	0.491
EU27	:	:	:	:	:	0.516	0.511	0.473
Passive Measures								
Greece	0.393	0.355	0.33	0.369	0.405	0.40	:	:
EU15	1.229	1.21	1.306	1.394	1.406	1.387	1.247	1.077
EU27	:	:	:	:	:	1.334	1.196	1.025
Source: EC 2009a: 89 - Denotes missing data								

Fourth, the EES hypothesis cannot explain why the ‘PES reform’ recommendation was accepted by Greece while other reforms (outlined above in section 2) of equal - if not of higher importance - were not, especially when one considers that Greek policy makers neglected the EES as mentioned above.⁸⁸

3.3. The Greek PES reform: the result of ESF conditionality

The empirical evidence collected in this thesis suggested that the Greek PES reforms are best explained by the ESF conditionality. The EU Commission, obliged Greece to comply with its requirements, through its capacity to control and even stop the flow of EU money to Greece unless specific reforms were implemented with regard to Public Employment Services and the cooperating KEKs. In this respect, the sequence and timing of the reforms is telling: even though all reforms occurred after the Treaty of Amsterdam and the launch of the EES, the reforms were causally linked with the ESF regulations (3rd Europeanization pathway). In the following, I present the evidence supporting the 3rd Europeanization pathway in explaining the Greek PES reforms.

To begin with, the 1998 reform, despite occurring after the EES was introduced, was not related to the latter but to the ESF requirements that the EU Commission had set up in order for Greece to continue receiving EU funds. In the mid-1990s, a series of big scandals were reported in which numerous Greek KEKs were involved in widespread fraud and misuse of ESF money. This was nothing new in the Greek–EU relations concerning the management of EU money: in the first CSF (1988-1994) large-scale corruption and inefficiency was documented (Kontiadis, 1997: 141–3; 148–9; Petmesidou 2000: 317, as cited in Sotiropoulos 2004: 280). In particular, it was revealed that many of the OAED-cooperating KEKs, instead of providing training services to the unemployed, existed only on paper: they had no students or teachers resulting in the non-execution of the vocational training programmes. The OAED and Greek governments were fully aware of this situation but did not do anything to prevent this fraudulent practice because most of the fraudulent KEK owners were either local party members or direct/indirect party supporters (interviews with: Giannitsis, Ioannou and Matsaganis). In addition, the

⁸⁸ For example, it is telling that Greece is one of the few countries that fails to provide data for the years 2006 and 2007 indicating problems in monitoring and benchmarking –one of the most fundamental aspects of the EES and OMCs (see Goetchy 1999; Regent 2003; Hodson and Maher 2001; de la Porte 2002; de la Porte et al. 2001; de la Porte and Pochet 2002; Hamel and Vanhercke 2009).

existence of virtual KEKs and the participation of the unemployed to virtual training programmes served the short term clientelistic game of political favours involving the government, national and local elites and the unemployed. The EU (ESF, CSF) money constituted the fuel for this network which provided significant resources to all actors involved: subsidies for the government to manage (and therefore manipulate by transforming it into a clientelistic tool) and direct cash for KEK owners, teachers and the unemployed who were depending on favours to get into these programmes. In this clientelistic management of EU funds, local elites in cooperation with the national government and the ruling party secured some compensation to the unemployed who perceived the EU subsidies as substitutes for unemployment benefit/support (interviews with: Giannitsis, Matsaganis and Ioannou).

The revelation of the widespread misuse of EU funds led the Commission to demand that Greece ensure the thorough regulation and certification of the KEKs by an independent authority. However, Greece continued to ignore these demands. As a result, the Commission imposed a freeze of payments bringing all EU-funded vocational training programmes in Greece to a complete halt (Sotiropoulos 2004b: 280). The Greek government was then forced to comply by introducing the 1998 reform where EKEPIS would certify the KEKs and trainers for their suitability in providing vocational training. This non-OAED certification met the Commission's prerequisites regarding the operation of vocational centres in Greece. In other words, the 1998 reform was linked with specific terms to receive EU funds and the ESF conditionality explains why the KEKs were reformed earlier than the OAED: Greece was responding to the ESF conditionality⁸⁹ rather than the EES soft stimuli. The deputy Labour minister of the time (Protopapas) who had the responsibility to reform the KEKs and also led the secretariat for the ESF in the ministry put very candidly the rationale of the government with regard to the 1998 reform as follows:⁹⁰

When the Commission stops the money flow you have very few options but to do as they wish. We had to make sure that Greece would continue receiving EU funds. For this fundamental priority we had to reform the framework of the KEKs. This was the only way to secure the EU money which were and are vital for the Greek economy.

⁸⁹ It should be noted that this ESF conditionality was not related to the EES but to the specific requirements of proper use of ESF funds.

⁹⁰ Semi-structured interview in June 2009.

Similarly, the empirical findings suggested that the most important PES reform - the one implemented in 2001 - was also linked to the ESF conditionality. However, this ESF conditionality was closely linked to the EES as now the ESF constituted part of the EES stimuli. More specifically, in the 1999 revision of the Structural Funds, which defined the rules of the 2000-2006 programming period, the eight articles of the EC regulation 1260/99⁹¹ dictated that the ESF would be adapted to concur and implement the EES goals. As a result, the ESF programmes had to promote new goals, such as GM; reconciliation (EYSEKT 2003); and new policy tools such as personalised services to the unemployed. Consequently, if after 2001⁹² the OAED could not provide personalised services to the unemployed and make operational, strategic and individual plans that would add programming to the entire training process, the ESF could not co-finance vocational training projects in Greece. The research findings collected in interviews suggested that Greek policy makers could not afford the financial and political costs of losing EU funds again. It appeared that receiving EU funds was crucial for their political and economic interests. As a result, they implemented consecutive reforms which were all aiming to meet the ESF conditionality.

This finding was supported in a number of semi-structured interviews with key informants (interviews with: Protopapas, Stratigaki, Mavri, Ioannou, and Matsaganis). The first key policy maker to link the 2001 OAED reform with the ESF conditionality of post-2000 was Protopapas who was also responsible for the OAED reform. In his own words:

As with the KEKs, the OAED could not operate as before; it had to radically change its services to the unemployed. After 2001 Greece had to provide an individualised approach to the unemployed as it was set out in the ESF criteria for funding. [...] Although most people perceive the ESF as something technical or like a cash cow, in my opinion it is deeply political. After 1999 it has been completely integrated with the EES – so when we speak about the EU we cannot really distinguish between what the EES says and what the ESF asks. They both want the same things. [...] As I said for the KEKs, Greece could not afford again to lose crucial EU funds because of poor governance and inability to fulfil the ESF rules.

Another policy maker who was involved in the 2001 OAED reform and also had expertise on the OMC, Lisbon and the EU-Greek relations was a special advisor to Giannitsis - Mrs Mavri. In her words, the 2001 reform was a response to the EU

⁹¹ See <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31999R1260:EN:HTML>.

⁹² The first year of implementation of the 2000-2006 programming period is in 2001; Greece had to comply with the new ESF rules after that year.

stimuli – which in accordance to Protopapas was perceived as a package of various instruments:

With the 2001 reform Greece tried to respond to what the EU was asking for member states to do in their employment policy. With the 2001 reform we tried to put Greece into the group of countries that was providing active support to the unemployed. [...] In my opinion, we cannot really distinguish between Lisbon, the EES and the ESF. All EU policies were asking us to do the same thing. However, the ESF rules could not be overseen. Greece under no circumstances could be allowed to lose EU funds as it happened some years ago. The 2001 reform had to be implemented at all costs as this would be a major problem for the country.

This view was echoed in an interview by Ioannou who was *inter alia* advisor to Giannitsis (see also Appendix I):

I vividly remember the annual visits of the ESF fund officials which one way or another were concluded by the demand to radically improve the OAED. This was a long-standing problem in Greece and even today the ESF people are not happy with the Greek PES apparatus. [...]

Although Greece had to respond to specific EES guidelines, the ESF pressure was immense. What happened in 2001 was that the ESF was part of a wider EU agenda: the ESF, the EES and the Lisbon agenda had all been aligned and the PES reform was at the forefront of a number of EU policies. [...]

Greece could not hide anymore. The issue had to be tackled without any other delay and it was up to us to do it. By any standard, it felt like an impossible task if one considers the weaknesses of the OAED and more importantly the strong resistance from the OAED bureaucrats who had an interest to leave things as they were until then.

The link between the ESF and Greece's response to the EES stimuli was also confirmed by other interviewees. For instance, Professor Matsaganis (see Appendix I) recalled in a semi-structured interview with the author that:

Although I was not directly involved in the EES, I remember that what Greece was listing in the NAPs as its response to the EES was dictated by the Structural funds. New training measures, novel approaches in policy making, new policy goals and new targets were in accordance with the Structural funds. Almost all policy measures were ESF funded; Greece did almost nothing without the ESF support.

It appeared that Greek policy makers faced a huge obstacle in implementing the personalised approach to the unemployed: the rigid and inefficient OAED with its uncooperative staff which was unwilling to change existing practices and methods. The empirical evidence suggested that to circumvent the OAED's resistance they decided to delegate the new approach and method of policy making to a new, independent and flexible organisation - the KPA (interviews with: Giannitsis,

Protopapas, Ioannou, and Mavri). All interviewees who were involved in the 2001 reform maintained that it was only such entities that would be able to deliver the personalised support to the unemployed. This choice was seemingly vindicated, as the reform did not materialise until 2003, when the government had to pass another law which gave even more autonomy to KPAs and by abolishing the initial OAED-related supervising entity because of the continuation of former practices.

The 2006 reform was also strongly linked to the ESF funding as without them the KPA2 could not be funded. More specifically, the empirical evidence suggested that even though the KPA2 were legally introduced in 2006, they started to be established in 2008 (interview with: Kontos). This delay was related to the financial support from the EU: the funding for the KPA2 was included in the 4th CSF – renamed as National Strategic Reference Framework (NSRF; Greek acronym: ESPA) for the 2007-2013 programming period. The Greek government included the KPA2 funding in the Official Application⁹³ of the Operational Program (O.P.) ‘Human Resources Development’ under the ‘General Objective: Facilitating Access to Employment’. As a result, it was only after the beginning of the ESPA/NSRF in late 2008 that KPAs2 were set-up (Lioutas 2008; Apodimos 2009). The KPA2 became operational and constituted one of the main units of Greek employment policy concerning consultation, employment promotion and unemployment insurance during 2009 (Apodimos 2009). More importantly, the new approach that the KPA2 would introduce in Greek employment policy - the integrated support to the unemployed - was also necessitated by the 2007-2013 ESPA.⁹⁴ Consequently, the 2006 reform was also caused and determined by the EU Structural Funds and the new requirements for the 2007-2013 programming period. It appeared that neither the EES soft stimuli nor any domestic agenda caused the 2006 reform.

In addition, the empirical evidence suggested that the principles and policy goals of the ESF funded programmes were dictated by the European Commission against the preferences of the Greek authorities.⁹⁵ This was also supported by one joint statement⁹⁶ in April 2009 of the ND’s Greek Minister of Labour and Social Solidarity, Mrs Fani Pali-Petralia, and the then EU Employment, Social Affairs and

⁹³ Available in Greek at the Greek NSRF official page: <http://www.espa.gr/Shared/Download.aspx?cat=electroniclib&fileid=13>

⁹⁴ See the O.P. ‘Facilitating access to employment’ web-page: http://ec.europa.eu/employment_social/emplweb/esf_projects_117/project.cfm?id=208&project_lang=en.

⁹⁵ See corresponding section in the Gender Equality chapter – especially interview with Karastamati.

⁹⁶ Retrieved from: <http://www.capital.gr/NewsSave.asp?id=710196>.

Equal Opportunities Commissioner, Mr. Vladimír Špidla. The statement outlined the priorities of the O.P. Human Resources Development that had been agreed between the Greek government and the European Commission. The wording of the statement is indicative of the crucial role of the EU in promoting the KPA2 reform. According to the Petralia-Špidla joint statement *‘both parties confirm their commitment to work towards the speeding up of the program’s implementation’*. In the statement, both parties also outlined a wide range of novel policy measures to be implemented (with some of them being a reinvigoration of previous EU demands).⁹⁷ Further, the two top politicians justified the introduction of the KPA2 as a further improvement of the Greek PES services since *‘the upgrading of the PES network was foreseen into a unified system of one-stop shops providing integrated services’*. Greek efforts in realising this particular reform were appraised:

In this framework, the Greek authorities and the European Commission recognise the progress that has been established, and note that 105 KPA-2 have been already upgraded and operate according to the one-stop shop logic, whereas the operation and the spatial installation of the rest 16 KPA-2 will be completed until July 2009.

When reading the statement one is led to wonder why the Commission had to commit to a national program and how it can contribute to its execution when the sole responsibility for its implementation would lie with the Greek government. Interviews with key people involved in the negotiations between the EU and the European Commission on the ESF (interviews with: Karastamati; Ioannou) suggested that the statement’s puzzling wording can be explained by the ‘politics’ between the Commission and the member states in which the Commission avoids any direct public involvement in domestic issues, since social policy (including employment policy) is a national prerogative which member states are historically

⁹⁷ Such as the further upgrading of EKEPIS which would ‘upgrade, strengthen and implement an Integrated Certification System of Continuing Vocational Training (in Greek: Ολοκληρωμένο Σύστημα πιστοποίησης της Συνεχιζόμενης Επαγγελματικής Κατάρτισης (ΣΕΚ)) along with the further digitisation of Employment Services by using electronic databases and e-portals. In addition, both the report and other press articles highlighted that one of the key issues of the EU-Greek ‘negotiations’ was the implementation of the European Council’s Council Directive 2000/78/EC (see <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32000L0078:EN:HTML>) on discrimination which, among other forms of discrimination, prohibited age discrimination. According to the Commission, a legislated different retirement age between men and women in the Greek Public Sector and Military constituted a direct violation of this directive. Despite numerous calls from the Commission to Greece to adapt its pension system to this directive Greece fiercely opposed any change to it as politically and socially undesirable. The Commission took Greece to the ECJ and won the case (Commission v Greece: Case C-559/07 – for the rationale of the decision see <http://www.eurofound.europa.eu/eiro/2009/05/articles/eu0905019i.htm>). However, still the government has not adapted national legislation in accordance with the directive. The reason behind non-compliance is not neglect, as Falkner et al. 2005 have suggested, but the Greek political economy in which public sector trade unions are extremely powerful, have close ties with the government and are able to dictate to the latter their positions (see: Ioannou 2009).

very reluctant to delegate (see Rhodes 2005). In other words, this statement contains the Greek government's commitment to the Commission regarding the O.P.s smooth implementation. Additionally, the two day visit of the Commissioner in Greece and the meeting with Ms Petralia occurred to assess in meeting various EU requirements one of which was the full implementation of the KPA2 reform (interview with: Karastamati).

In summary, the above analysis examined alternative hypotheses and, after rejecting the domestic empowerment and EES soft stimuli (learning) hypotheses, concludes that the PES reforms in Greece were linked with identifiable ESF regulations and conditions. In other words the best explanation of the Greek PES reforms is the ESF conditionality / 3rd Europeanization pathway.

4. Evaluating the Greek PES reform: degree of change and extent of EES influence

This section will summarise the change in policy content of the Greek PES and try to gauge the impact of the EES in this process. Following the PES reforms examined above, Greek employment policy was able to offer individualised and integrated support to the unemployed including: placements; training; counselling; employment and social security advice. The KPAs and later the KPA2 provided every unemployed individual with a tailor-made two year action plan with specific targets and deadlines. The plan was evaluated biannually with implementation reports (EC 2006a: 42). The unemployed are profiled according to four categories (EC 2006a: 42): (i) 'job-ready' (little support needed); (ii) 'limited support' (requiring some short-term training and/or placement before they start searching for employment); (iii) those with skill deficits (requiring intensive support is necessary); and (iv) 'hard-to-place' clients (requiring intensive and additional support). The last category refers to the unemployed who belong to vulnerable groups (e.g. minorities; Roma). There was a significant increase in coverage of the unemployed by KPA/KPA2. While in 2004 only less than 10% of the unemployed were interviewed and given an individual action plan, in 2006 this number increased to around 70% with the prospect of covering all the unemployed by the end of 2006 (EC 2006a: 63; for some data on the evaluation of the efficiency of KPAs finding a job to the

unemployed, see: EC 2006a: 63-64). The number of KPA2 has been gradually increasing and their network gradually covered the entire country.⁹⁸

However, according to the evidence obtained from the Greek sample of interviewees, the EES impact was confined to only two of the five policy stages of GEP. The reason for this limited impact in terms of policy stages appeared to be linked to the Greek policy makers' neglect of the EES: most Greek interviewees highlighted that the EES was not included in their agenda or in their proposed solutions to reform the OAED – since the issue was not of interest to them. By contrast, the ESF conditionality appeared to have altered the third and fourth policy stage (Decision-making and Policy-implementation respectively).

The degree of EES-induced change appeared to be in the category of second order change as GEP introduced new programs through KPA and KPA2 in order to provide individualised support to the unemployed and thus enhance their employability through consultation, training, and employment subsidies. However, the EES did not succeed in replacing the pre-existing goals of GEP as the KPA and KPA2 did not replace the OAED as the main institution of GEP. In addition, the EES did not affect the OAED which continued its pre-EES mode of operation unaffected. Indeed, despite the change of the GEP's content, the OAED remained intact and Europeanization was 'outsourced' to small independent agencies which would be responsible for the new EES-induced policy. As a result, the EES cannot be said to have produced a paradigm shift (third order change or transformation) in GEP. In other words, the EES impact on the Greek PES appears to have been a second order change or accommodation/upgrading in that Greece merely adjusted existing processes, policies and institutions without changing their essential features or the underlying collective understandings attached to them. Finally, the empirical evidence suggested that despite the need to provide evidence for the ESF programmes, the Greek PES appeared not to alter its policy evaluation capabilities. Thus, there was inertia concerning the Policy Evaluation stage as there was no change at the domestic level despite the specific EES stimuli to improve the policy evaluation capabilities of GEP. The EES effect on the Greek PES is summarised in Table 3.3.

⁹⁸ In 2011 there are 110 KPA2 and 11 KPA (source: http://www.oaed.gr/Pages/SN_16.pg).

Table 3.3: EES impact on Greek Public Employment Services	
Policy stages	Degree of EES-induced change
Agenda-setting (problem recognition)	Inertia (no change)
Policy-formulation (proposal of solution)	Inertia (no change)
Decision-making (choice of solution)	Upgrading (second order change)
Policy-implementation (putting solution into effect)	Upgrading (second order change)
Policy-evaluation (monitoring results)	Inertia (no change)
Source: Author's analysis of the observed reforms	

Conclusions

This chapter discussed the Greek PES reforms. After discussing the situation of the Greek PES prior to the reform episodes, I analysed the timing, sequence, content and rationale of the reforms. Then, I examined alternative explanations and concluded that the reforms were linked to the ESF financial conditionality (3rd Europeanization pathway). The research findings of the thesis were that the EES impact seemed to be confined to the Decision-making and Policy-implementation stages of Greek employment policy. The degree of change was in the category of 'upgrading'. This result was reached by employing the method of process tracing and its tools: the examination of the temporal sequence, rationale and goals of Greek PES reforms and the juxtaposition of national developments with EU stimuli. In addition, the triangulation of methods and sources through the analysis of legal developments, documents, press releases and interviews with key policy makers and informants who were involved in the reforms, made it possible to cross-examine the data and therefore make the findings more robust when testing the proposed hypotheses and drawing conclusions from the research.

Chapter 4: Reforming the Portuguese PES: Europeanization through soft law empowerment?

Introduction

This chapter discusses the reform of the Portuguese PES (Portuguese acronym: IEFP)⁹⁹ which occurred during 1995-2000. It is argued that the examined reforms introduced path-breaking changes in the operation and policy orientation of the IEFP, and therefore, Portugal's employment policy. The first part of this chapter discusses the characteristics of the Portuguese PES before the examined reforms. The second part discusses the content of the PES reforms and the third examines the possible causes behind the observed policy changes. Finally, the fourth section evaluates the degree of change and extent of EES influence on Portuguese PES reforms.

The research findings suggested that the reforms implemented during 1995-1997 were linked to a pre-existing domestic agenda, while the 1998 reform (introduction of the Inserjovem and Reage programmes) was linked to the EES soft stimuli on activation. It appears that it was the 'domestic empowerment' (the second Europeanization pathway) that explains how and why the EES influenced the reforms of the IEFP. More specifically, the empirical evidence suggested that a small group of successful¹⁰⁰ policy entrepreneurs who held key positions in the Portuguese Labour Ministry¹⁰¹ exploited the EES policy window¹⁰¹ to promote their own pre-existing agenda. These entrepreneurs shared a pre-EES agenda of reforming Portugal's social and employment policy including the PES. Their rise to power coincided with the launch of the EES which opened a policy window (Kingdon 1984; see also Chapter 2) that enabled them to promote their agenda by downloading the EES stimuli. This finding seems to be in sharp contrast with the Greek PES case, where domestic change appeared to be linked to the ESF conditionality.

⁹⁹ Since the Portuguese PES does not operate in the Atlantic islands of Azores and Madeira, for simplicity, 'Portuguese' apply only to the mainland. As in Chapter 3, the terms PES, Portuguese PES and IEFP will be used interchangeably.

¹⁰⁰ As discussed in Chapter 1, successful policy entrepreneurs are those with access to power and resources.

¹⁰¹ The Ministry responsible for employment policy, labour market legislation and social security (pensions, poverty) has taken various names such as Ministry of Labour and Solidarity, Ministry of Social Security and Employment. During 1995-1997 the ministry was divided between the Ministry of Qualification and Employment and the Ministry of Solidarity and Social Security. For simplification, this chapter will use only the title Labour Ministry.

1. The Portuguese PES before the 1995-2000 reforms: focusing on passive employment support and the long-term unemployed

Portugal's modern PES was created on 29 December 1979 with the Decree-Law no. 519-A2/79 titled 'Institute for Employment and Vocational Training' (in Portuguese: 'Instituto do Emprego e Formação Profissional' - IEFP¹⁰²). It started operating in 1982 and replaced the previous PES entitled the Manpower Development Fund (Portuguese acronym: FDMO) which focused mainly on passive support and training to workers (for a comprehensive history, see: IEFP 2010a). The IEFP and the Directorate-General for Employment and Labour Relations within the Labour ministry are the two key organisations responsible for the Portuguese labour market and employment policy (Royo 2003: 6). According to its 1985 statute the IEFP has legal, administrative and financial autonomy. This autonomy, however, is significantly curtailed by the Labour ministry as it supervises and determines the internal structure of the IEFP to a significant extent. Thus, Portugal's Labour ministry is 'the main policy-setting authority' (OECD 1998: 63). In other words, Portugal's executive is responsible for the first three employment policy stages outlined in chapter 2 (agenda-setting, policy formulation and decision-making), while the IEFP's independence is mainly in decision-making related to the remaining two stages (policy implementation and evaluation). This independence, however, is partial as the IEFP operates within a framework of budget provisions and programme entitlements determined by legislation defined by the executive (OECD 1998: 61).

Initially, the main responsibilities of the IEFP were: provision of a free service for finding employment; vocational training information; and the provision of training and rehabilitation services (Mota et al. 1987). Over the years, however, the IEFP gained more responsibilities, such as: operating as a public placement agency; supporting job creation activities; conducting labour market studies; and running vocational schools. Thus, the IEFP gradually became the most important organisation of Portuguese employment policy (Royo 2003: 6; IEFP 2010b). Yet, the IEFP does not have a monopoly on job placements as both temporary work agencies and private placement agencies operate in Portugal since 1989 when the country signed the ILO Convention 96 (OECD 1998: 60). Similarly, the IEFP's role in unemployment benefits is secondary (evaluating additional labour market eligibility criteria) as they are administered by a network of regional social Security Centres (Segurança Social) (OECD 1998: 59). After Portugal's EU entry, furthermore, the IEFP acquired a

¹⁰² The Portuguese acronym the IEFP will be used throughout this thesis.

function related to ESF funds by overseeing requests for ESF grants and overseeing ESF funding for individual local-level projects (OECD 1998: 58). This feature cannot be found in the Greek PES which never had sole responsibility for managing the ESF funds. In addition, the OAED did not have supervisory responsibilities besides that of overseeing its own training centres.

Unlike Greece where there was a long-term inertia until the late 1990s (see: Chapter 3), Portugal promoted the efficiency and organisational capabilities of the IEFP in the early 1990s. More specifically, the IEFP had fully developed an automated system for job-brokering - titled 'SIGAE' - since 1993. SIGAE was used to: facilitate the matching between the unemployed and employers; monitor and manage the IEFP's Job centres and regional offices through monthly indicator based reports. The system maintains the following data: full employment and educational history of job-seekers; their contact details; job offers to each job-seeker and refusals to accept a suitable job; and a unique profile for each individual entering the system and their social security number as a second identification tool. In addition, employer officers by using SIGAE can report the benefit status of their clients and update their contact details and profile. Hence, the IEFP was able to comprehensively monitor the registered unemployed (OECD 1998: 83) and conduct regular surveys of the effectiveness of vocational training (OECD 1998: 185). Moreover, Portugal established the Observatory for Employment and Vocational Training (OEFV) in 1993. The OEFV was responsible for examining quantitative and qualitative employment trends and assessing Portugal's employment policy outcomes (OECD 1998: 85). Further, the IEFP has developed since late 1980s an internal training division which designs, develops and implements multi-annual training plans for its entire staff. The staff members are trained both following recruitment and during their career (OECD 1998: 81). In other words, the IEFP appeared to be a better equipped organisation than its Greek counterpart. A number of key Greek interviewees confirmed that there was a lack of coherent policy for staff development and training for its employees (Ioannou, Matsaganis and Karamessini). Unsurprisingly, as mentioned in Chapter 3, the OAED was considered by Greek policy makers to be the weakest link in Greek employment policy due to its lack of organisation, monitoring and staff performance.

The IEFP is financed from a variety of sources: it receives around 5% of the revenues of a social insurance fund which was introduced in 1986; an 'employee-friendly' general levy (as it taxes employers higher (25%) than employees (11%));

and is given a small percentage of VAT (OECD 1998: 68; Höcker 1994). In addition, the IEFP's budget is financed by EU funds (ESF and ERDF). The significance of EU funds is immense as 70% of them were spent in training and constituted over 40% of the IEFP's finances in the 1990s (OECD, 1998: 68). The majority of training for the unemployed was conducted within the IEFP's training centres titled 'Direct Management Centres' and 'Participatory Management Centres'. For instance, out of the 14,452 unemployed individuals who were trained in Portugal 11,272 of them were trained in the IEFP centres in 1996 (OECD 1998: 184). In contrast, the majority of ESF funds were channelled to large firms, private training companies and social partner training centres (Figueredo et al. 1997; OECD 1998: 176). This is another important difference between the Greek and Portuguese PES as the former was a recipient of ESF funds instead of being responsible for its allocation to large private firms and social partner training centres (see also Chapter 3).

Until Portugal entered the EU, less than 1% of the Portuguese labour force participated in ALMPs annually. Following entry to the EU and the subsequent receipt of ESF funds, there was a significant increase in labour force participation in ALMPs unlike the case of Greece which this did not occur (see: Chapter 3). For instance, by 1997 the percentage of the workforce participating in ALMPs increased to 7% annually (OECD 1998: 34). The number of vocational training schools grew significantly resolving the overcapacity problem (OECD 1998: 33). In addition, the ALMPs proliferated both in type and number (OECD 1998: 34), such that by the late 1990s Portugal's ALMPs accounted for over 50% of total labour market spending. This was considerably higher than the OECD average of 35%. Alas, the higher unemployment rates of the 1990s resulted in a decrease of Portuguese ALMP spending because passive support (mainly in the form of unemployment benefits) had to increase (OECD 1998: 158; Pedroso 2005: 111).

Similarly to Greece (see Chapter 3), neither the concept nor the practice of activation was known in Portuguese employment policy (Hespanha 2007: 209). Until the mid-1990s, vocational training spending was still targeted towards working adults, despite the rise in funding of the new ALMPs. The remaining resources were allocated to direct job creation; private sector hiring subsidies; and business start-ups (OECD, 1998: 158). Portugal and Greece were the only OECD members to spend more on training the employed rather than the unemployed adults (OECD 1998). Additionally, the IEFP prioritised training of the long-term unemployed (LTU) over that of recently registered ones. Until the mid-1990s, the IEFP perceived the LTU as

the group with the highest difficulty in entering the labour market (Addison and Portugal 2002: 509).¹⁰³ The main exception to this rule were the ESF co-financed Community Initiatives ‘NOW’, ‘HORIZON’ and ‘YOUTHSTART’ which focused on equal opportunities for women, reintegration of the disabled and disadvantaged groups and youth vocational training respectively (OECD 1998: 220). However, their impact on the content of Portuguese employment policy was negligible as the novel features of these vocational training programmes did not expand beyond these Community Initiatives. In other words, as had occurred in Greece (see Chapter 3), they remained confined to these initiatives and were not adopted in any other employment policy measure.

The flow of EU funds was a mixed blessing for the IEFP. On the positive side, the IEFP benefited from the increase of resources because of the ESF funds, and its staff became familiar with the new policy goals and methods that the EU funded training schemes introduced. However, the IEFP appears to have then been transformed into an EU-funds managing organisation.¹⁰⁴ This had major implications for the IEFP’s policy orientation. The IEFP staff and resources were principally devoted to the management of ESF funds as the main priority was to maximize their absorption rates. Other policy initiatives that may have been equally appropriate for Portugal’s labour market, but did not meet the ESF goals and funding criteria were side-lined. This neglect for non-EU funded policies resulted from the inability of the IEFP staff to cope with the increased workload that the new EU financial resources necessitated. As a result, the IEFP did not develop measures tailored to the needs and context of the Portuguese labour market. For instance, the IEFP did not develop a tangible policy for tackling informal work and the working poor phenomenon - although vocational training measures may have tackled the latter indirectly (Pedroso 2005: 114). Moreover, vocational training provision followed a rather dubious path of trying to match the IEFP clients with training programmes instead of designing programmes that would suit the unemployed (Silva 2009: 135). Finally, the IEFP disregarded traditional PES competences, such as managing supply and demand and labour market intermediation. Consequently, it can be argued that, despite the multi-faceted benefits of the ESF funds, their effect was detrimental to the IEFP’s policy-making efficiency.

¹⁰³ Interview with Professor Mario Caldeira Dias.

¹⁰⁴ Interviews with Professor Mandolino; Maria Candida Soares; Dr. Paulo Pedroso; Dr. Vieira da Silva.

The second major implication of the ESF funding was that the IEFP became suddenly a major manager and distributor of the ESF money which was all channelled to private training centres. Some of these entities were owned by social partners, others were private corporations and others were run by local authorities. The IEFP's tripartite management structure (representatives of government, employers and employees with a representation ratio of 8/4/4 respectively - see: Höcker 1994) meant that in many cases the social partners' representatives were approving applications for ESF funding for their own or their colleagues' training centres. This practice resulted in numerous mismanagement and corruption cases.¹⁰⁵ Overall, the first ESF programming period in Portugal was characterised as chaotic since there was not really any adequate institutional and policy framework to implement the ESF co-financed programmes (Silva 2009: 114). The situation was significantly improved in the second and third programming period as the ESF criteria became progressively much stricter.

2. Reforming the IEFP: paradigm change through activation

The examined IEFP reforms occurred during 1995-2000. In 1995 a new period began for Portuguese politics as -after many years in opposition- the Socialist party (in Portuguese: Partido Socialista; acronym: PS) won the 1995 elections. Portugal's Socialists renewed their term in office in the 1999 elections and remained in power until 2002. As will be discussed in the next three sub-sections, the purpose of the IEFP reforms was two-fold: to curtail some of the IEFP's powers which were the source of corruption; and to alter the policy orientation of the IEFP towards an inclusive and comprehensive intervention for the unemployed. According to the OECD, Portugal was included in the group of countries that witnessed 'a sea change' during the 1990s with regard to the modus operandi of their PES (OECD 2001). This section will examine these reforms and analyse their features and impact on Portuguese employment policy. It argues that, of all the IEFP's reforms that occurred during 1995-2000, the 1998 reform - when the Inserjovem and Reage initiatives were introduced - is the most important and transformative as it resulted in a IEFP paradigm shift. This reform record contrasts with the Greek one as in the latter the most important change was introduced in 2001 and implemented in 2003. In addition,

¹⁰⁵ The most press-covered incident was the case of an UGT representative who wanted to become an MP for the Socialist party in the 1990 elections but was found to be involved in an ESF corruption scandal - a detrimental incident for the Socialists' campaign (interviews with Pedroso and Madelino).

reforms continued throughout the 2000s and were completed in 2006 with the introduction of the KPA2 (see Chapter 3).

2.1. Reforming the organisational and institutional set-up of the Portuguese PES

After the 1995 elections, the newly elected Socialists implemented a series of reforms aiming to change the institutional framework of Portugal's employment policy-making. More specifically, as soon as they took office, they divided the Ministry of Employment and Social Security into two different ministries: the Ministry of Qualification and Employment and the Ministry of Solidarity and Social Security. The IEFP was supervised by the former, while the social security network by the latter. It appeared that that this separation was mostly symbolic as according to the fieldwork evidence the PS government wanted to stress the priority of qualifications and the independence of employment policy from the rest of Portugal's social policy (interviews with: Silva and Pedroso). Nonetheless, the reform also had a substantive operational element as it appeared that the Socialists aimed at a better management of Portugal's social policy by separating employment from social security policy (interview with: Dornelas). Thus, instead of one minister administering both fields - with the danger of favouring the much more salient social security policy (as had happened until then) - Portugal would have two ministers - with one entirely devoted to employment and vocational training policy and the other to social security issues such as poverty and pensions (interviews with: Silva, Pedroso and Madelino). However, this ministerial set-up did not last for long as in 1997 the division was reversed with the merger of the two ministries into one which was named Ministry of Labour and Social Solidarity. Despite the different title, the new ministry had the same organisational structure as the previous Ministry of Employment and Social Security. Surprisingly, the ministerial split had no discernible impact on the IEFP and its activities (OECD 1998: 90).

Nevertheless, the second organizational change that the PS government implemented significantly altered the IEFP responsibilities. In 1996, the IEFP lost the management of the ESF funds, which - as discussed in the previous section - was one of its most controversial responsibilities. The management of the ESF funds was delegated to an independent department within the Labour Ministry (Departamento para os Assuntos do Fundo Social Europeu (Department for European Social Fund matters / DAFSE)), which became the body that would authorise and distribute the ESF funds to both the IEFP and other independent / private organisations (OECD

1998: 58). This change rendered the IEFPP a mere recipient of ESF funding, which had to be approved by a non-IEFP related organisation. It appeared that for the PS government this reform was imperative in its effort to modernise Portugal's PES. In particular, empirical evidence collected from interviews with the key policy makers that implemented the reform (interviews with: Pedroso, Silva and Madolino) suggested three reasons for this reform: (i) it was perceived that any further corruption scandals would almost certainly be avoided, since the previous arrangement allowing the IEFPP to manage and allocate the ESF funds to organisations linked with the IEFPP's management committee was no longer in place; (ii) the efficiency of the IEFPP would be improved as the organisation could devote more energy into designing and implementing Portugal's employment policy; (iii) it was expected that the management of the ESF funds would be significantly improved as a dedicated independent unit within the Labour Ministry would be responsible for the task (interviews with: Pedroso, Silva and Madolino). This agencification process was repeated in March 2000 with the launch of the Institute for the Management of the European Social Fund (in Portuguese: Instituto de Gestão do Fundo Social Europeu; acronym: IGFSE), which was also supervised by the Labour Ministry. This reform aimed at establishing a nationally centralised system of management and financial control of the programmes supported by the ESF for the 3rd CSF (IGFSE 2010).

The Socialists implemented another organisational change in 1997 with the creation of the Institute for Innovation in Job Training (in Portuguese: Instituto para a Inovação na Formação; acronym: INOFOR). Its mission was to: conduct studies on the forthcoming educational and vocational training needs; to monitor training requirements; and suggest novel vocational training measures that would match the needs that the organisation would have identified. In other words, the INOFOR aimed at creating a more structured system of training which would be suitable to the needs of individuals and organisations.¹⁰⁶ In addition, the INOFOR would be responsible for the accreditation of training establishments which would apply for ESF funding. It should be noted that, as Greece did one year later, in 1997 Portugal made the accreditation of organisations receiving ESF money obligatory (OECD 1998: 179). The INOFOR would be the second independent agency to contribute to the study of employment and labour market policy. In 1993 the Observatory for Employment and Vocational Training (OEFPP) was established. The OEFPP responsibilities were to

¹⁰⁶ <http://www.aboutus.org/Inofor.pt>.

monitor employment trends; and to evaluate the efficiency and effects of employment and vocational training measures. Both the OEFP and the INOFOR would serve as key sources of information for policy makers and the IEFP in designing and evaluating Portugal's employment policy (OECD 1998: 85).

The above reform record differs from the one observed in the Greek PES with regard to its timing and content. Regarding timing, the Greek government did not implement any organisational reform of the Greek PES until 2001. With regard to content, Greece did not have to remove the management of the ESF funds from the OAED as this had never been within the OAED's remit (see Chapter 3).

2.2. Introducing activation 'on paper'

Besides the aforementioned organisational changes, after 1995 the IEFP witnessed the most significant reform of its policy goals and methods, namely its 'activation'. The concept of activation meant a paradigm shift for the IEFP because - as mentioned in the previous section - it was following the exact opposite principles and practices. Firstly, the IEFP was not providing tailor-made services and vocational training programmes to the unemployed, but was allocating them to various vocational programmes in order to fill in the empty slots in the available training programmes. Secondly, the IEFP prioritised the completely 'wrong' group of unemployed individuals compared with the activation model: instead of trying to reintegrate the newly registered unemployed into the labour market as quickly as possible, it neglected them completely and was focused on the LTU who were considered as the top-priority group. Thirdly, despite having some reporting and monitoring capabilities, the IEFP had neglected its 'traditional' responsibilities, such as managing supply and demand.

The reforms aiming to activate the IEFP started as soon as the PS government came to power. Initially, there was a tentative effort to improve employer services and activate employment counselling services for job-seekers (OECD 1998: 89). In addition, the Individual Assistance Plan (IAP) was introduced, which included a written action plan for the unemployed. The main target group of the IAP, however, was the over six-month unemployed who received benefits (OECD 1998: 107). The PS government also implemented an overhaul of the IEFP's Job Clubs (*clubes de emprego*). These entities were created by the previous government in 1993 (Implementing Order No. 295/93) in an effort to decentralise some of the IEFP's work. Since their introduction, Job Clubs focused on LTU (OECD 1998). It was only

after 1995 (Implementing Order No. 247/95) that the Job Clubs - instead of simply allocating their clients to ESF-funded programmes - began to implement specific measures for preventing and combating unemployment which aimed at the quick reintegration of the unemployed and of those at risk of unemployment (Silva 2009: 117; Misep 2007: 104). Again, it was after 1998 that the Job Clubs started also focusing on the young unemployed and extended their services by providing scholarships, information, guidance, incentives for geographical mobility and referrals of young people.

Some new measures were included, furthermore, in the short-term social pact, which was signed in January 1996 as the role of the newly created Insertion into Active Life Units (in Portuguese: Unidade de Inserção na Vida Activa; acronym: UNIVA) was highlighted in the Employment chapter of the pact (CES 1996a: 8-9). UNIVAs were created in August 1996 (Normative Dispatch No. 27/96 of 3 August) with the aim to *'provide help, information and vocational guidance and support and monitoring of young people during their experiences of entering the world of work and in seeking training and/or a job'* (Misep 2007: 103). The UNIVAs constituted IEFP's new strategy of extending the reach of its labour market services with a particular focus on the young unemployed (OECD, 1998: 113). The UNIVAs were accredited and financed by the IEFP and could be set up in a variety of organisations such as schools; vocational training centres; youth centres; private charitable institutions (IPSS); local authorities; social partners and other associations (Misep 2007: 103). The UNIVAs started as pilot programmes at first, but then expanded considerably as by the end of 1997 there were 400 units (OECD 1998: 113). The UNIVAs aimed at promoting the completion of regular education by helping young people to manage their school-to-work transition. The introduction of the UNIVAs aimed at tackling a long-standing problem of Portugal, that is *'the completion of a regular school course and assistance in managing the school-to-work transition'* (OECD 1998: 113). In addition, the UNIVAs provided comprehensive assistance to young people by offering them information and vocational and/or school guidance, support with job searching and placement, training, and promotion of networking to enter the labour market (Misep 2007: 103).

The activation of the IEFP was formally put on the agenda in the December 1996 Strategic Co-operation Agreement (in Portuguese: Acordo de Concertação Estratégica; acronym: ACE). The ACE was a social pact between the government and all social partners (with the exception of the largest and Communist orientated trade

union General Confederation of Portuguese Workers (Confederação Geral dos Trabalhadores Portugueses; acronym: CGTP-IN)). The ACE included many labour market measures for the period 1996-1999 (cf.: Katrougalos and Lazaridis 2003: 56; Christovam 1998; Christovam and Martins 1997). The pact was divided into two parts: the first included general principles, and the second, binding commitments under 10 headings (Christovam 1998). In the first part of ACE the activation of the IEFP was included in the wider goal of 'active policies for employment, training and education'. It read as follows (CES 1997: 41):

To reform employment services so as to be able to ensure a personalised and integrated response to receiving people, guidance, training and support for the placement of each unemployed person, with priority for attending to the long-term unemployed. This reform, now under way, combines the bolstering and retraining of the technical teams at the employment and training centres, new methodologies in the way they work and remodelling the computer system in order to apply the potential of the information society to the management of the job market (in 1996/98).

However, the PES reform was only one of the many goals included in the first part of the ACE document. In particular, the ACE put forward the goal of increasing the IEFP placements by 20% annually for 1997-1999 and the expansion of job creation programmes from 30.000 in 1996 to 60.000 in 1999 (CES 1997: 41). Additionally, the PS government announced a wide-ranging expansion of the ALMPs by expanding already existing programmes and introducing new ones. For instance, the Socialists considerably increased existing private sector hiring subsidies and investment in vocational guidance and placements (OECD 1998: 34), while they introduced the 1996 Social Labour Market Programme which included both new and old job creation measures (OECD 1998: 168).

However, these reforms hardly promoted activation. Contrary to the Social Labour Market Programme and other related training and placement opportunities, the IEFP-related measures either constituted pilot programmes with minuscule spending devoted to them, or remained on paper (OECD 1998: 107; Silva 2009: 120). For instance, although the IAP measure was legally defined in 1995, until October 1997 it was not yet implemented. Similarly, all the measures mentioned above remained marginal for the IEFP in financial terms: the resources for Job Clubs in 1996 constituted one four-hundredth of spending on hiring subsidies for the young unemployed (OECD 1998: 107). More crucially, the IEFP staff completely neglected these novel measures resulting in their non-advertisement to potential users. As a result, they were scarcely used (Silva 2009: 121).

The limited implementation of the measures included in the ACE was not restricted to the PES as most of the measures included in the pact were either delayed or inadequately implemented (Christovam 1998; 2000). After a reaction from the Portuguese social partners, the government recognised the failure of the AES and was forced to re-initiate the ‘strategic concertation’ process in which it proposed social partners the negotiation of a new tripartite central agreement.¹⁰⁷ Thus, although the goal of activating the PES was certainly existent since late 1996, it was neither among the top priorities nor did it have any salience. In addition, albeit existent, activation was not implemented or explicitly defined (Silva 2009: 125). Finally, despite the introduction of a wide-ranging list of measures targeting the young, the IEFP still prioritised the LTU. Hence, the reforms suggested in 1995-96 did not substantially alter the policy orientation and practices of the IEFP.

The above reform record differs significantly from the Greek one. As mentioned in Chapter 3, in Greece the concept of activation did not appear until the institutionalisation of the EES and more specifically after the early 2000s with the 2001 and 2003 reforms. In sharp contrast to the Greek case, the concept of activation had emerged (in official documents and in reforms) in Portugal before the EES. In addition, it appears that - contrary to Greece - Portugal implemented a number of reforms until 1998. In other words, in Portugal the reform of the IEFP was a pre-existing priority that was implemented before the emergence of the EES in 1997(see also below Section 3.1).

2.3. Inerjovem and Reage: the transformative change of the Portuguese PES

The major reform of the IEFP was initiated in 1998 with two headline programmes - Inerjovem and Reage - which the PS government launched with a key press conference. Inerjovem (translated as insertion of the young) was devoted to the young unemployed (16-24 years old), while Reage to adult ones (over 25). Despite their different target groups, both initiatives employed the same principles and methods which were aligned to an active and preventative approach in tackling unemployment. In particular, the main tools of Inerjovem and Reage were early, personalised interventions combined with follow-up guidance (NAP 1998: 15-16). In practice, this meant that the IEFP had to classify the unemployed into three different

¹⁰⁷ The social dialogue process aimed resulted in another pact known as the ‘Euro-pact’ which was presented by the PS government as a joint strategy for the EMU that ‘increases overall competitiveness and social cohesion’ (Cristovam and Martins 1997).

priority groups: the newly registered unemployed; the unemployed who were registered for less than 3/6 months; and the unemployed who were registered for over 3/6 months (CIDES, 2003: 41). Each individual would receive a personalised response according to the group he/she was assigned to, as well as his/her specific needs. Both initiatives necessitated the PES to meet certain targets for its clients with regard to promoting their employability, by offering them a new opportunity (in the form of employment; vocational training; professional experience; job placements; or internships) and personalised professional guidance within a specific time-frame. The logic of the time limit was to prevent the IEFP clients from staying unemployed for a long period, and therefore, becoming an LTU (NAP 1999: 48). The targets differed between the young and the adult unemployed as they were supposed to be given a new opportunity before reaching six and twelve months of registered unemployment respectively.

To achieve these targets Inserjovem and Reage employed a path-breaking model of intervention, which was based on the preventative approach for tackling unemployment. This model utilised four key tools (NAP 1999: 48): 1) the *Personal Employment Plan (PEP)*; (ii) the *Follow-up Convention*; (iii) the *Insertion Team*; and (iv) the *Individual File* of each unemployed individual. The PEP constituted a tool of socio-professional insertion which would be co-authored by the unemployed (who would be categorised after visiting the PES as a 'candidate') and the IEFP 'Insertion Team'. The PEP included an array of steps that the candidate and the IEFP would take, such as the anticipated schedule of the intervention; the organisations responsible for the candidate's labour market insertion; the intervention plan; and the PEP follow-up and implementation. The *Follow-up Convention* was the formalisation of the individualised and extensive follow-up of the unemployed individual or candidate, as well as the latter's active participation in the employability measures which the PEP would foresee. These interventions would be agreed and signed by both the unemployed and the Director of the Job Centre. The *Insertion Team* was a specialised group of expert counselling advisors and employment professionals located in all Job Centres. The Insertion team would contribute in the PEP preparation and administer the unemployed person's file as well as the corresponding employability measures deemed as necessary for the individualised follow-up process. The *Individual File* of each unemployed would maintain all the PEP's information (Follow-up Convention, PEP Record, Individual Report and Inclusion

Difficulties Prognosis Grill). The file would be managed and updated by the IEFP in order to use them in any future contact with the candidate.

Further, in order to *diagnose* the needs of the candidate the PES was required to *signal* the candidates before reaching three months of registered unemployment for the young unemployed; and six months for the adults. The signalling process included two steps (NAP 1999: 48-49): (i) the *File Management* and (ii) the *Attendance Flow*. In the File Management step the IEFP staff would identify every young and adult candidate using SIGAE before reaching the target of three or six months of registered unemployment respectively. The IEFP would also spot the young and adult unemployed who were reaching the limit of the target date of reintegration without having received any reply from the IEFP. For this purpose, the SIGAE was further upgraded and adapted to the needs of the Inserjovem and Reage to monitor the responses of the candidates and the IEFP. The SIGAE could monitor the number and type of response; the profile of the candidates with or without response; the effort indicators of the IEFP (number and type of interventions); and the number of PEPs (NAP 1999: 50). In the second step (*Attendance Flow*) the PES staff had to classify the candidates who were visiting the IEFP for registration or re-registration by using the 'Inclusion Difficulties Prognosis Grill'. The latter constituted an assessment score of the personal characteristics of the candidates in order to measure their degree of employability. The goal at this stage was to verify whether the candidates were facing additional risks in order to receive additional support.

After the classification and diagnosis of the unemployed, the IEFP had to implement the next stage of the Inserjovem and Reage model of intervention which was the *summoning* of the candidates. The IEFP had to call the candidates within the period of three and six months for the young and adult unemployed respectively. When the candidates were *summoned*, the Job Centres of the IEFP had to offer them an employability measure aiming towards labour market integration either as an employee (placement) or as a self-employed. The IEFP had to offer vocational training to candidates with no, insufficient or inadequate qualifications. In addition, it would provide all candidates with *Employment Programmes* according to their profile and individual requirements. Personalised guidance would be a condition for vocational training provision (NAP 1999: 50). At all stages of the IEFP intervention - and especially three months after the provision of an employability measure - the IEFP Insertion Team had to ensure the follow-up of the candidate through regular

communication either in person (visits), or by telephone and/or postal contact (NAP 1999: 49).

The IEFP would use a variety of intervention techniques to assure the labour market integration of the candidates according to their profile and needs (NAP 1999: 49). The first technique would be the *Elaboration of the PEP*, which would be the final stage of the IEFP intervention before the candidate accepted the employability measure. The PEP could be authored and signed during a placement interview, provided the candidate's profile matched with available job offers. If the candidate could not find a job immediately, then he/she would undergo the *1st Level Counselling Interventions*, if the candidates could not succeed in getting a job or placement due to 'employability deficits' which necessitated alternative measures (NAP 1999: 50). The 1st Level Counselling could be either a group information session or an individual interview. Its purpose was to recognize available or potential opportunities of employment. If this was successful, then the process would be finalised, by the elaboration of the PEP, as well as the signing of the mutual agreement and responsibility of the two parties (candidate and IEFP). If the candidate needed to receive intensive professional guidance, he/she would proceed to the *2nd Level Counselling* where candidates would receive personalised professional and/or vocational guidance either in groups or alone. If the candidates also needed psychological support, they would be referred to the *3rd Level Counselling* where besides the personalised services provided in level 2 the candidates would receive psychological support especially with regard to raising self-esteem.

To sum up, the Inerjovem and Reage initiatives resulted in a transformative change of the IEFP operation and policy orientation. Instead of allocating its clients to ESF funded vocational training schemes just to fill-in available positions, the IEFP was required to: signal, diagnose, provide any required personalised service to its clients; author and sign a mutual agreement in the form of PEP; and make sure that the unemployed person either got a job or an alternative employability measure in a pre-defined period which would result in the ending of their joblessness status. The goal was to intervene *early* (six months for the young and twelve months for the adult unemployed) in order to *prevent* them from becoming LTU. In other words, instead of maintaining a continuous focus on the LTU, with the Inerjovem and Reage programmes the IEFP had to focus on the newly or recently registered unemployed and find them in a specified timeframe a tangible alternative from unemployment.

Unsurprisingly, the two initiatives created a great burden for the Portuguese PES as they required a path-shifting change of its functioning. The government chose to implement them gradually in order to ensure the full implementation of the new model of intervention that the Inserjovem and Reage programmes required from the IEFP. The programmes were announced in 1998 and were initially executed only in a few pilot areas, with the goal of extending the new methodology of the programmes nationally in 2000. The areas selected were the ones where the PS government had already established Regional Networks for Employment (RNE) and Territorial Pacts (TP) (see: NAP 1998: 13; Moniz 2002: 9-10; OECD, 1998: 60), which ‘constituted tools of promoting innovation within the IEFP’ (interview with: Madelino – see Appendix I). The empirical evidence suggested that this choice was made for three key reasons. First, the IEFP leadership responded that an immediate national implementation was impossible, and a gradual implementation would be more realistic (interview with: Soares). Second, the RNEs and TPs were established in areas where the IEFP was more efficient; thus, the introduction of Inserjovem and Reage and the subsequent novel methods that the IEFP staff had to employ had a bigger chance of success (interview with: Soares). Third, starting a gradual but nonetheless full implementation of the new preventative approach meant that the IEFP staff would not neglect or side-line the required change of operation since ‘gradual implementation meant incremental 100% application’ (interviews with: Soares, Pedroso, Madelino, Silva). It appeared that the PS policy makers expected that once fully implemented - even in few areas - the new method of intervention would be gradually expanded in the same fashion. As a result, the change would be perennial resulting in the activation of the IEFP at a national level (interview with: Soares).

The PS government was very keen to expand the new methodology as soon as possible. In July 1998 it launched Inserjovem and Reage in nine RNEs and three TPs covering around 25% of the total population and 30% of the registered unemployed.¹⁰⁸ At the beginning of 1999 the target was to reach 45% of the total population which had to be increased to 75% at the end of the year. Finally, by 2000 the new method of intervention had to cover all Portuguese continental area (NAP 1999: 50). These targets were met and, by 2000, the new active and preventative approach that Inserjovem and Reage demanded from the IEFP was enforced at

¹⁰⁸ All data are for continental Portugal as the Atlantic archipelagos of the Azores and Madeira are not included in IEFP’s activities.

national level (NAP 2001: 39). The rapid initial reaction and maintained pace of the PS government in reforming the IEFP resulted in two noteworthy positive assessments: (i) in 1998, Portugal was included among a handful of EU countries (Sweden, Finland, Denmark, Spain, France and Luxembourg) which had already reformed or were beginning to reform their PES according to the preventative approach of the EES (EC 1998b: 28);¹⁰⁹ (ii) the design and implementation of the two initiatives as well as the change of the IEFP operation was so successful that Inserjovem and Reage were included in 2001 in the EES mutual learning programme. Six countries (Greece, Italy, Luxembourg, the Netherlands and the United Kingdom) were invited to Lisbon to review Portugal's 'best practice', compare it with their own PES intervention models and examine whether the Portuguese novel method of intervention could be transferred to their countries.¹¹⁰

Additionally, contrary to Greece, Portuguese ALMP spending showed a significant rise during 2000-2004 and in 2007 spending rose above the year 2000 levels. Hence, Portugal did not follow the Greek spending pattern where ALMP spending decreased during the period under study,¹¹¹ and Portuguese spending on passive measures was much closer to the EU-15 and EU-27 average (see: Table 4.1). However, similarly to Greece, passive measures retained the public expenditure's largest share throughout 2000-2007.

	2000	2001	2002	2003	2004	2005	2006	2007
Active Measures								
Portugal	0.354e	0.466e	0.427e	0.510e	0.545	0.517e	0.451	0.387
EU15	:	:	:	:	0.609	0.534	0.531	0.491
EU27	:	:	:	:	:	0.516	0.511	0.473
Passive Measures								
Portugal	0.824	0.976	1.150e	1.089	1.151	1.287	1.265	1.090
EU15	1.229	1.21	1.306	1.394	1.406	1.387	1.247	1.077
EU27	:	:	:	:	:	1.334	1.196	1.025

Source: EC 2009a: 89; - Denotes missing data; e denotes estimated value

¹⁰⁹ The Scandinavian PES had implemented the preventative approach since the early 1990s, meaning that only four countries in the EU-15 (including Portugal) were reforming their PES in 1998.

¹¹⁰ For the corresponding peer review executive summary, see: <http://www.mutual-learning-employment.net/uploads/ModuleXtender/PeerReviews/49/Exe-sum-port.01.pdf>.

¹¹¹ It should be noted that since some of the available data report estimated values then the data should be treated with caution.

The reform record of the Portuguese PES was substantially different from the Greek PES reform record. First, the IEFP reform was completed by 2000 having started in 1998, while the Greek PES reform only began after 2001 with successive legislative reforms enacted by the Greek parliament in 2001, 2003 and 2006. Second, in Portugal the reform was implemented within the IEFP whereas in Greece policy makers decided to bypass the OAED and implement their reforms through a process of extensive ‘agencification’ (see Chapter 3). Third, the EU considered the reform of the Portuguese PES as one of the EES success stories (and was therefore included in the mutual learning program). An equally positive evaluation was published by the OECD (OECD 2001; see also introduction of this chapter). By contrast, the Greek PES was considered to be the weakest link in Greek employment policy even after the observed reforms by both national policy makers and the EU evaluations (see Chapter 3). The summary of the Portuguese PES reforms is provided in the following table.

Table 4.2: Public Employment Services’ Reform in Portugal			
	Reform Content	Time	Process
Portugal	Activation & preventative approach	Reform began in 1998 & completed by 2000	Reform took place within the Portuguese PES (IEFP)
Source: Author’s analysis of the observed reforms			

3. Explaining IEFP reforms: policy entrepreneurs empowered by the EES

The Inserjovem and Reage initiatives were included in the first Portuguese NAP of 1998 as a response to the first two EES guidelines (for the respective EES guidelines, see section 2 of Chapter 3 and section 2.2.1 of Chapter 1). One could easily assume that the IEFP reform through the Inserjovem and Reage constitutes a prime example of the EES impact on Portuguese domestic policy as the Portuguese programmes seemingly copy the content of the two guidelines. However, correlation does not mean causation. Additionally, the fact that the issue of the IEFP reform was already existent in Portugal before the EES necessitates the examination of the alternative hypotheses and mechanisms of domestic change of this thesis. To delineate the cause (s) of the IEFP reform and the role of the EES, the thesis employed: process tracing; the examination of temporal sequences; and evidence collected from interviews with key informants.

In explaining the IEFP reforms, the thesis will test alternative hypotheses regarding potential Europeanization pathways (see chapter 2). To examine the potential causes of the IEFP reforms the thesis employed two criteria: (i) the timing of the observed reforms in relation to the EES stimuli; and (ii) the pre-reform preferences of domestic policy. Regarding the first criterion (the timing of reforms), if the observed policy change occurred prior to 1998 which is the first year EU members were required to report on their response to the EES guidelines to the EU, then it can be deduced that this is likely to be related to a pre-existing domestic agenda rather than a result of an EES impact. In addition, the temporal sequence of events between EES guidelines and national developments should show that domestic reforms followed the EES stimuli. Regarding the second criterion (the preferences of domestic actors), the observed policy change can be linked predominantly to a domestic agenda if Portuguese policy makers had already (prior to the EES) outlined their intention to reform the PES and explicitly defined an agenda regarding the content of the reforms observed at a later stage.

3.1. Explaining the 1995-1997 reforms

As in Portugal the PS government implemented a series of PES or PES-related reforms before 1998, then the EES stimuli cannot explain the 1995-1997 IEFP reforms. Indeed, as will be shown below, the empirical evidence suggested that the pre-EES agenda of the PS government included both activation and the need to reform the IEFP. However, it appeared that it did not include the novel method of intervention that was materialised through the Inserjovem and Reage initiatives (see below). More specifically, the most important document of the pre-election agenda is the 1995 electoral manifesto of the Socialist party. The document presented an elaborated account of the ideology and policy proposals of the party. Further, it included the concept of activation and active employment policies in its preamble as one of its key policies for employment promotion. Additionally, social and educational policies were presented as crucial to promote employment and were described as an indispensable part of public policy. By emphasising the need for a comprehensive public policy to promote employment, the Socialists aimed to criticise their main rival - the centre-right Social Democratic Party (Partido Social Democrata - PSD). The PSD stressed the importance of macro-economic stability and was dismissive of a more interventionist social and employment policy during its term in

office (1985-1995), and especially in the run-up for the final stage of the EMU (Silva 2009: 122). However, as issues of employment and poverty became prominent in the pre-election debates, the Socialists tried to distinguish themselves both from the PSD and the PS traditional ideology by recognising the importance of social issues and the need to develop a comprehensive policy inventory to adequately address these issues (Nunes 2000).

However, the IEFP was not mentioned in the PS manifesto. More importantly, the issue of activation was confined to the social inclusion area and the introduction of the GMI (Guaranteed Minimum Income) policy and did not encompass the IEFP. According to Dr. Paulo Pedroso, the head of the GMI taskforce while in opposition and the minister responsible for passing and implementing the GMI with the PS government:

‘During the election campaign we argued in favour of ‘activating’ Portuguese social policy. But our activation proposal was not so much about the IEFP but about the minimum income. Another policy related to activation was the expansion of vocational training but this was marginal compared to the centrality of GMI.’

Indeed, the link between the GMI and activation had already been made in the EU 1992 (92/441/EC) Recommendation on sufficient resources and social assistance. The recommendation established common principles for minimum income schemes during the Portuguese Presidency of the European Council. These principles greatly influenced political debates in Portugal and the Socialists referred to them in order to justify their positive stance against the GMI (for the link between the 1992 recommendation and the GMI reform, see: Guibentif 1997; Ferreira 2005; Capucha et al. 2005; Zartaloudis 2011; for a detailed account of the political discourse concerning the GMI see: Silva 2009: 83-85). According to Paulo Pedroso:

‘In order to reply to the standard right-wing PSD criticism of ‘budget irresponsibility’, ‘welfare system abuse’ and ‘reward people for doing nothing’, we argued that the GMI would promote the activation of poor people which basically meant the insertion of the GMI recipients to the labour market. The GMI was based on a contractual mutual agreement in which the recipient had to ensure that they would try to re-enter the labour market. The PSD was adamant that this was a really bad idea - especially for achieving EMU entry. We had two answers against the PSD criticism: the EU had advised member states to adopt a minimum income scheme; and all EU countries -besides Greece - had a similar scheme already.’

As will be discussed below, although the PS manifesto referred to the concept of activation, this was not related to the IEFP but to the introduction of a minimum

income scheme (see sections 3.1 and 3.2 of this chapter). Nevertheless, the Portuguese Socialists - contrary to their Greek counterparts (see Chapter 3) - had already formed an agenda for the Portuguese PES. It appeared, however, that the PS agenda was shaped much earlier than the 1995 elections as it resulted from the incorporation of new - outside the PS - actors who formed a cohesive group of policy entrepreneurs sharing a common platform for social and employment policy reform (see section 3 of this Chapter below). The members of this group dominated Portuguese social and employment policy making during the PS governments as all of its members held key positions in the Labour Ministry during 1995-2002 and 2005-2010.¹¹² These policy entrepreneurs were employed by the Portuguese university ISCTE-IUL¹¹³ and, according to one member of the group, shared the conviction that *'public policy is the only way to improve social policy, and therefore, Portugal'* (Madelino). The evidence collected through interviews suggested that these entrepreneurs were experts on Portuguese and European Social policy with a particular emphasis on employment and social security (see below). Moreover, part of their academic and research career was devoted to performing evaluations of EU initiatives and ESF-funded programmes implemented in Portugal. As a result, they had expert knowledge on the advantages and drawbacks of the IEFP and had formulated a tentative reform agenda before entering Portuguese politics (see below). Drawing on Kindgon's model they constituted a group of policy entrepreneurs with a specific agenda waiting for an opportunity to promote their agenda in public policy.

However, it appeared that as they were not professional politicians, they had a very weak position in the PS party (interviews with: Madolino, Silva). Their role was upgraded when the PS decided to 'open up the party to society' in 1994 in order to renew its social and political agenda. This process was a response to a disappointing decade of numerous losses in all (national, local and European) elections. The relatively young and highly educated ISCTE-IUL academics provided an exceptional opportunity for the Socialists to portray a new image to the Portuguese electorate and rejuvenate their positions (Nunes 2005). As a result, these policy entrepreneurs got the opportunity to have a large impact on the definition of the PS electoral manifesto, particularly with regard to the PS positions on social (including employment) policy.

¹¹² The position that each member of this group has held in Portuguese politics is explained in detail below.

¹¹³ ISCTE – Lisbon University Institute / ISCTE-IUL (in Portuguese: ISCTE - Instituto Universitário de Lisboa). The acronym ISCTE stems from its previous name: Instituto Superior de Ciências do Trabalho e da Empresa (in English: Higher Institute of Business and Labour Sciences).

This renewal process was not unknown to Portuguese politics. In a semi-structured interview with the author, Paulo Pedroso (see Appendix I) summarised why:

In Portugal, political parties are weak. They are not trusted and the same applies to politicians. This originates from Portugal's troubled history where big parts of the population were oppressed and persecuted during the dictatorship. This problem was worsened after the restoration of democracy as the parties were completely top-down elitist organisations. Their connection with society was and remains weak and people do not actively participate in politics. This applies also to the PS which is very different from most Socialist parties in Europe: it has very few members, weak trade union representation and limited connections with the working class. For instance, the PS was created in Germany from a group of expats – it was not a movement within Portugal.

[...] On the contrary, Portuguese people highly regard educated people. After all, we are a society with very low educational and qualification levels. In this context, the most common practice of political parties to strengthen their position and gain legitimacy is to recruit academics. In Portugal's recent political history the majority of ministers had a doctorate or were academics.

Besides the existing practice of recruiting academics, this group had an extra advantage. Its leader was another ISCTE-IUL Professor - Ferro Rodrigues. In addition to being an experienced academic, Ferro Rodrigues was a key figure of the PS party. After the 1995 elections, Rodrigues became the Social Security Minister during 1995-1997 and from 1997 until 2000 the Minister of Labour and Social Solidarity. His party career peaked during 2002-2004 when he became the PS leader. It appears that the powerful position of Rodrigues with the PS party facilitated the smoother and faster incorporation of the entire ISCTE-IUL group into the mainstream of the PS party (interview with: Dornelas). It appeared that his influence within the party was very strong and derived from his very long PS membership as he started his involvement in politics as a student leader (interviews with: Dornelas and Madolino).

According to evidence collected in a number of interviews (interviews with: Dornelas, Madolino, Pedroso and Ferreira), it seems that since then, his 'right hand' was Vieira da Silva who later became a colleague of his in ISCTE-IUL and fellow cabinet member. Silva during 1995-1997 was an advisor to F. Rodrigues at the Ministry of Social Security. After 1997 he was assigned by Rodrigues to become the head of a key directorate in the Labour Ministry - titled the Cabinet for Strategy and Planning. This department was responsible for the general design and implementation of Portugal's employment policy and after 1997 it also became the one responsible for the EES: its head was also the NAP coordinator; a member of the Employment Committee (EMCO); and the Economic and Social Council (in Portuguese: Conselho Económico e Social; acronym: CES), which was the key social concertation

institution in Portugal (Eurofound 2009). In other words, Silva became ‘Mr EES’ and a key actor in Portugal’s employment policy until 2002. When the Socialists rose to power again in 2005, Silva became the Minister of Labour and Social Solidarity during 2005-2010.

The third key policy entrepreneur was Dr. Paulo Pedroso. Pedroso was also an ISCTE-IUL academic. He and Silva constituted the ‘*theoretical and technical minds of the group*’ (interview with: Madelino). Additionally, Pedroso ‘*had a much consolidated vision about social policy which he implemented with ferocious militancy*’ (interview with: Madelino). This was significantly different from the standard Portuguese model of social policy. The vision is presented succinctly in the following quotes from a semi-structured interview with Pedroso:

Portuguese policy makers had a golden rule: copy what France is doing. I completely disagreed with this tradition. I always argued: let’s see what all EU partners are doing and let’s try to import the best practises to Portugal. That’s what we did for the GMI: the report on what other EU countries were doing and its recommendations were used by the taskforce I was heading to write the law.

[...] As an academic, and more crucially as a policy maker, I had a very strong conviction about transforming Portugal from a ‘welfare society’ to a country with a ‘welfare state’. The only way to achieve that was by a wide-ranging expansion of Portuguese public and social policy.

Louis Capucha confirmed the existence of a very self-conscious group which shared a specific agenda:

Without wanting to sound arrogant, I can say that I am very proud that I was part of a very close group of people who knew what they wanted and were also very determined to fight for their vision. [...] We all wanted a new Portugal and especially a new social policy for our country. We knew we had to give a big fight almost against everybody: the opposition, parts of the bureaucracy and even with some people within our own party. But it was clear that Portugal could not afford to continue on the previous path.

This central role played by Pedroso’s vision of social policy was confirmed by external independent experts on Portuguese welfare state. They stated that ‘the ‘Pedroso model’ provided a clear roadmap that defined PS social policy making’ (interviews with: Virginia Ferreira; Karin Wall), and was directly applied to the IEFP. The newly elected PS government in 1995 had a specific goal to ‘expand the IEFP’s capabilities and coverage to include all the unemployed’ (interviews with: Madelino, Silva, Pedroso and Soares). According to another member of the ISCTE-IUL policy entrepreneurs, Professor Francisco Madelino (see Appendix I), this agenda was defined in the late 1980s in parallel with the UGT and IEFP scandal regarding the mismanagement of ESF funds:

I remember being part of numerous meetings with F. Rodrigues, Silva, Pedroso, Maria Joao Rodrigues, and Luis Capucha regarding the IEFP when Cavaco Silva was in power (SZ: Cavaco Silva was the PSD premier during 1985-1995). We were really concerned about the mismanagement of EU funds and the overall IEFP's poor performance. We had all concluded the three policy priorities that a PS government had to pursue with regard to the country's social policy were:

1. The management of the ESF funds had to be separated from the IEFP. The ESF funds had to be managed by an independent authority. The main reasons for this decision were that EU money was used in a corrupt fashion and that both the IEFP and ESF interventions were simply not effective.
2. Portugal's modernisation could not be achieved by its elites or the highly trained people; the top-down solution could never work as the vast majority of the population would not follow due to lack of skills and education. Therefore, the Portuguese PES had to focus on the poor and untrained members of our society. Only by expanding training could we promote Portugal's modernisation.¹¹⁴
3. Portugal had to incorporate a minimum income policy as soon as possible.

Maria Candida Soares confirmed the criticism of the IEFP's pre-1995 operation:

IEFP was supposed to do everything: manage unemployment; counsel the unemployed; manage the ESF; conduct vocational training; author labour market studies; etc. In the end, however, it failed to do most of these tasks. It was simply too much and the concentration of power was doing more damage than good.

Pedroso was more critical with regard to the incentives and preferences of the IEFP staff:

The IEFP personnel had developed a kind of closed-circuit clientele receiving the EU funded subsidies: the same training companies, the same LTUs, the same problems again and again. It was a closed system of receiving the state's support. The vast majority of Portugal's unemployed people were excluded. This had to stop.

The above seem to explain, to a great extent, the 1995-1997 reform activism of the PS regarding the IEFP. As analysed in section 2, the PES reforms during 1995-1997 implemented three key changes: (i) the management of the ESF was delegated from the IEFP to an independent authority within the Labour ministry; (ii) training was expanded to more target groups, with a particular emphasis to the young; (iii) the PES, would offer personalised services to its clients, instead of mechanically assigning them to vocational training programmes in order to fit the available vacancies. However, as discussed in section two, the reforms concerning the IEFP's policy orientation had not been fully implemented until 1997, and novel measures constituted a miniscule part of the IEFP's operation. According to the evidence

¹¹⁴ This view of modernisation is completely opposite to Simitis' view on modernisation which had a very top-down/professorial approach.

collected from interviews with key Portuguese informants, the reasons for this limited progress appeared to be: (i) the low priority the PS government assigned to these measures as its main focus was on organisational changes (ESF management; INOFOR, etc.); (ii) the focus on expanding the reach of the IEFP quantitatively; (iii) the reluctance of the IEFP personnel to alter their policy making approach. Although this reluctance has been attributed to inertia (Silva, 2009: 135-138), the research of this thesis suggested that there was also a strong opposition concerning the new model of intervention suggested by the EES. For instance, Professor Mário Caldeira Dias (the IEFP director during 1995-2004 and President of the OEFP since 2004) was very critical of activation and the EU's social policy direction. In his opinion it was and remains probably useless for Portugal:

Activation works only when the GDP is growing. But activation has little impact on improving the fate of the unemployed when the economy is stagnant or in recession as we had been in the last decade. [...] I always found this obsession with activation absurd. [...] This is because I strongly believe that without passive measures - which I consider the best - activation cannot work as it becomes too expensive. [...] When I was leading the IEFP I raised my concerns with the political leadership of the ministry but nobody wanted to listen. [...] Who was right? I can only say that the IEFP staff since 1998 put a lot of hard work for the Inserjovem and Reage in order to meet the EES benchmarks. And what was the result? Since 2002, with the economic crisis, unemployment in Portugal rose to unprecedented levels and is now around 10%.

3.2. Explaining Inserjovem and Reage initiatives: enter the 1998 reform

The timing of the 1998 reform allows the possibility for a causal relationship between the EES soft stimuli and the introduction of the new method of intervention that Inserjovem and Reage necessitated. Indeed, the empirical evidence suggested that the 1998 reform was greatly influenced by the EES soft stimuli on activation (interviews with: Pedroso, Madolino, Silva and Dornellas). It appeared that domestic actors had not defined the preventative approach and the concept of activation remained rather vague. The recollections of two key actors in the IEFP reform make this apparent. According to Madelino:

The EES had a great impact on the IEFP. Until 1998, all policy measures and reforms were about 'reacting' to unemployment as the IEFP waited to be contacted by the unemployed. The EES introduced a completely new approach of 'preventing' unemployment as the IEFP had to act in advance to promote employment. As a result, in practical terms the IEFP was obliged to be proactive and contact the unemployed before a certain time limit and offer them a specific employability measure.

Pedroso also agreed about the role of the EES in defining the PS policy agenda:

Reforming the IEFP was part of our broader agenda of creating an efficient and strong Portuguese welfare state. For the IEFP this approach meant that it should constitute the main body that would help the unemployed find a job and extend its services to as many people as possible. [...] Although the IEFP's activation was included in our pre-1998 reforms, it was about a quantitative expansion of coverage than a qualitative change in policy making. Moreover, the term originated mainly from the GMI and referred to mutual responsibilities. With the EES we could push our initial agenda through Europe-wide requirements.

In addition, according to key policy makers involved in the 1998 IEFP (interviews with: Pedroso, and Madolino) reform the role of the EES was decisive in defining and implementing the 1998 IEFP reform. According to the fieldwork it appeared that without the EES guidelines, the IEFP reform would remain on paper as the previous reforms (interviews with: Pedroso, Silva and Madolino). According to main actor responsible for the IEFP reform - Pedroso:

The EES and the subsequent evaluation were crucial for us because for the first time I could use the EU evaluation to support my argument and reform agenda. [...] This was the grave importance of the EES: there were also specific benchmarks that had to be met by the IEFP. This gave us a great advantage in promoting the IEFP reform: with the EES, the IEFP was not accountable simply to the government but to the EU. [...] There should be no doubt about this: without the EES guidelines and the corresponding benchmarks, the IEFP reform would not have been completed simply because, with the EES, the IEFP could not escape implementation.

According to the policy makers involved in the 1998 IEFP reform, the EES was paramount to the implementation phase of the reform (interviews with: Pedroso, Madolino, Silva, Dias and Dornellas). In particular, according to key interviewees implementing the reform the importance of the EES in bringing about the observed policy change was to assist the PS ministerial elites in overcoming the resistance of the IEFP staff to the introduction of the new policy paradigm of preventative approach (interviews with: Pedroso, Madolino, Silva, Dias and Dornellas). In other words, the PS entrepreneurs used the EES policy window to empower themselves against domestic opposition. Even though this domestic opposition permeated almost all levels of the IEFP hierarchy, the main barrier to the implementation of the 1998 reform was the resistance of the IEFP president at the time (Dias). As a result, significant tension arose between the Secretary for Employment and Training¹¹⁵ responsible for implementing the 1998 PES reform (Pedroso) and Dias (interviews with: Pedroso, Dias and Madolino). It appeared that the EES guidelines and benchmarks were crucial for the PS policy entrepreneurs to curb the IEFP resistance

¹¹⁵ Secretary is the equivalent for Deputy Minister.

and especially Dias' reluctance to the preventative approach. As Pedroso recalled in his interview:

The IEFP was very reluctant to implement the preventative approach. The IEFP president of the time told me - and I also heard this from many heads of departments and Job Centres - that they were employment technicians not social workers. They perceived the 1998 reform as an effort to convert the IEFP into a social work institution. [...] They also didn't like the fact that the new way of doing things would put so much pressure on them to meet certain deadlines and provide personalised services to the unemployed. [...] At one meeting I said to the IEFP head (Dias): 'these guidelines have to be met; either we improve the indicators or one of us will have to quit his job.' He knew that I was not intending to resign so at that meeting he probably got the message about how important was to implement this change.

Therefore, it appeared that the initial progress in meeting the EES benchmarks was very slow and Portugal was perceived by the EU as an unlikely candidate to meet the EES guidelines due to the immense gap between the EES stimuli and the IEFP policy orientation (interview with: Pedroso). Nonetheless, the Portuguese policy makers (contrary to their Greek counterparts) seemed to have a very strong commitment in implementing a significant overhaul of the IEFP by using the EES guidelines. The key members of the group of PS policy entrepreneurs who held key positions in Portugal's Labour Ministry and IEFP (interviews with: Pedroso, Silva, Madolino, Capucha and Ferro Rodrigues) had numerous meetings with high, medium and low level IEFP managers in order to ensure that the implementation of the EES guidelines should be their top priority (interviews with: Pedroso, Silva, Madolino and Capucha). According to Pedroso:

I had many meetings with the IEFP head and other key staff of the organisation including many managers of IEFP offices and Job Centres both at national and local level. In all these meetings we were telling them that the first two EES guidelines were THE guidelines and that Inserjovem and Reage are not just two new programmes but THE programmes. I clearly remember that in all the meetings, I was making sure that my discussant understood the importance of the guidelines and the associated targets and that there would be consequences if they would not be met.

According to the people involved in the reform, the existence of a coherent and homogeneous group in the Labour Ministry which shared a common agenda was vital to the success of the implementation of the 1998 IEFP reform (interviews with: Pedroso, Silva, Madolino and Capucha). For Pedroso having a group of people promoting the IEFP reform meant that the IEFP would respond to a governmental agenda and not merely a ministerial one. In addition, it was easier for the PS ministerial elite to implement the reform as most of the key positions within the

Ministry and the IEFP were held by members of the group of policy entrepreneurs who, therefore, acted in a co-ordinated fashion to ensure implementation of the preventative approach (interviews with: Pedroso, Silva, Capucha and Madolino). For instance, key members of the PS and Labour ministry ministerial elite (interviews with: Pedroso, Madolino, Silva, Capucha and Rodrigues) held regular meetings every three months in order to evaluate the progress of the IEFP in meeting the EES guidelines. It appeared that the PS policy entrepreneurs aimed to formalise the policy change procedure to achieve successful implementation of the new policy paradigm that the Inserjovem and Reage initiatives were bringing about as a response to the relevant EES guidelines.

According to the evidence collected through interviews, it appeared that the reason the PS government was so committed to the EES and its first two guidelines was primarily instrumental: the EES was empowering the PS policy entrepreneurs to implement their reform agenda by utilising the EES soft stimuli (second Europeanization pathway). This was stated in a number of interviews (interviews with: Silva, Pedroso, Madolino and Capucha) as illustrated by the following quotes from two key member of the group of PS policy entrepreneurs:

Silva:

The EES came in a period when we had started a full reconfiguration of Portuguese social policy which was met with scepticism from our political opponents, the bureaucracy, and I would say some members within our own party. For this reason, Europe was important for our position and agenda: when we were arguing that we do this or that because Europe says so or because other countries have done that, very few people could openly disagree. [...] The big IEFP reform of 1998 was implemented because we sincerely thought that the preventative approach of the EES would serve our agenda of reforming the IEFP into a more inclusive and efficient institution.

Madelino:

Just imagine: a new government with new actors within the party and the political system trying to reform the biggest and strongest organisation of Portugal's employment policy. The EES was like a gift to us. Now we could implement the reform not in words but in reality: the EU benchmarks meant that the IEFP had to change its operation dramatically. And more importantly, the extent of change was measured by EU indicators. Every year the EU would evaluate the IEFP's response to the unemployed.

In addition, the policy makers promoting the IEFP reform stated that they did not alter their views as a result of their interaction with the EES. In other words, the third Europeanization pathway (policy learning) provided a weak explanation of the EES-

induced change. In particular, according to the key actors in Portugal's employment policy at the time the EES served as the best legitimacy lever in promoting the pre-existing IEFP reform agenda of the PS entrepreneurs since the EES activation guidelines were aligned with this agenda (interviews with: Silva, Pedroso, Madolino and Capucha). Put differently, the group of PS policy entrepreneurs took advantage of the EES policy window of activation/prevention of long-term unemployment to empower themselves in order to promote their agenda. In Pedroso's words:

I can say that there was a 100% match between our agenda and the first two guidelines of the EES. We wanted to reform the IEFP in a way that it would stop being an almost useless organisation. Instead of helping the same people again and again, we wanted it to be as inclusive and as efficient as possible. We wanted it to focus on the poor and the weak members of our society who were and still are so many, not some friends of the IEFP staff. The EES not only said that, but also specified a certain policy model as well as particular targets to be met by 2002. Our commitment to the IEFP reform was so great that we met the EES indicators by 2000. I think this says everything about how much we wanted to implement the preventative approach.

However, the large investment made by the PS policy entrepreneurs in the EES had positive and negative repercussions for the PS governments during 1995-2002. According to the interviewee statements, the PS government was able to push its agenda in the IEFP on the one hand, but on the other the government became vulnerable to criticism whenever it failed to achieve the EES benchmarks and subsequently received country-specific recommendations from the Council (interviews with: Pedroso and Silva). It appeared that in Portugal the EES received a relatively high level of attention from the media because the PS government presented the NAPs at major press conferences as part of their national political agenda rather than a European one (interviews with: Pedroso, Silva, Madolino and Capucha). This strategy was deemed as the best in order to promote their pro-reform agenda and empower themselves against opponents (interviews with: Pedroso and Silva).

In summary, the 1998 reform was the most important change for the IEFP. The reform was greatly influenced by the EES. It appeared that domestic actors had not defined the preventative approach and the concept of activation remained rather vague. In addition, the evidence suggested that the PS entrepreneurs used the EES policy window to empower themselves against domestic opposition (second Europeanization pathway). According to the main people involved in the 1998 reform, the EES also added new elements to their agenda and resulted in a reform

outcome that was not previously defined as such. This evidence is confirmed by a number of observations: there was no concrete debate about the IEFPP as the issue never gained any salience (Silva 2009); and the reforms before 1998 did not include the preventative approach either in content or in specific quantitative targets that the IEFPP had to meet. Although the PS policy entrepreneurs wanted to reform the IEFPP, their pre-EES agenda was limited in tackling some chronic problems of corruption and expanding the IEFPP coverage. The preventative approach and the use of quantitative targets to evaluate the IEFPP performance concerning its response to its clients were alien to Portugal. In other words, the EES soft stimuli shifted the Portuguese employment policy and the IEFPP towards a new direction that was not planned originally by the policy entrepreneurs.

In contrast to the Portuguese case, the observed policy change in Greece appeared to be linked to the ESF conditionality rather than the activity of a domestic group of policy entrepreneurs who were empowered by the EES soft stimuli. Additionally, the EES soft stimuli seem to have been neglected by Greek policy makers as the observed policy change only occurred when Greece had to comply with the ESF funding criteria.

4. Evaluating the PES reform: degree of change and extent of EES influence

The data collected in the interviews from the Portuguese sample suggested that the EES soft stimuli had an impact on all policy stages of PEP related to the IEFPP (see table 4.2). More specifically, in the Agenda-setting and Policy-formulation stages the EES-induced change appears to be a second order change or accommodation/upgrading because the Portuguese policy makers included the new goal of activating the IEFPP in their agenda and policy proposals but did not replace their pre-EES agenda with the EES goals. The EES impact does not fulfil the conditions for classification as third order change or transformation as the pre-EES agenda included plans for reforming the IEFPP, although the EES enriched it and further specified the problems that needed addressing and proposed specific solutions. In other words, Portuguese policy entrepreneurs altered only part of their agenda without changing the core pre-EES agenda. As defined by the upgrading/accommodation category of Europeanization outcomes, the observed change in the Agenda-setting and Policy-formulation stages was a 'patch up' of new ideas and terminology onto existing ones without changing the latter.

Nevertheless, the EES resulted in a third order change or transformation effect in the remaining policy stages, since it defined the choice of solution, its implementation and added an entirely new system of policy evaluation through its PES-dedicated benchmarks. More specifically, both the Inserjovem and Reage initiatives resulted in a paradigm shift of the IEFP since they replaced the pre-EES policy measures of the IEFP which were completely different from the new EES-inspired initiatives. This consisted in a change of approach from the uniform provision of the same support measures to all the LTU, to the prevention of long-term unemployment by rapid activation for the newly unemployed through personalised interventions. Similarly, the new PES-dedicated benchmarks, which were introduced as a result of the EES preventative approach, replaced the pre-EES IEFP approach because the Portuguese PES now had to respond within a specific timeframe to measurable targets. In other words, the IEFP incurred a complete overhaul of its method of intervention and the new EES-induced Inserjovem and Reage initiatives replaced its pre-EES *modus operandi*. The EES impact on the Portuguese PES is summarised in the following table.

Table 4.3: EES impact on Portuguese Public Employment Services	
Policy stages	Degree of EES-induced change
Agenda-setting (problem recognition)	Upgrading (second order change)
Policy-formulation (proposal of solution)	Upgrading (second order change)
Decision-making (choice of solution)	Transformation (third order change)
Policy-implementation (putting solution into effect)	Transformation (third order change)
Policy-evaluation (monitoring results)	Transformation (third order change)
Source: Author's analysis of the observed reforms	

The degree of policy change in the Portuguese PES case is very different to that in the Greek PES. At all stages of policy making, the Portuguese case shows a much greater degree of policy change. This indicates that empowerment (second Europeanization pathway) had a greater degree of impact than the ESF conditionality (third Europeanization pathway), in that when domestic policy makers actively

exploit the EES to promote their own agenda then the observed policy change will be more significant than a case where domestic policy makers try to comply with ESF conditionality without having any pre-existing interest in reform. In other words, the higher degree of policy change in Portugal compared with Greece suggests that ownership may be more important than conditionality.

Conclusions

After the examination of: (i) the timing and temporal sequences of the observed reforms, and (ii) the pre-reform preferences of domestic policy makers, it appeared that the majority of the IEFP reforms in Portugal that took place between 1995-1997 were predominantly linked to a pre-EES domestic agenda. This agenda was promoted by a cohesive group of policy entrepreneurs who held the key positions of Portugal's employment ministry interchangeably. However, the EES had a crucial influence on the 1998 reform when the preventative approach was introduced with the Inserjovem and Reage initiatives. This reform was the most important one and had a huge impact on the IEFP's operation as it transformed its main approach on how to deal with its clients.

The reason the EES had such an influence on the 1998-2000 reform was twofold. First, the content of the first two guidelines served a long-standing policy goal of the group of policy entrepreneurs consisting of the PS ministerial elite. Second, the two guidelines had specific targets that had to be met by member states which provided the policy entrepreneurs with a window of opportunity not only to push their agenda using the EES stimuli but also to evaluate the IEFP's progress towards both meeting the EES benchmarks and satisfying their goals. Hence, the mechanism explaining the EES-induced change is the one of domestic empowerment (second Europeanization pathway). This empowerment took the form of extra pressure against bureaucratic inertia or resistance; a shield against potential criticism from political opponents; and a broader legitimacy during the reform process.

Further, the empirical evidence did not provide support for either of the other two proposed pathways of EES-induced change. With regard to policy learning, the EES did not alter the beliefs or preferences of the Portuguese policy makers as they were neither against the EES nor against activation or the preventative approach. In addition, when they implemented these reforms, they did so not because they believed that activation or a preventative approach was the best policy option but because the EES stimuli were in harmony with their own agenda. In other words, the PS policy

entrepreneurs already had strong convictions regarding the IEFP which were not altered by the EES. Likewise, the ESF conditionality was not influential in the 1998 reform. The timing of the examined reforms is a proof of the insignificance of ESF funding: the EES-induced reform happened in 1998 and was completed by 2000, that is before the 2000-2006 programming period; the ESF funding was not used for the preventative approach; from all the reforms which took place during 1995-2000 the only reform that can be associated with the ESF conditionality was the stronger role in certification of the training centres by INOFOR. However, this is not relevant to the main 1998 reform which altered the *modus operandi* of the IEFP.

In terms of the comparative analysis of this thesis' cases studies, the differences between the Greek and Portuguese cases of the PES reform are striking, and lead to some interesting conclusions regarding both the cases and the EES. Although both governments faced significant opposition/inertia from their respective PES, the IEFP reform was completed in approximately two years (1998-2000), whereas the OAED needed almost 8 years (1998-2006) with the main reforms happening in 2001 and 2003. The Portuguese response to the EES was immediate as the content of the reform was outlined in the first NAP, while Greek governments neglected the EES and, without the ESF conditionality, the reforms would most likely not have materialised.

Chapter 5: Tracing the Europeanization of Greek Employment Policy (GEP) with regard to gender equality promotion: following the ESF money?

Introduction

This chapter examines the impact of the EES on Greek employment policy (GEP) with regard to gender equality promotion. This chapter is divided into four parts. The first part discusses the content of GEP before the introduction of the EES. The second part examines the reforms promoting gender equality in employment policy after the introduction of the EES. The third examines the EES's influence on domestic employment policy with regard to gender equality promotion focusing on two areas: gender mainstreaming (GM) and dedicated equality measures in employment policy (reconciliation of work and family and pay gaps). The fourth evaluates the observed policy change and the EES impact on GEP.

It is argued that the EES impact on GEP occurred through the ESF conditionality (3rd Europeanization Pathway). In other words, Greek policy makers did not change their views nor use the EES to empower themselves to promote a pre-existing agenda. This is deduced from the fact that they were obliged to adapt and conform to the ESF's regulations on gender equality in order to keep receiving the ESF funds. The EES impact varied between the different policy stages and can be described overall as moderate.

1. Gender equality promotion in Greek employment policy until the late 1990s: absent due to ideology and clientelistic politics

An analysis of the characteristics of the Greek employment policy with regard to gender equality before the introduction of the EES is vital in order to gauge the domestic aftermath of the EES stimuli. In the following, it is argued that gender equality promotion in the GEP was absent, first because it was neglected by the Greek elites and political system, and secondly because of the underdevelopment of the Greek welfare state.

During the post-war period the Greek state gradually increased its involvement in social and economic processes. The dominant policy model during this period was

statism, that is, the state's intervention in national economic and social activities. Statism was accompanied by *clientelism*, which marginalised any autonomous political organisation of the disadvantaged classes or groups (Diamandouros 1983; Haralambis 1989). Statism and clientelism, furthermore, operated within an environment in which the public sector had a predominant role in providing employment. This resulted in a strategic use of the public sector from political elites in that, through the provision of employment in the public sector, they could satisfy voters and/or expand their electorate in a self-serving manner. Trade unions were highly subordinate to party politics, while pressure from civil society, social partners and other societal actors for progressive redistribution was weak (Marinakou 1998: 241). According to Petmesidou (1991), statism and clientelism can better explain the non-existent employment policy, and more broadly, the limited, highly fragmented and uncoordinated social policy in Greece at the time, than underdevelopment or economic pressures can (such as periods of recession, lack of resources). In this framework, social provisions and welfare resources were not allocated on the basis of social need and social citizenship rights, but on the basis of access to political power and the state machinery (Petmesidou 1991: 32). Social (including employment) policy was restricted to scant, piece-meal measures taken by the state in cases of emergency (Iatrides 1980). Most of the measures that could help promote employment (e.g. training, subsidies to companies to hire the unemployed as trainees and employment friendly legislation) were rudimentary. Moreover, the improvement and regulation of human capital were at the margins of social (including employment) policy considerations of state officials, politicians and industrialists throughout the post-war period (Petmesidou 1991: 36-37).

Gender equality in employment policy was absent from the GEP and the policy agenda for a number of other possible reasons besides statism and clientelism (cf. Karamessini 2006; Lyberaki 2010; Marinakou 1998): (i) unemployment was not a major problem in Greece during the 1970s so the state generally neglected policies that would ease access to the labour market (gender equality and employment policy); (ii) the structure of the - predominantly agrarian - Greek economy did not necessitate the development of vocational training and gender equality measures, as the majority of working women was employed in this sector as informal family labour; (iii) the necessary funds to support active labour market policies were lacking; (iv) female participation in the labour market was generally weak which, combined with a weak feminist movement in Greece, resulted in the absence of

agents either inside or outside the labour market to promote gender equality in employment policy.

Even though the fall of the dictatorship in 1974 marked, in many ways, a new period for Greece, especially in terms of democratisation and a new era for Greek-EU relations, the post authoritarian period witnessed minimal change related to gender equality in employment policy until the mid-1980s. In particular, the period between transition to democracy (1974) and EU membership (1981) in Greece is very short and generally reproduced the aforementioned model of social and employment policy. Likewise, even though the early 1980s, with the 1981 elections and the Greek entry into the EU, marked a turning point in Greek political and economic history, gender equality promotion in Greek employment policy remained absent. It was only after the introduction of the EU financed vocational programmes targeting women in the mid-1980s that the unemployed women could receive some specific help designed and targeted especially for them. This is quite surprising, considering the pro-gender equality agenda of successive PASOK governments. In the following, I argue that in the 1980s gender equality in employment policy was neglected as a result of the reproduction of the traditional model of employment and gender equality policy described above. Indeed, despite PASOK's rhetoric about the necessity of change (Allaghi) and gender equality, none of the barriers to the introduction of gender equality in employment policy were abolished as PASOK's policy focused mainly on equal rights, family and reproductive health issues.

Although during the 1980s social expenditure increased significantly, this concerned only pensions¹¹⁶ whilst expenditure on other social policies remained unchanged or grew only slightly (Petmesidou 1991: 42). Despite PASOK's extensive rhetoric before and after the 1981 elections regarding the need to improve welfare provision and policies, as well as the overall promotion of social and economic development, no specific tools were identified for these goals to be achieved nor did any learning process in social and other planning take place (Petmesidou 1991: 45). Similarly to the pre-1981 period, the main concern of policy makers throughout this period was to satisfy the economic demands of their voters through the strategic use of the state apparatus, and its funds, combined with the preferential tax provisions favouring small businesses and the self-employed. In this context, PASOK implemented a number of employment policy reforms mainly in order to satisfy the

¹¹⁶ In the 1980s, expenditure of pensions was doubled without any significant changes in the overall structure and financing of the social security system.

demands of voters (who were viewed by the party mainly as clients). In particular, the government proceeded to award substantial salary increases for (wider) public sector employees, which were above the robust inflation rate (Venieris 2006). This policy, however, had a negative effect on unemployment, which became an acute problem, and was especially pronounced among the young and among women (Katrougalos and Lazaridis 2003: 59). Despite being struck harder by unemployment there was no concern to identify any vulnerable¹¹⁷ groups that should receive targeted help among the young and women.

Focusing on gender equality, PASOK's liberal pro-equality and pro-women agenda provided a fertile ground for growing hopes of a sweeping step forward regarding gender equality policies during the 1980s. Indeed, during the 1980s the PASOK governments introduced a radical agenda for women's equality in the workplace and protection of motherhood. The decriminalisation of abortion and the free provision of family planning by all state hospitals marked a turning point in the role of women in Greek society. These, by any standard, decisive changes regarding the state's treatment of women and their legal and social rights, created a rosy picture of the gender sensitivity of PASOK governments. For instance, in the European and American Press, Greece was portrayed almost as a paradise for women (Marinakou 1998: 245). However, family policy did not include any incentives for the increase of female employment. In the mid-1980s only 5% of children aged up to four years old could find a place in state kindergartens and only 30% of the population of children aged four to five and half years old could be accommodated in state nursery schools (Pantelidou-Malouta 1994: 203). However, most of the PASOK's pro-gender reforms concerned family policy while gender equality promotion in employment policy was neglected. Lack of previous experience, the aforementioned characteristics of the Greek social and employment policy together with a weak women's movement, which despite its contribution to a series of legislative reforms related to gender equality had neglected the field of employment, are the main explanations for the absence of a gender orientated employment policy (Karamessini 2006: 239).

Gender equality promotion in the GEP appeared only after Greece's EU membership. The EU influenced GEP through two main policies (Karamessini 2006): (i) its anti-discrimination and equal pay legislation; (ii) the EU funded

¹¹⁷ Understood as the groups that are in danger to become or remain unemployed. Usually in Europe these groups tend to be the young, women, and those above 50 years of age.

programmes which imposed the goal of gender equality promotion. The EU (mainly ESF but also CSF) funded programmes were mainly ALMPs in the form of training; female entrepreneurship; counselling and other advisory support. Among the EU funded programmes the New Opportunities for Women (NOW) Initiative adopted in 1990 had significant implications for the GEP as it financed numerous new organisations that filled a pre-existing gap in Greece: the development of information and counselling services for women; the formation of women's cooperatives; the creation of support structures for female entrepreneurship; after-school childcare facilities; and the establishment of the Research Centre for Gender Equality (KETHI)¹¹⁸ which proved to be an important institution for the design of equality policy and experimentation in innovative positive action programmes (Karamessini 2006).

Because of these EU-funded measures - for the first time in the history of the GEP - women were recognised as a priority group and, therefore, the recipients of support. This support was different both quantitatively and qualitatively. First, the availability of resources and programmes was unprecedented; and second, the support for the young and women was not based on the employment into the public sector but on ALMPs. Despite this however, gender equality was not included into the mainstream of Greek employment policy. Alas, it remained confined to the EU vocational programmes only (either financed in full or co-financed by the EU).

Greece traditionally shows some of the worst performances in the EU on gender equality (female employment, unemployment rates and gender pay gap). More specifically, throughout the 1990s Greece was among the countries with the highest unemployment rates in Europe especially for women. It also stood out among the EU-15 because of the significant gender inequalities in its labour market: it had the largest gender gap in employment rates and the second largest in unemployment rates; although, its ranking was close to the EU-15 average with regard to the gender pay gap (GPG), it had the worst score for occupational segregation by sex, and vertical segregation in the form of 'glass ceilings' was very high. From the late 1990s, however, female workforce participation in the Greek labour market improved; as a result, the gender gap in both employment and unemployment rates

¹¹⁸ KETHI was created in 1989 but it remained 'on paper' until 1994 when it was actually established in order to provide the technical support for the design and supervision of the implementation of the Community Initiative NOW (New Opportunities for Women) and then EQUAL (Stratigaki 2006: 282-283; Karamessini 2008: 285). KETHI became operational after participation in these EU funded programmes and since 1994 is dependent on EU money since the national contribution to its activities covers only a marginal proportion of its overall budget (Stratigaki 2006: 283).

was reduced. Only a third of new jobs for women were low paid, with the main area of employment being the public sector (Karamessini 2006: 247; Lyberaki 2010: 5). Yet, unemployment remains the most significant problem of the female workforce as its employment levels remained significantly lower than those of men (see table 5.1).

The high inequality levels that existed to the disadvantage of women in the Greek labour market are illustrated in the following tables which present data from two crucial EES indicators on gender equality: employment levels and pay gap. These two indicators have been widely used as EES benchmarks and research indicators for the examination of gender equality (cf. Rubery 2002; Rubery et al. 2005; Eurofound 2010). Employment levels are more representative of female labour market participation than unemployment levels because the latter does not do not account for the greater tendency of women to be pushed towards inactivity (Rubery et al. 2003a: 485).

Table 5.1: Greek Employment rates (15-64) (%)												
	1997	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total												
Greece	55.1	56.5	56.3	57.5	58.7	59.4	60.1	61.0	61.4	61.9	61.2	59.6
Lisbon gap¹¹⁹	-	13.5	13.7	12.5	11.3	10.6	9.9	9.0	8.6	8.1	8.6	10.4
Males												
Greece	72.9	71.5	71.4	72.2	73.4	73.7	74.2	74.6	74.9	75.0	73.5	70.9
Lisbon gap	-	-	-	-	-	-	-	-	-	-	-	-
Females												
Greece	39.3	41.7	41.5	42.9	44.3	45.2	46.1	47.4	47.9	48.7	48.9	48.1
Lisbon gap¹²⁰	-	18.3	18.5	17.1	15.7	14.8	13.9	12.6	12.1	12.9	13.1	12.3
Source: EC 2010a; Eurostat (date accessed 20/06/2011)												
- Denotes does not apply as the Lisbon threshold was introduced since 2000 and was applicable only for total and female employment rates (70% and 60% respectively), thus excluding male ones.												

The table above provides the Greek employment levels aggregated by sex. Two main conclusions can be drawn from the Greek employment levels during the 2000s:

¹¹⁹ 70% target as of 2000 to be reached in 2010.

¹²⁰ 60% target as of 2000 to be reached in 2010.

(i) total employment levels were very low (Greece had some of the lowest total employment levels of the EU15) and never reached close to meeting the Lisbon target of 70%; (ii) employment levels were very unequal as men had relatively high employment rates (more than 70%) while women had some of the lowest in the EU.

Pay gap rates are provided both unadjusted and adjusted (see tables 5.2 and 5.3). Unadjusted pay gap rates represent the total GPG, while the adjusted pay gap rates control for a number of individual and workplace variables that potentially influence the remuneration of employees e.g. education, employment sector, hours worked. Thus, the adjusted pay gap is a more direct measure of discrimination against women because of their sex as other factors are controlled for. However, even the adjusted GPG may underestimate female discrimination as the controlled differences (education, sector of employment, hours worked) can originate from indirect discrimination rooted in gender stereotypes and social structures (Eurofound 2010: 28; Rubery et al. 2003b).

	2000	2001	2002	2003	2004	2005	2006
Greece	15	18	17	11	10	9	10

National sources, Eurostat (date accessed 20/06/2011)

	2002	2006	2007	2008
Greece	25.5	20.7	21.5	22
EU-27	:	17.7	17.6	:

Structure of Earnings Survey, Eurostat (date accessed 20/06/2011)
: denotes missing data

Tables 5.2 and 5.3 show that the unadjusted Greek gender pay gap has been high, and indicate that more than half of it resulted from direct discrimination against women when comparing the unadjusted and adjusted figures for 2006 (20.7% and 10% respectively). This indicates a highly unfavourable situation for Greek women. Although the adjusted GPG had decreased in the 2000s, pay differentials remain

¹²¹ Defined as the difference between the average for gross hourly earnings for men and women, as a percentage of men's average gross hourly earnings (for paid employees).

¹²² The unadjusted gender pay gap represents the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees.

relatively the same according to the unadjusted GPG figures. This means that despite some (considerable) improvement in the outright pay discrimination against women, the structure of the Greek labour market and the work environment seem to have both remained unchanged by keeping women at the lower end of pay. Therefore, Greece does not seem to conform to the general EU trend. In most EU countries have experienced an increase in the adjusted pay gap, and a decrease in the unadjusted pay gap, whereas Greece shows the reverse (Rubery et al. 2003a: 490; cf. Rubery et al. 2003b).

2. Gender Equality after 1997: gender mainstreaming and reconciliation

This part of the chapter will discuss the Greek reforms promoting gender equality in employment policy after the introduction of the EES. This discussion will cover two main policy areas: GM and dedicated equality measures in employment policy (reconciliation of work and family life and pay gaps). As discussed in Chapter 1, this division mirrors the EES stimuli (Rubery 2002: 501; 2005) and is chosen in order to better gauge the influence of the EES on the GEP. Before discussing the domestic reform record, some additional conceptual clarification of the EES stimuli is required. In the next two sections the reform record of Greece is discussed with regard to gender equality promotion in GEP. It is argued that after 2001 there was a substantial policy change in GEP with regard to gender equality promotion which can be traced in two areas in particular: (i) expanding training and start-up subsidies to women; and (ii) expanding care facilities to promote the reconciliation of work and family life.

2.1. Gender mainstreaming

The first change of GEP took place in 1998 when the Greek government established two new entities which would be responsible for providing targeted support to women. In particular, Regional Committees for Equality started to operate in every region aiming at the promotion and strengthening of gender equality. These entities would provide localised support in the form of information and counselling only to women for the first time in the GEP (Karamessini 2006). In addition, the 'Regional Social Integration Units' were created to support women coming from excluded groups of the population (such as Roma). In order to accomplish their mission, these new organisations were supported with new funding - mainly EU funds - and employed highly educated staff (such as psychologists, sociologists and

economists). However, the empirical evidence suggested that these entities were not particularly involved in the promotion of GM as it appeared to operate as local advisory and counselling offices without being involved in the design and evaluation of GEP (Stratigaki and Karamessini). The only organisation that was involved in the evaluation of GEP was the long-standing General Secretariat for Equality (GGI),¹²³ which, since 1998, participated in the respective Supervision Committees of all Operational Programmes (O.P.s) of the CSF programmes. Consequently, the concept and practise of GM remained absent from the GEP until 2000.

It was only in 2001 that the concept of GM was introduced in the Greek NAPs. Greece established the Special Inter-ministerial Committee for Gender Mainstreaming, which was created in order to co-ordinate ministerial efforts in gender equality promotion. Although this Committee constituted the main institutional innovation with regard to the promotion of GM, it convened only once in 2001 (the year it was created) and did not meet again since then (NAP 2001; Rubery et al. 2004). Nonetheless, in 2001 there was a change in GEP with regard to gender equality promotion. As seen in the tables 1.1-1.3 of Appendix II, until 2001, there were very few measures included under the first three pillars, whereas after the 2001 NAP, their number increased significantly. In addition, a qualitative turn is observed: until 2001 they consisted of preferential treatment provisions in job creation schemes and positive action measures to promote female entrepreneurship; after 2001 new positive action measures were included such as training of job counsellors in KPAs.

Similarly, in the 2002 NAP the effort to include GM measures was intensified. Besides maintaining existing measures introduced after the EES (New Jobs and Young Entrepreneurs), new methods of promoting GM were introduced, such as, individualised counselling for women in the regional action plans in the context of KPA, and a quota of 60% for women in training programmes and in subsidised employment. The 60% quota becomes an overarching policy which makes Greece one of the countries that has strongly gender mainstreamed active labour market measures (Rubery et al. 2007). In addition, new programmes were introduced especially in the field of education and training under all the Operational

¹²³ It was established in the beginning of the 1980s, first as the 'Equality of two Genders' Council (1982), then as the General Secretariat of Equality in 1985. According to Stratigaki (2006:282) 'even though these mechanisms (GSE, Kethi, Regional (νομαρχιακά) Offices for Equality) were created in the national context of a positive climate for Gender equality, they were really activated through their participation in European developments and policies.'

Programmes of the 3rd Community Support Framework, with special emphasis on improving the skills of women to boost their employability and entrepreneurship.¹²⁴ These new programmes were part of the second National Action Plan for Gender Equality (NAPGE)¹²⁵ 2001-2006. Even though in the 2003 and 2004 NAPs some GM measures are reported, the empirical evidence suggested that they were a continuation of previous measures listed in previous NAPs which began in 2001 (interviews with: Stratigaki, Karamessini and Lyberaki).

In 2004 the General Secretariat for Equality published the 3rd National Plan for Equality (2004-2008). In a similar fashion to the first, according to its authors, the Plan was inspired by the Fifth Community Action Programme on Equal Opportunities (2001-2005) since all its priorities 'were in line' with the latter. In addition, this program reiterated Greek efforts to comply with international (both EU and UN) pressures. In the preamble of the Plan, the Minister of Interior (Prokopis Pavlopoulos) states the following:

I would like to say from the start that these measures are measures in accordance with the Greek Constitutional Provisions for equality and with the respective European ones especially the Lisbon Strategy of 2000, as well as with the obligations we have to the International Organisations such as the UN, the Council of Europe and the International Labour Organisation (ILO).

The plan was more important than the previous one in many ways. First, in terms of discourse, the NAPGE 2004-2008 highlighted the general change of perspective and goals related to gender equality promotion in Greek employment policy. Contrary to the early 1980s, when gender equality was promoted as an issue of social justice, under the EU's influence gender equality was perceived also as an issue that hinders economic development and competitiveness. In particular, according to the authors of the NAPGE (2004), even though gender equality is promoted by numerous international institutions besides the EU, such as, the UN, the Council of Europe, and the ILO, it is only the EU that stresses the economic aspect of gender equality; all the others focus only on the political aspect, that is, on equality of rights, participation, etc. Second, for the first time in GEP the 3rd NAPGE introduced the tool of 'proactive' legislation. This type of legislation is about non-

¹²⁴ Under the activities of the O.P. Education and Initial Vocational Training' and the Community initiative equal. For further information, see table 1.2 in Appendix II.

¹²⁵ In Greece there have been three National Plans for Equality. The first one was published in 1997 for the period 1997-2000, the second in 2001 for the period 2001-2006 and the third in 2004 for the period 2004-2008 (for the latter see also below). All three Plans were inspired and determined in content by the obligations that Greece had against international organisations (the UN and the EU) in promoting Gender Equality. The Plans were transferring these international directions into national priorities (Karamessini 2008: 284-285).

binding commitments of social partners and private companies to implement gender equality promotion measures; the provision of positive incentives from the state; the development of corporate responsibility (Karamessini 2008: 284). Third, contrary to the first one, the plan was followed by a progress report which was published in 2006. The report reviewed initiatives taken up to that point, including relevant policy measures and practical support services, by the regulatory framework and training provision and proposed future plans and actions (Karakioulafis 2007).

Furthermore, in 2004 Greece provided gender disaggregated statistics on stocks and flows of registered unemployed for the first time, as well as their participation in active labour market programmes (Rubery et al. 2007: 76, 137-138). The fact that these data were given after 5 years of the beginning of the EES is indicative of the weak capabilities in data collection from the Greek authorities –namely the Greek Public Employment Service (OAED).¹²⁶ In the Greek 2005 NRP, while GM is not mentioned, a new focus on female labour market participation and promoting equal opportunities is specified as among the top five policy priorities (Rubery et al. 2005: 14). In addition, there was greater emphasis (compared with the previous two NRPs) on female labour market participation rather than female employment, and a greater focus on supply rather than demand issues. The only new measure in 2005 was the orientation of distance learning education programmes towards ‘working students or women obliged to stay at home’ under the human capital guideline.

In 2006 the ND government introduced a number of new policy measures which aimed at enhancing female employability and entrepreneurship. Although such programmes were a constant aspect of Greek employment policy after 2001, from 2006 several novel features were introduced in the ALMPs targeting women. First, some of the new programmes were based on the notion of ‘integrated intervention’ which was materialised as integrated intervention schemes for unemployed women only (see tables 1.1.-1.3 in Appendix II for further details about these programmes; Chapters 1 and 3 for the description of the integrated intervention approach). As for the rest of the unemployed (see Chapter 3), integrated intervention schemes meant a significant change in gender equality promotion in Greek employment policy as women would receive a multi-faceted intervention combining counselling, training, a personalised approach and support after the vocational training. In addition, after 2006, following a period of immobility, the number of advisory centres of KETHI was increased by the establishment of five new branches.

¹²⁶ For the OAED’s main features, see: section 1 of Chapter 3.

In 2006, furthermore, there is a breakthrough in the participation of social partners with regard to gender equality promotion in GEP. For the second time in Greece, gender equality was an issue not only of governmental policy but also of social partners. In particular, the negotiations between the government and a wide number of Greek Employers' Organisations (SEV, ESEE, GSEVEE, EVEA)¹²⁷ and the Hellenic Network for Corporate Social Responsibility were successful and resulted in the ratification of: (i) a Protocol of Cooperation between the social partners aiming to promote equal opportunities for women and men in enterprises; and (ii) of a Memorandum of Cooperation between the General Secretariat for Gender Equality and the Hellenic Network for Corporate Social Responsibility, aiming at further promoting equal opportunities between women and men in enterprises. However, it should be noted that the trade unions were absent from this agreement. The empirical evidence suggested that they were neither invited to sign the protocols nor did they make any relevant statement (interview with: Karamessini).

2.2. Dedicated equality measures in employment policy: gender equality through care facilities

This section discusses the observed policy change with regard to dedicated equality measures in employment policy (reconciliation of work and family life and pay gaps). It is argued that the greatest change was observed in the arena of reconciliation where Greece significantly expanded its care facilities. In the area of pay gaps, there was no substantial change aside from a few research projects, awareness campaigns and educational programmes. No legislative or other reforms were introduced in order to promote equal pay for equal work between genders.

In particular, as with the GM case, the reconciliation of work and family life was introduced mainly after 2001.¹²⁸ The new policy initiatives exclusively referred to public care services for children and elderly aiming to tackle the main problem of Greek women that halts them from entering the labour market, namely, taking care of the vulnerable members of the family (NAP 2001; NAP 2002). These measures were the following: the extension of operating hours in nurseries and the institution of all-

¹²⁷ Federation of Greek Industry (SEV); the National Confederation of Hellenic Commerce (ESEE) and the General Confederation of Greek Small Businesses and Trades (GSEVEE) and the Athens Chamber of Commerce and Industry (EVEA).

¹²⁸ Although some minuscule pilot programmes were introduced in 1998, they were insignificant in terms of policy change (see: Karamessini 2006).

day kindergartens and primary schools; the creation of new crèches, nurseries, and kindergartens; the establishment of care centres for the elderly, and finally, the creation of new after-school recreation centres for children. Since 2001 the expansion of care facilities and all-day schools continued every year and was the main policy change aiming to promote the reconciliation of work and family life. For instance, according to the data presented for the 2003 NAP, the financial resources for 'New spending on employment and the family' went from being non-existent in 2003 to 426 million (Euros) in 2004, rising to 545m in 2006, up to 905m in 2008 (NAP 2003: 22). In addition, KETHI completed a number of studies on the challenges in achieving reconciliation of work and family life and a series of awareness programmes to highlight the problem to social partners and policy makers.

Care facilities in Greece after 1998 expanded considerably. Until 1998, there were hardly any institutions providing care services or all-day schooling to alleviate the family responsibilities of women. But by 2006, there were 396 operational structures (partially funded by the O.P. 'Employment and Vocational Training'), employing 1,972 persons and serving a total of 50,000 people (the elderly, children and those requiring assistance); the Regional Operational Programmes supported the operation of 1,120 structures employing 4,400 individuals and serving another 50,000 persons. In sum, as of 2006, a total of 1,516 care facilities were operational, employing 6,372 persons and serving 100,000 persons. In addition, until the end of 2006, there were 4,500 all-day schools and 2,000 all-day kindergartens in operation. As stated in the interviews of relevant Greek policy makers, all these institutions had been created under the influence of the EES (NAP 2006: 45; interviews with: Karamessini, Tragkris and Mouriki). The examination of the Greek NAPs and interview statements highlights that the crucial year in which change occurred was 2001. Until then, only a few unimportant pilot programmes had been implemented and the vast majority of care facilities introduced only afterwards (cf. Karamessini 2006).

However, the impact of these measures is doubtful and should be considered to be low, especially in the private sector where labour protection was at best weak. The 2005 report of the National Thematic Network on reconciliation of family and working life¹²⁹ stressed the lack of action by social partners (especially employers)

¹²⁹ Set up in 2003 for the purpose of highlighting good practice developed after completion of national projects financed under the European Commission's EQUAL Initiative. The network aimed to further disseminate these practices to international organisations and agencies, and relate them directly to European developments (Kretsos 2006).

on promoting measures at the national, sectoral and enterprise level aimed at directly or indirectly facilitating the reconciliation of family and work. The report highlights the following factors (Kretsos 2006):

the negative attitude of senior executives in relation to such initiatives, which undermine traditional working methods; the limited application of working time flexibility due to concerns of increasing labour costs, particularly in small and medium-sized enterprises (SMEs), and the loss of managerial control; the rigidity of the statutory framework, which in certain cases has an inhibitory effect on the process of reform of the labour standard and the use of workers' rights. For example, parental leave is unpaid in the private sector; the prevalence of traditional standards and attitudes in relation to the division of family responsibilities; other structural factors, such as low pay which forces workers to work overtime and take second jobs; the predominance of SMEs in the business sector of the economy which underlines the difficulty of offering more flexibility in the organisation of employment programmes due to high cost; and an inadequate social care infrastructure.

While the EES had a guideline on tackling GPGs, the issue did not appear to ever be of major concern for Greek policy makers. Measures for GPG reduction were limited again to EU funded measures, that is, initiatives aiming to raise awareness, increase knowledge and reduce the differences between genders in pay, representation and social stereotypes. These constituted mainly studies on gender gaps and educational programmes aiming at tackling social stereotypes and promote gender equality. The main development during the 2000s was a plethora of new measures which were introduced in 2006 in order to tackle gender gaps in education and combat social stereotypes of gender relations.

In sum, Greece implemented numerous measures to promote gender equality in its employment policy which marked a significant break from the previous model of Greek employment policy. The content, timeline and process of the observed policy change are summarised in the following table.

Table 5.4: Summary of Gender equality promotion in Greek employment policy		
Gender Mainstreaming		
Reform Content	Time	Process
Women identified as a group needing more training, support and subsidies for women-led business start-ups	Very few new measures (mainly pilot programmes) before 2001 Majority of new measures are implemented after 2001	Gender mainstreaming promoted primarily through vocational training and other employment creation subsidies
Reconciliation of Work & Family life		
Reform Content	Time	Process
Promotion of care facilities	Only some pilot programmes until 2001; afterwards,	New facilities and new staff employed

	expansion of care facilities	
Pay Gaps		
Reform Content	Time	Process
Combating social stereotypes and raise awareness	New measures are implemented only after 2001	Pilot programmes, studies and public events
Source: Author's analysis of the observed reforms		

Table 5.4 shows that the majority of the new measures were promoted only after 2001. In the Gender Mainstreaming area, Greece focused predominantly on creating and/or expanding opportunities in training and business start-ups for women without the introduction of either any noteworthy institutional changes or a more holistic approach to the promotion of gender equality as the GM required (cf. Rubery 2002). Similarly, Greece implemented only a few awareness-raising measures as well as a limited number of ESF-funded exploratory studies on the GPG. By contrast, the change of GEP was significant in the area of reconciliation of work and family life with a significant expansion of care facilities. However, other measures were scarce (for the evaluation of the observed policy change see section 4 below).

3. Explaining the observed policy change: Europeanization through ESF conditionality

This part of the chapter will examine the causes of the observed policy change. It is argued that research evidence suggested that the observed reforms were the result of the EES influence. It appeared that in both policy areas (GM and dedicated equality measures in employment policy) the EES influence occurred through the ESF conditionality (3rd Europeanization Pathway). In other words, according to the fieldwork evidence (interviews) Greek policy makers did not seem to change their views nor to use the EES to empower themselves to promote a pre-existing agenda. The following two sections presents the empirical evidence explaining each reform mentioned above. As in part two of this chapter, the discussion is divided into two sections: (i) GM, and (ii) dedicated equality measures in employment policy (cf. Rubery 2002; 2004; 2005; Rubery et al. 2004; 2005; 2006).

3.1. Gender mainstreaming

As was argued above, gender equality promotion in GEP was non-existent prior to the EES. Unsurprisingly, this also applied to GM. Hence, both annual planning of employment policy through the NAPs, gender equality promotion in

employment policy and GM (in equality and employment policy especially) were novel processes for the Greek policy makers (Stratigaki 2002). However, the empirical evidence suggested that Greek policy makers neglected the EES soft stimuli and, consequently, the promotion of GM (Lyberaki and Stratigaki). More specifically, in the first 1998 NAP gender equality was of marginal concern; likewise the introduction of the GM guideline in 1999 didn't mean anything for Greek policy makers. No new measures were introduced as a result of the new guideline or the numerous EU country specific recommendations which were very critical of Greece's efforts in gender equality promotion in employment policy.

The first observed policy change in the area of GM was the creation of a few regional bodies that would provide specialised support to women and the upgrading of the GGI in the supervision of the CSF funded programmes. The Greek NAPs presented these changes as a response to the EES GM guideline and country specific recommendations - a view that is reproduced in the 2002 Greek EES evaluation (VFA and Metronanalysis 2002: 68). However, it appeared that GM was absent from GEP until 2000. Two main observations support this finding: (i) it appeared that the new organisations were not responsible for GM (see also section 2.1); and (ii) the GGI role in the CSF supervision was secondary and hardly adequate to promote GM which involves a much wider change in all policy stages of policy making (see also: section 4.1 of this chapter and section 2.2.2 of Chapter 1).

By contrast, the empirical evidence suggested that these changes were linked with the ESF regulations and the pressure from the European Commission on Greek authorities to include gender equality promotion in their EU-funded vocational training programmes (interviews with: Stratigaki, Karamessini, Matsaganis, Karastamati, Mavri and Protopapas). As a result, new funding was available for new local organisations and the GGI was expected to participate in the EU-funded programmes. Further evidence indirectly supporting the observation that Greek policy makers neglected GM and that the policy change was associated with the ESF conditionality was the fate of the Special Inter-ministerial committee for GM which was established in 2001 only. As mentioned in Chapters 1 and 3, 2001 was the first year of implementation of the 2000-2006 programming period of the ESF and the third Community Support Framework (CSF). As with the activation of the unemployed by the PES, after 2001 all ESF funded programmes had to promote the EES goals. Hence, gender equality promotion (GM and reconciliation) went from being *voluntary* (1988-1993 and 1994-1999 programming periods) to being

compulsory (EYSEKT 2003a: 35). Although the establishment of this committee could be perceived as a suitable response to the GM guideline, the empirical evidence suggested that, since it was not involved in the ESF funding, it met only once without any discernible influence on the GEP policy making process (Stratigaki and Karamessini).

Likewise, the ESF conditionality explains the timing of the actual introduction of measures promoting GM. As mentioned in section 2.1, the key measures promoting GM were introduced only after 2001. In other words, domestic change occurred not because of soft law or a process of policy learning but because of the financial incentives of domestic actors to use the ESF funded programmes and the hard legal and financial conditionality of these programmes.¹³⁰ According to the 2002 NAP, in 2002 the promotion of GM was linked with the provision of individualised counselling for women in the regional action plans as part of the KPA. As discussed in detail in Chapter 3, the provision of individualised services to the unemployed was temporally associated with the reform of the Greek PES – which itself appeared to be associated with the ESF conditionality. In other words, contrary to the 2002 NAP, the provision of individualised support to women was not related to the promotion of GM in GEP.

Nonetheless, the 2002 NAP rightly mentioned the introduction of a quota of 60% for women in training programmes and in subsidised employment as a measure to promote GM. The 60% quota became an overarching policy and made Greece one of the countries that had strongly gender mainstreamed active labour market measures (Rubery et al. 2007). All these measures were ESF/CSF funded. In addition, the empirical evidence suggested that the introduction of the 60% quota was a delayed compliance with one of the terms of the 3rd CSF's central agreement between the European Commission and the Greek government. According to a number of interviewees (interviews with: Karastamati; Stratigaki; Karamessini) the introduction of the 60% quota was the 'translation' of the wording '*Quantified goals will be set*'. In particular, the agreement states the following (Stratigaki 2006: 290):

Promotion of Equal Opportunities between men and women is a horizontal principle, which applies to the whole of the CSF. For this goal's achievement a gender equality strategy will be designed, which will not be confined to specialised assistance measures for women, but will achieve the mobilisation of all general policies and measures, actively taking into account, from their initial (design) stage, the possible implication that their implementation may have on

¹³⁰ For an identical effect and mechanism in the area of education, see: Stratigaki (2008b) for Greece; Braithwaite (2008) for a number of EU countries.

the relative position of women and men. Quantified goals will be set, statistical evidence will be collected for the two genders and the adequate monitoring indicators will be used.

The next development with regard to the promotion of GM in Greece was the introduction of several programmes in the field of education and training under all the Operational Programmes of the 3rd CSF, with a special emphasis on improving the skills of women to boost their employability and entrepreneurship.¹³¹ These new programmes were part of the 2nd NAPGE 2001-2006 (interviews with: Stratigaki, Mouriki and Karamessini). Even though the 2002 EES evaluation argued that the NAPGEs were introduced under the direct influence of EES GM guideline (VFA and Metronanalysis 2002: 68), the fieldwork the empirical evidence suggested an alternative explanation. Although the NAPGEs were important in symbolic and presentation terms as a concrete and structured plan for gender equality promotion, it did not add anything new to the existing measures (interviews with: Stratigaki, Mouriki and Karamessini). In addition, the 2nd NAPGE was not EES inspired but it mirrored the Fifth Community Action Programme on Equal Opportunities (2001-2005) (Karamessini 2008: 284).¹³² In particular, the NAPGE promoted four strategic targets: the promotion of equality between men and women in economic life;¹³³ the promotion of equal participation and representation in the political social and economic sectors;¹³⁴ the promotion of equal access and of equal application of social rights for men and women;¹³⁵ the promotion of a change of gender roles and

¹³¹ Under the activities of the O.P. Education and Initial Vocational Training' and the Community initiative equal. For further information, see table 1.2 in Appendix II below.

¹³² In Greece there have been three National Plans for Equality. The first one was published in 1997 for the period 1997-2000, the second in 2001 for the period 2001-2006 and the third in 2004 for the period 2004-2008 (for the latter see also below). All three Plans were inspired and determined in content by the obligations that Greece had against international organisations (the UN and the EU) in promoting Gender Equality. The Plans were transferring these international directions into national priorities (Karamessini 2008: 284-285).

¹³³ Actions in the sectors of employment, information society, vocational training, promotion of women's entrepreneurship, of equal pay and harmonisation of professional and family obligations

¹³⁴ Legal regulations institutionalising quotas; actions aiming at promoting women in decision taking in the economic and political fields; the leading boards in the public and private sector; trade union committees; and professional agencies.

¹³⁵ Actions and steps in the legal framework for the completion of Greek legislation or its harmonisation with community legislation, but also in sectors of quality of life like health, welfare and social infrastructure, environment, violence against women and trafficking. Special and integrated actions for women belonging to socially excluded groups. A basic action for this target is the application of legislation, the information and awareness rising of the citizens

stereotypes.¹³⁶ In addition, GM was introduced as a strategic goal of policy making especially in relation to the management of the EU funds.

The 2nd NAPGE was the result of the close cooperation between the two organisations responsible for the promotion of gender equality in Greece (which as mentioned above were created and operated with the support of EU funds), that is, the GGI and KETHI. According to the European Database on Gender Mainstreaming, it was the collaboration of these two institutions and their active participation in planning for the 3rd CSF and the related NAPs which resulted in the inclusion of many actions for gender equality in the Operational Programmes¹³⁷ of a number of Ministries including the Ministries of Labour, of Development, of Education and of Agriculture (EDGM 2001). Nonetheless, according to Karamessini (2006: 251) the inclusion of gender equality as a separate axis (with 11.8% of the total budget) in these programmes was not due to these institutions but to the European Commission's pressure during negotiations with the Greek government. A number of interviewees confirmed the latter argument. As a result, that this reform aiming to promote GM in GEP was seemingly linked to the Structural funds' regulations and the direct pressure of the European Commission. Similarly, it appeared that this was also the case for the ESF financial plan for the period 2007-2013 as well as with the '4th CSF' or National Strategic Reference Framework (NRSF) (interviews with: Karastamati and Stratigaki).

Although formally the ESF national implementation plans are the result of the mutual agreement of the European Commission and each national government, the empirical evidence suggested that the Greek government was obliged to accept the Commission's conditions with regard to gender equality promotion (see below). This top-down influence was denied by some Greek government representatives in the interviews as they argued that the role of Europe in setting the ESF goals is overestimated. According to the former EYSEKT¹³⁸ director of the 2004-2009 ND government Mr. Tsoutsoplidis: *'everything is the result of a mutual agreement between them and us'*; likewise the former Labour Minister of ND - Tsitouridis - argued that: *'we agree with the EU goals and we find EU funding extremely useful in*

¹³⁶ Actions and practices concerning the harmonisation of family and professional responsibilities, the models promoted by the media, special interventions and measures for raising awareness in the sectors of education, culture and every expression of life.

¹³⁷ Operational Programmes: "Employment and Vocational Training" (72 billion drachmas); "Competitiveness" (12 billions); "EPEAEK" and "Education and Vocational Training" (amounting to a total cost of 23.5 billion drachmas).

¹³⁸ Special Unit of Coordination and Monitoring of ESF Actions (EYSEKT).

fulfilling our shared values to promote the European Social Model'. However, the empirical evidence suggested that such statements are most likely stating what is politically correct rather than being factual, as they present Greece as an equal to the European Commission and a country that shares the broader EU agenda. By contrast, according to the people directly involved in the negotiations for both programming periods and some retired political personnel the reality was different. For them (interviews with: Protopapas, Karastamati, Stratigaki, Ioannou) the Greek government was usually indifferent or against most of the EU goals, namely Reform of Public Employment Services, Gender Equality, allocation of EU funds to the local level and trade unions. Regarding the 2001-2006 financial plan, Mr Protopapas was clear:

'The Commission had an agenda which was different from ours (i.e. the Greek government) and we had to reach a compromise. However, this compromise always favours the Commission because it is much more powerful than us: they are the ones who provide the money and we are the recipients of it. [...] When they say you have to have x or y in the ESF programmes or do z in order to gain approval for the funded projects then we can't do otherwise. If we do, we'll lose significant EU money for Greece. [...] Greece could not afford to lose any EU funds as they are vital for our economy, society and the State. So when I was in office I was always vigilant about any problems in receiving ESF funds.

Ms Karastamati's (see Appendix I) account on the 2007-2013 negotiations was almost identical:

The negotiating period was long and difficult mainly due to the great disagreement between the Commission and the Greek government with regard to two novel suggestions which the Commission put forward for the 2007-2013 programming period: in particular, the Commission proposed to allocate part of the ESF funding on the one hand to the trade unions and on the other hand to the local level, that is, municipalities, prefectures, etc. Both of these suggestions were received with great hostility by the Greek government; they were really opposed to the idea of sharing any EU money with other actors than themselves. The negotiations were long and hard but in the end the Greek government was forced to accept the Commission's proposals.

The empirical evidence suggested that the 3rd NAPGE (2004-2008) was inspired by the Fifth Community Action Programme on Equal Opportunities (2001-2005), and therefore, all its priorities 'were in line' with the latter (interviews with: Stratigaki and Karamessini). In addition, this program reiterated Greek efforts to comply with international (both EU and UN) pressures. In the preamble of the Plan, the Minister of Interior (Prokopis Pavlopoulos) among others states the following:

I would like to say from the start that these measures are adaptation measures to the Constitutional Provisions but also to the respective European ones and especially to the Lisbon Strategy of 2000, as well as to the obligations we have

to the International Organisations such as the UN, the Council of Europe and the International Labour Organisation (ILO).

The principle of proactive legislation that was mentioned for the first time in the 3rd NAPGE was implemented through the two agreements of 2006 between the government and the employers' associations. Although the participation of social partners in the OMC and the national employment policy-making process has been a goal of the EES since 1997 (de la Porte and Nanz 2004), this EES recommendation was neglected in Greece. The main reasons for this indifference appeared to be: (i) the overall reluctance of the government to do so;¹³⁹ (ii) the scepticism of trade unions about the suggestions of the EES;¹⁴⁰ and (iii) the general lack of interest of social partners in gender equality in employment policy.¹⁴¹

The empirical evidence suggested that the main actor behind this agreement was the Head of the GGI, Ms Evgenia Tsoumani (interview with: Karamessini). Tsoumani was a long-standing advocate of gender equality: According to her CV, Ms Tsoumani was a Legal advisor on labour law and labour relations to the Federation of Greek Industries, Head of the Labour Relations and Social Affairs Department of the Federation of Greek Industries and specialised in collective bargaining, collective agreements, social dialogue, mediation and arbitration. She had also been involved in European social policies. In addition, she had been the Greek representative to the UN Committee on the Status of Women (CSW) and the Committee on the Elimination of Discrimination against Women (CEDAW) Committee, as well as a member of the EU Councils of Ministers of Equality. Finally she was a Member of the National Delegation at the 4th World Conference on Women (Beijing, 1995). It appeared that before joining the GGI, Ms Tsoumani was working for the SEV and had good links with the government and other employer organisations (interview with: Karamessini). Hence, when she became head of the GGI she could push her pro-gender equality agenda which she had advocated until

¹³⁹ For instance, until 2002 social partners were reportedly not informed on time even though were called to participate in the drafting of the NAP and accepted the parties involved. The time they had to prepare themselves and make an effective contribution was extremely limited (Ioakeimoglou 2000).

¹⁴⁰ The GSEE has a number of objections to the EES: (i) the EES focuses on the supply rather than demand side of the labour issue and according to the Greek union the demand side is more critical; (ii) the promotion of vocational training should not be perceived as a panacea for the Greek employment and unemployment problem; (iii) employability and flexibility stipulated by the EES is harmful for the workers (Kretsos 2003; Ioakeimoglou 2000).

¹⁴¹ By and large it could be said that despite some relevant statements and initiatives the issue of gender divisions in the labour market and any discrimination against women has not been a priority for Greek social partners. In addition, the participation of women in the 'power centres' of social partners is almost non-existent (Karakioulafis 2007).

then. Greece's international obligations empowered her and the GGI in promoting Gender Equality while her connections made this possible. The empirical evidence suggested that the trade unions were sceptical of her agenda and the suggested agreements because she was perceived as a person of the SEV and government (interview with: Karamessini).

Finally, the rather puzzling introduction of new vocational training measures in 2006 appears linked to the 'road map for gender equality' and to a gender equality pact by the Council of Ministers in 2006 (Rubery et al. 2007). Both EU developments were accompanied by additional EU funds which provided an unexpected source of funding for new GM measures. Consequently, after 2006 a number of new policy measures related to gender equality took place at the domestic level.

In summary, the temporal sequences of the observed reforms aiming at GM promotion as well as the empirical evidence collected in interviews with key informants leads to the conclusion that GM promotion in GEP was linked to the EES through ESF conditionality (3rd Europeanization pathway). According to the fieldwork discussed above, it appeared that the EES soft stimuli (guidelines, benchmarks and recommendations) were largely neglected. As a result, the weakening of the EES soft stimuli with regard to gender equality promotion (see Chapter 1 - section 2.2.2) did not matter for the observed domestic change as the EES soft stimuli were not relevant to Greek policy makers (see also section 3.2 of Chapter 3). The only exception to this rule is the 2006 agreement between the government and the employers' associations, where the Head of the GGI tried to empower herself against domestic indifference and opposition to promote her pro-gender equality agenda.

3.2. Dedicated equality in employment policy

As will be shown in this section, it appeared that as in the GM case, domestic change in the area of dedicated equality measures in employment policy was also associated with the ESF conditionality. It is argued that the greatest domestic impact of the EES was observed in the area of reconciliation because of the availability of ESF funds. Similarly, the empirical evidence suggested that tackling pay gaps occurred only when some measures (training; studies; and awareness programmes) provided access to EU funding. More specifically, it was only after 2001 - when the 3rd CSF and the new ESF financial period were introduced – that the expansion of

care facilities and all-day schools began to be fully implemented. As in the GM case, the authors of the Greek NAPs tried to present these EU funded measures as a direct response to the EES. For instance, the 2002 NAP claimed that, as a direct response to the 2002 Council's recommendation¹⁴² which urged Greece to extend the care facilities for children and other dependants, Greece expanded its care facilities. However, the empirical evidence suggested that the expansion of care facilities did not occur in order to meet the EES guidelines and recommendations (interviews with: Stratigaki, Tsagkris, Mouriki and Lyberaki). On the contrary as discussed in section 2.2, the expansion of care facilities appeared to be linked to the ESF regulations which satisfied the Greek efforts to absorb as much EU money as possible.

Likewise, as discussed in section 2.2., the evidence suggested that the issue of pay gaps was largely neglected by Greek policy makers (interviews with: Stratigaki, Karamessini, Mouriki and Lyberaki). As discussed above, the only available measures for tackling pay gaps in Greece were some studies and awareness campaigns. Alas, even though Greece (as well as Malta, Spain and Italy) had some of the highest GPGs in Europe,¹⁴³ it remained one of the few countries in the European Union with a very rudimentary policy on tackling the GPG. As will be discussed in Chapter 6, Portugal, which had a lower GPG than Greece, developed a variety of measures besides awareness-raising campaigns. It appeared that Greece did not focus on reducing its GPG because it was developing measures that could be funded from the ESF – any other issues were not of interest to Greek policy makers (interviews with: Stratigaki, Matsaganis, Karantinos, Karastamati, and Ioannou). The empirical evidence suggested that the availability of EU funds explains the unexpected introduction of numerous measures in 2006 (interviews with: Stratigaki, Mouriki and Karastamati). These measures appeared to be funded from the European pact for gender equality which reiterated the closing of gender gaps and the combating of social stereotypes (Rubery et al. 2007). Thus, according to the fieldwork evidence collected in the interviews, the issue never gained salience on the domestic agenda as the government was interested mainly in the absorption EU funds.

¹⁴² According to the 2002 Council recommendations Greece should “take effective and comprehensive action to reduce the employment and unemployment gender gaps. To this end, care facilities for children and other dependants should be extended.

¹⁴³ For all of these countries the gender gap in employment for the low educated women is above 33%; even though in most EU countries the gender gaps for the high educated women is low, these countries along with Luxembourg are again at the top of the range with gender gaps exceeding 10%. In Greece, in particular, the gap was widened in 2004 from 10.9% to 14.1% (Rubery et al. 2005: 11).

Another important reason for the neglect of GPG (and gender equality in employment policy more generally) appeared to be the lack of demand ‘from below’ as there was no demand from the social partners for governmental action on this issue. According to the evidence collected in the interviews, the reduction of GPG was a non-issue for employers since this would mean higher costs for most businesses, especially for SMEs which constitute the majority of Greek companies. The trade unions also seemed to be indifferent to the reduction of pay gap because they are male-dominated and they over-represent public sector employees who enjoy much better conditions than private-sector employees (Matsaganis 2007). The empirical evidence suggested that this indifference on behalf of the trade unions applied to most gender equality issues (interviews with: Stratigaki, Karamessini, Matsaganis and Karantinos).

4. Gauging the importance of the observed policy change: gender inclusion and support for the employed women

This part of the chapter critically discusses the significance of the observed policy change in GEP. Once again, the discussion is analytically divided into the areas of GM and dedicated equality measures in employment policy. It is argued that, despite the significant change of GEP in the form of new concepts and practices, the EES effect that was mediated through ESF conditionality did not succeed in altering the GEP towards an adequate GM and reconciliation promotion. Section 4.1 discusses the significance of the observed change in the GM area; section 4.2 critically examines whether expanding care facilities is enough to promote reconciliation; and section 4.3 evaluates the EES effect on all stages of GEP with regard to gender equality promotion.

4.1. Gender mainstreaming or gender ‘inclusion’?

This section evaluates the significance of the observed change in GEP with regard to the promotion of GM. It is argued that the measures listed in the NAPs as the Greek response to the GM guideline and country specific recommendations do not meet the basic criteria of GM promotion. Instead, Greece witnessed a significant ‘gender inclusion’ push, that is, the incorporation of gender equality into areas of GEP where it was non-existent. Even though Greek women benefited to a large extent by this gender inclusion as they gained access to targeted training, business start-ups and counselling support, the GEP did not become more gender mainstreamed. Hence, one of the core EES goals was not promoted in Greece.

To begin with, as discussed in section 2.2 of Chapter 1, the most fundamental feature of GM which is the transformation of employment policy-making by integrating a gender equal perspective into the design, implementation, monitoring and evaluation of any given policy measure was not materialised. In other words, the GEP did not incorporate the new approach in policy-making where gender equality promotion would be taken into consideration throughout the employment policy. The authors of the Greek NAPs during 1998-2002 tried to conceal the lack of an integrated and holistic approach in GM promotion by listing various measures to promote GM in the all pillars of the EES (employability, entrepreneurship, adaptability). However, as was argued above, these were not linked with a new approach to policy making; rather, Greek policy makers listed the EU (ESF and CSF)

financed programmes as the Greek efforts to promote GM. These programmes, as was also argued above, did not constitute a substantial change of the policy making process in GEP.

Another key feature of an adequate GM promotion which is still missing from GEP is the sufficient monitoring (qualitative and quantitative), and therefore, appropriate evaluation of gender equality promotion in employment policy. It appeared that for Greece this was the most difficult requirement of the GM approach to meet. Despite some improvement, the empirical evidence suggested that the monitoring capabilities of GEP never achieved an adequate level to implement GM because it was countered by the chronic problems of Greek bureaucracy and PES (interviews with: Ioannou, Matsaganis, Lyberaki, Karastamati and Stratigaki). As mentioned in section 2.1, it is telling that it was only after five years of the introduction of the GM guideline and six years after the introduction of the EES that Greece could include gendered statistics in its NAPs/NRPs. The only monitoring and evaluation of the implemented measures were several *ad hoc* independent studies which were commissioned for the evaluation of the EU-financed programmes. As with all other GM-related measures, the empirical evidence suggested that these studies were not a Greek response to the EES soft law but were necessitated by the ESF conditionality as every country receiving ESF (and CSF) funds is obliged to provide independent evaluations for the EU-financed programmes at the end of each programming period (interviews with: Stratigaki and Karamessini). Consequently, most of them were published in 2006 in order to serve both goals: evaluation of the previous period and suggestions for improvement for the 2007-2013 programming period (cf.: DATA RC 2006; EEO and EKKE 2006; EETAA 2006a and 2006b; IDRYMA TYPOY 2006; MI.TH.E. 2006a, 2006b and 2005; Logotech et al. 2005; ASTIKI DIAXEIRISI 2004; PA.PI.¹⁴⁴ and ICAP¹⁴⁵ 2004; EYSEKT 2003b). In other words, Greece was never concerned with the impact of its policies on women. It had to be coaxed by the ESF financial conditionality, since the European Commission required independent information on how the EU money was spent and whether the Structural Funds' regulations on gender equality were met.

Most of the studies examine whether the 60% quota of female participation in EU-funded ALMPs. This appears to be another indirect indication that this target was related to the ESF conditionality. Indeed, the empirical evidence suggested that the

¹⁴⁴ University of Piraeus.

¹⁴⁵ Private consultancy firm; for more information see its website: <http://www.icap.gr>.

European Commission was particularly interested in assessing whether the 60% quota was actually implemented (interviews with: Stratigaki; Karastamati). Nonetheless, most studies (EEO and EKKE 2006; EYSEKT 2003; see also: Karamessini 2008; 2006) found that this goal was not met in most ESF funded programmes as female participation in most evaluated ALMPs ranged from 52-58%. However, these results should be treated with caution due to the significant limitations in data collection. For instance, the EYSEKT study could provide only informal / approximate data for the O.P. 'Information Society' as the contact details for most programme participants were either false or not updated when changed. Likewise, other studies had problems in collecting representative data because programme participants were reluctant to answer the mailed questionnaires or participate in the surveys with a phone interview (see: MI.TH.E. 2006a: 2-6; 2006b: 17-18; 2005: 23-28; PA.PI. and ICAP 2004). In some studies, furthermore, data were not gender disaggregated (PA.PI & ICAP 2004; Astiki Diaxeirisi 2004; as cited in: Karamessini 2008: 300).

Besides the quantitative aspect, Greece failed to promote GM in qualitative terms too, as the quality of the EU-funded programmes varied significantly. The requirements for GM promotion set by the Structural Funds regulations undeniably posed an immense challenge for the under-skilled, inexperienced and under-funded public and private authorities responsible for the implementation of the GM measures. Second, because many training centre owners, trainers and trainees perceived the EU funding as a substitute for the unemployment benefits they neglected the main goal of the subsidy, that is, to promote GM. The summary of the 3rd CSF Greek experience offered by Stratigaki (2006: 291 as cited in Karamessini 2008: 288) is telling:

The loud and bold public declarations regarding a strong political will did not find full correspondence in action and did not lead to the design of holistic and effective equality policies. The measures and actions that were successful were fragmentary initiatives of organisations and people who already had experience in gender equality issues and worked against the bad-management problems and the dangers of distorting the initial targets of gender equality promotion which appeared quite often during the 3rd CSF's implementation.

The same applies to the overall GM promotion in GEP. In a cross-country comparative study, Daly (2005: 443) classifies Greece as well as the UK, Spain, and France in a group where '*gender mainstreaming efforts, while present, are highly fragmented, being confined either to a particular domain or to a specific program*

within a policy domain, and generally disconnected from general governmental policy on gender'. The same results are found in other policy areas, such as education and pension reform (cf. Stratigaki 2008b).

Despite all the problems mentioned above, the research findings discussed in this chapter suggested that GEP definitely moved towards a more pro-gender direction. Because of the ESF conditionality, for the first time in the history of the Greek welfare state, women received targeted help. This help aimed at improving the position of women in the labour market by the provision of training, financial support to start up their own business and a multi-faceted counselling support. However, this change did not contribute to GM but to 'gender inclusion' in the sense that gender was incorporated in GEP as an independent goal with women receiving dedicated and targeted support.

4.2. Dedicated equality measures in employment policy: expansion of care facilities

As discussed in section 3.2, in the area of dedicated equality measures in employment policy, domestic change was observed only when ESF funds were available in the form of the expansion of care facilities and some secondary measures (studies and awareness programmes) for tackling pay gaps. The empirical evidence suggested that in the area of reconciliation a significant change occurred due to the ESF funds, which resulted in a considerable enhancement of the Greek welfare system. In particular, according to most interviewees (interviews with: Tsagkris, Mouriki, and Karamessini) the use of EU funds in this policy area is one of the success stories. In particular, according to Tsagkris:

[...] of course there have been problems in management, corruption, etc. but, on the one hand, this is not a Greek phenomenon [...] I remember vividly that while working at the European Commission we had one of the worst cases of EU funds' mismanagement in the Netherlands; on the other hand, whatever the problems and limitations of the EU funded programmes, one would be unfair to the great benefit they have offered Greece and the Greeks. People were trained; many new policy initiatives were created which dramatically changed Greek social and employment policy, such as care facilities, the all-day schools. These two measures have transformed Greece's policy towards women, families and dependants.

Likewise, Lyberaki, Mouriki and Karamessini stressed that the EU funds marked a significant qualitative improvement of care facilities as they could hire specialised staff for the provision of their services (psychologists; nurses; teachers; and counsellors). In other words, the ESF actions in Greece defined the core

employment and family policy in Greece and considerably enhanced the capabilities of the Greek welfare state. Mouriki's recollection is evident:

Even though the EU funding amounts to 75% of the funded projects (the rest of the 25% has to be covered by national resources) in many cases in care facilities the EU contribution was raised through various tricks up to 100%. A very good example of this practise is that in many cases when for some reasons the EU funds were delayed some schools or care facilities had to close or their staff would remain unpaid until the EU money arrives.

The two studies that examined the impact of care facilities on the female labour market status (Data RC 2006; EETAA 2006b) provided three main findings: (i) the expansion of care facilities contributed to the activation of women as it was easier for them to look for employment; (ii) only a third of the women who tried to enter the Greek labour market succeeded in gaining employment; (iii) the women who benefited the most were the ones who already had a job as they used public care facilities to maintain or improve their job position (Karamessini 2008: 315). As discussed above, domestic change was minimal in the area of pay gaps. More importantly no legislative reforms took place to tackle the problem. Hence, the significance of the new measures (namely some studies on stereotypes, awareness programmes and training) was marginal. Needless to say, these programmes did not result in any discernible change in GEP. The high pay gaps between men and women still haunt GEP.

4.3. Evaluation of the EES impact on GEP with regard to gender equality promotion

As discussed in Chapter 1, the thesis employed the Europeanization typology of EU-induced change to assess the domestic impact of the EES (Radaelli 2003: 37; Börzel 2005: 58-59): inertia (no change); absorption (minimal change); accommodation (moderate change); transformation (maximum change); and retrenchment (further distancing from the EES stimuli). In addition, as outlined in Chapter 1, to avoid over-estimating or under-estimating the EES effect on domestic policy the thesis used the traditional 'stages heuristic' policy cycle model (Breyer and de Leon 1983; Anderson 1984). This model was chosen to analytically separate the key parts of public policy in order to best explore each policy stage.

The EES - similarly to the PES - appeared to have no impact on the government's Agenda-setting, Policy-formulation and Policy-evaluation stages in the GM area. In other words, as the inertia category of Europeanization outcomes describes, no change at the domestic level could be linked to the EES stimuli during

these stages. Nonetheless, the EES resulted in a first order change or absorption at the Decision-making and Policy-implementation stages, as only parts of existing programs or policies were altered to include gender equality promotion. More specifically, Greece included women in vocational training programmes for the first time in its history. It was obliged to assign quantitative targets for female training (60%); and incrementally promoted gender equality in all employment policy measures. In addition, GEP did not alter its monitoring and evaluation capabilities – a fundamental prerequisite for GM promotion. Consequently, the EES cannot be said to have produced a transformative change in GEP regarding GM promotion as the pre-EES GEP policy content was not replaced by the EES stimuli.

Similarly to the GM area, the EES appeared to have no impact on the government's Agenda-setting, Policy-formulation and Policy-evaluation stages in the reconciliation area. Nevertheless, the EES through the ESF conditionality led to a major expansion of care facilities and the introduction of new programs for the care of dependants (children and the elderly). However, this change did not constitute a paradigm shift for GEP as promoting reconciliation did not replace the pre-EES goals of the GEP. In other words, the expansion of care facilities meant an adaptation of the pre-existing processes, policies and institutions of GEP through a 'patch up' of new policies and institutions onto existing ones without a change in their essential features or the underlying collective understandings attached to them. In the pay gaps area, the EES resulted in a first order change or absorption in the Decision-making process, as Greek policy makers partially changed a limited number of pre-existing programs (a few ESF funded measures such as training, evaluation studies, and awareness programmes). In other words, they adapted some elements of their domestic policy to European requirements without altering their core. However, in all other policy stages there was inertia, as no change appeared to occur as a result of the EES stimuli. The following table summarises the EES effect on GEP with regard to gender equality promotion.

Table 5.5: EES impact on Greek employment policy - Gender equality			
Policy stages	Mainstreaming	Reconciliation	Pay Gaps
Agenda-setting (problem recognition)	Inertia (no change)	Inertia (no change)	Inertia (no change)
Policy-formulation (proposal of solution)	Inertia (no change)	Inertia (no change)	Inertia (no change)
Decision-making (choice of solution)	Absorption (first order change)	Upgrading (second order change)	Absorption (first order change)
Policy-implementation (putting solution into effect)	Absorption (first order change)	Upgrading (second order change)	Inertia (no change)
Policy-evaluation (monitoring results)	Inertia (no change)	Inertia (no change)	Inertia (no change)
Source: Author's evaluation of the EES impact on GEP			

Conclusions

In this chapter, I examined the EES influence on Greek employment policy with a particular focus on gender equality, arguing that, the EES influenced GEP essentially via its ESF conditionality (3rd Europeanization mechanism). In other words, the collected evidence suggested that Greek policy makers changed GEP not because they changed their views through a learning process (1st pathway) or by empowering themselves to promote their pre-existing agenda (2nd pathway). The EES soft stimuli failed to alter GEP because it was ignored by domestic policy makers and social partners; as a result, domestic change occurred only in the areas where EU funds were available for domestic policy makers. The EES effect was moderate in two of the five policy stages (Decision-making and Policy Implementation), while it was minimal to nil in the other stages.

Nevertheless, the significance of the EES-induced change in promoting gender equality in GEP should not be completely dismissed as for the first time in the history of GEP: (i) gender equality was included as a goal of GEP; and women received significant economic support; training; and new opportunities. However, GEP cannot be characterised as a gender neutral policy because gender promotion is still insufficient and more effort is needed in all fields of employment policy in order to claim that domestic policy is achieving gender equality (Rubery et al 2004; 2005; 2006; Daly 2005).

Chapter 6: Gender Equality promotion in Portuguese employment policy: Europeanization through domestic empowerment

Introduction

This chapter examines the Portuguese employment policy reforms with regard to the promotion of gender equality. As in the Greek case, for analytical reasons this inquiry is divided into two policy areas: (i) GM; and (ii) dedicated equality measures in employment policy (cf. Rubery 2002; 2004; 2005). The first part of the chapter outlines the features of Portuguese employment policy (PEP) before the mid-1990s with a particular focus on gender equality promotion. The second part examines the reforms that took place after the mid-1990s which aimed at promoting GM and dedicated equality measures in employment policy. As in all other cases of the thesis, this division is made in order to examine the temporal sequences of reforms and the content of the agenda and policy before and after the EES and thus, establish any causal significance of the EES (see also section 3.2 of Chapter 1). The third part tries to explain the observed policy change using empirical evidence collected in the fieldwork of the thesis. The fourth part evaluates the degree of change Portuguese employment policy with regard to gender equality promotion and the EES influence on domestic reforms.

1. Gender equality promotion in Portuguese employment policy before the EES

The contemporary Portuguese welfare state - and thus employment policy - was mainly built after the fall of Salazar's authoritarian regime that dominated the country for almost fifty years (1926-1974). Salazar was a devout Catholic who perceived his mission as restoring the social order in Portugal. Hence, he introduced conservative policies in both economic and social fields, with stringent controls on political activity (Hampson 1996: 2). The "Carnation Revolution" of 1974 represented a significant change in all fields of Portuguese society while the transition to democracy led to major change of all fields of Portugal's social (including employment) policy. During the very first years of the Revolution, a large number of reforms were implemented in order to create a strong social protection

system including: minimum wages; a social pension; labour and social rights; and holiday entitlements. As a result, social expenditures grew enormously, effective rights were guaranteed and benefits and wages skyrocketed. The main reasons for this substantial rise in social expenditures and salaries were both the pre-existing low levels of social protection and the political and social mobilization with a very leftist almost socialist ideology (Guillen et al. 2001: 19). For instance, the new constitution of April 1976 has been called 'the most radical anywhere in the non-communist world' (Gallagher 1983: 229). However, this 'golden age' of the Portuguese welfare state was suddenly interrupted almost two years later due to: (i) the severe economic crisis of the late 1970s; (ii) the ideology driven and unrealistic post-1974 policies that led to high public deficits; (iii) Portugal's efforts to become an EU member (then of the European Economic Community - EEC). As a result, the period from 1976-1986 was a period of 'permanent austerity'. Nevertheless, even during that period there was some extension of social rights, but without the same intensity of the previous period (for a more detailed discussion of this period, see: Maravall 1997; Guillen et al. 2001).

With regard to gender equality promotion in PEP, the first provisions were introduced in the revolutionary year of 1974 when women could be employed in: the public administration (Decree law (DL) 308/74 of 6 July 1974); in the diplomatic service (DL 308/76); and in the courts (DL 492/74). In addition, in the 1976 Constitution discrimination because of sex became illegal (Article 13.2). Although the principle of non-sex discrimination underpinned the entire Portuguese legal system (Royo 2003: 22), the most important measure to implement this principle was the *Equal Opportunities and Equal Treatment for Men and Women in Work, Employment and Vocational Training* law (DL No 392 of 20 September 1979). The 392 law included numerous provisions to prevent any discrimination on the grounds of sex in training, work (equal pay) and employment (Royo 2003: 22; Santo et al. 2007: 3). The 1979 reform introduced what was considered as one of the most progressive equality laws in Europe (Threlfall 1989: 228-229). All the above pieces of legislation were the result of some small yet activist women's organizations (Barbosa 1989: 478). Because of the coupling of their pro-equality agenda with the significant political and social change taking place at the time, Portugal became one of the UN members to ratify the UN's Convention on the Elimination of all Forms of Discrimination against Women in 1980 with no restrictions or reservations (Threlfall 1989: 228-229). The final reforms before Portugal's EU entry were the law regarding

Maternity and Paternity leave (Law 4/84) and the very restrictive legalisation of abortion in 1984. In 1986 a new period started for Portugal in political and economic terms. The country achieved membership in the EEC with direct consequences for its financial situation and welfare arrangements (Guillen et al. 2001: 21). The EU influenced domestic employment policy with its 'hard' legislation (directives) and with EU (CSF and ESF) funded programmes which resulted in the generalization of vocational training, in order to face the extremely low levels of qualification of the Portuguese working population, and the expansion of the educational system (Guillen et al. 2001: 22). For instance, Portugal's vocational training was boosted in the 1990s by the EU funds, with annual enrolment figures rising to 8% of the labour force in 1993 from 5% in 1990 (EIU 1996: 22).

Nonetheless, in Portugal the EU funding dedicated to gender equality was miniscule compared to other areas (Pedroso 2005). This is in sharp contrast to Greece (see Chapter 3) where EU and ESF funding was directed to women since EU entry. As discussed in Chapter 3, the reason for this divergence appears to be the differing situation of women in the two countries: Greece had one of the worst performances in female employment while Portugal demonstrated one of the best performances in the EU-15. Hence, gender equality never gained prominence in EU-funded projects in Portugal as there was no need for targeting women for extra vocational training. Indeed, Portugal deviates from the other Southern European countries, which show relatively poor performances in terms of both employment and unemployment, as its employment levels traditionally approach those of the Scandinavian countries (Silva 2003: 112). More specifically, Portugal during the 1980s and 1990s demonstrated: low unemployment rates and high employment rates for all groups of the workforce; it had one of the lowest youth unemployment rates in Europe; female full-time employment was one of the highest in Europe - almost twice the figures for the other Southern European countries; and there were low rates of part-time work for both women and men. These features differ from those of other European countries where high female employment participation is usually associated with high female part-time work, and from the rest of Southern Europe where employment of women is traditionally high in the atypical economy or inside the home (Silva 2003: 112). Portuguese female employment rates were surprising in this respect and stimulated the interest of scholars who seemed to find difficulty in explaining them. For instance, Daly (2000: 508) argued that '*patterns [of female labour force participation] in Portugal defy many if not all of the conventional*

explanatory frameworks and they have served to challenge at key point the analysis undertaken (as cited in: Silva 2003: 113). In addition, Portuguese female employment challenged one of the most common features of the Southern European labour markets, namely their ‘Janus face’ structure:¹⁴⁶ employment levels are high; unemployment rates low; women do not face any problems in entering the labour market; and more importantly, there is no difference between the male breadwinners and the rest of the labour force groups in terms of employment levels. In the following tables (tables 6.1 - 6.4) Portuguese employment and unemployment rates are presented in order to gauge the overall labour market situation of women since the early 1990s. The tables show that Portugal has clearly been an outlier compared to the rest of the other Southern European countries, as it enjoyed high employment rates for both sexes and especially for women. It was one of the very few EU countries to meet the Lisbon target of 60% female employment throughout the 2000s.

Table 6.1: Portuguese Employment rates during 1990-1996 (%)							
	1990	1991	1992	1993	1994	1995	1996
Total	:	:	66.6	65.1	64.1	63.7	64.1
Males	:	:	78.1	75.8	74.5	73.5	73.9
Females	:	:	55.9	55.0	54.4	54.4	54.9

Source: Eurostat (date accessed 20/06/2011)
: denotes missing data

Table 6.2: Portuguese Unemployment Rates per Gender in % (1990-1997)							
	1990	1991	1992	1993	1994	1995	1996
Total	4.8	4.2	4.1	5.5	6.8	7.2	7.2
Males	3.3	2.8	3.5	4.6	6.0	6.4	6.4
Females	6.7	5.9	5.0	6.6	7.9	8.1	8.2

Source: Eurostat (date accessed 20/06/2011)

Table 6.3: Portuguese Female Employment rates in % (1997-2009)											
	1997	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Portugal	56.5	60.5	61.3	61.4	61.4	61.7	61.7	62.0	61.9	62.5	61.6
Lisbon gap	-	+0.5	+1.3	+1.4	+1.4	+1.7	+1.7	+2.0	+1.9	+2.5	+1.6

Source: Eurostat (date accessed 20/06/2011)
- Denotes does not apply as the Lisbon threshold was introduced since 2000.

¹⁴⁶ Katrougalos and Lazaridis argue that one of the main features of the Southern European labour markets is their Janus face: one side is characterised by rigidity and the other by flexibility and irregularity (2003: 42).

Table 6.4: Portuguese unemployment rates per gender during 1997-2008 (%)					
	1997	2003	2008	2009	2010
Total	6.7	6.4	7.7	10.6e	12.0e
Males	8.8	7.3	6.7	10.7e	11.8e
Females	7.6	7.3	9.0	10.5e	12.2e
Source: Eurostat (date accessed 20/06/2011)					
e denotes estimated value					

However, there are some possible country-level explanations for the high levels of female labour market participation in Portugal. The first explanation is the very long Colonial war of 1961-1974 which necessitated the mass entry of women into the labour market. Contrary to other European countries, which experienced a similar process during the World War II, the very long duration of the Portuguese war meant that the entry of women to the labour market was much more enduring. Moreover, the high female employment in Portugal was not reversed after the end of the war. Additionally, the 1974 revolution and the progressive 1976 Constitution made permanent the new labour market environment (Torres 2006: 16). In parallel, the widespread poverty coupled with low wages for men forced women throughout the decades to enter the labour market, as the male-breadwinner model could not operate in Portugal (Torres 2006: 17). In other words, contrary to Scandinavia, Portugal's high female employment rates originated more from the country's economic hardship than an egalitarian revolution.

Despite its very good performance since the mid-1980s, the Portuguese labour market continues to be based on predominantly low-skilled labour: a large percentage of the workforce - especially women - is employed in low-skilled jobs even by Southern European standards (Katrougalos and Lazaridis, 2003: 55). Additionally, low-skilled women are employed in traditional sectors, such as textiles, the cork industry and farming, which do not require any training or long-term investment in workers. By contrast, when it comes to highly skilled labour, women are equal or doing much better than men since they tend to be more educated than their male counterparts. The final part of the Portuguese jigsaw is the very high level of school drop-outs, which hit young males harder. In other words, women's high employment levels, the concentration of women in low-skilled sectors of the economy, and the equal or sometimes better educational levels of upper class women did not create any considerable demand for more training. Hence, in Portugal

vocational training of the female labour force was never an issue of concern and remained absent or low on the agenda of policy makers. The same applies to the promotion of gender equality in PEP: after the late 1970s reforms, the issue lost salience and disappeared from the agenda. Two main reasons might explain this de-prioritisation during this period (cf. Portugal 1999; Torres 2009; Wall and Leitão 2008; Zartaloudis 2011b): (i) the relatively good situation of women – especially with regard to employment levels; and (ii) the ten years in power of the conservative PSD party which dominated Portuguese politics between 1985 and 1995.

Another crucial aspect of the Portuguese case is its care regime, as reconciliation of work and private life became one of the EES mantra. Hence, it is worthwhile examining the Portuguese situation before the introduction of the EES stimuli. The key feature of Portugal's social care is the 'privatisation' of this task to family members, a characteristic shared by all Southern European countries (Daly and Lewis 2000: 289). In this model, care is performed by other family members - usually for free - and the provision of public care is rudimentary. Secondly, concerning both child and elderly care, Leitner classified Portugal in the 'implicit familiarism' type, that is, a country that 'neither offers de-familisation nor actively supports the caring function of the family through any kind of familialistic policy' (2003: 359). Thus, there is an implicit reliance on family for care provision (Leitner 2003). The latter constitutes a considerable strain on Portuguese women who have to combine care with employment, as employment rates are high in Portugal (see also below). It should be noted that this problem was not as prevalent for Greece due to the significantly lower employment rates of women as well as a more traditional male-breadwinner household model where women were responsible for care.

Similarly to Greece, in Portugal the family was the principal caretaker, as there was no alternative for care provision: during the 1990s almost 90% of children of 0-3 years are cared for by their families (especially by grandmothers, see: Cousins, 2000: 117), or through informal care arrangements (usually cheap immigrant labour), and only 12% of this group attend some form of regulated full-day crèche. The mystery of high female employment rates and low childcare provision has puzzled researchers who have not found a definite answer to this paradox. Some authors suggested that Portuguese families either leave their children alone at home or take them to their workplace (EWCO, 2005; Torres, 2009: 48); others have questioned the reliability or comparability of Portuguese childcare facilities' data (Bettio and Plantenga, 2004: 101). Surprisingly, qualitative evidence shows that Portuguese

families, despite putting more pressure on women for childcare, combine all available care options, which transcend the care/welfare typology as their choices follow more socio-economic factors than a national model/culture (Larsen 2004). Moreover, family care provision has been traditionally highly feminised. Even though working hours are gender balanced (around 9 hours for men and 8 hours for women), household and family work are not: employed men spend around 1.5 hours per day in unpaid work, whereas employed women spend 4 hours (Perista, 2003). In other words, the high employment rate for Portuguese women was a mixed blessing as they had to combine work with the obligations placed on them by a familialistic welfare state where women still devote disproportionately more time to care compared with men.

2. Gender equality promotion in employment policy after 1995

After 1995, contrary to the previous period of immobility since the Portuguese entry to the EU (1986), a plethora of measures and reforms took place aiming at promoting gender equality in PEP. Although the reforms coincided with a pro-gender equality PS government (Wall and Leitão, 2008: 294), there was a substantial gap between the PS electoral victory (1995) and the introduction of the reforms which happened in 1997. The next sub-sections discuss the post-1995 reforms, arguing that their intensity was concentrated around two periods: 1999-2002 and 2005-2007. As in Chapter 5, the discussion is divided into two policy areas: GM and other dedicated equality policies (reconciliation of work and private life and pay gaps). Moreover, the degree of observed policy change varies among different policy sectors. The greatest change appeared to have taken place in the area of care facilities (reconciliation); in the GM area the observed change was confined mainly to the area of vocational training; finally, equality of remuneration was applied only in the public sector. Thus, there are important similarities between the Portuguese and the Greek case with the one difference being that Portugal significantly reduced the gender pay gap in the public sector while Greece did not.

2.1. Gender mainstreaming

The first major reform promoting gender equality in PEP occurred during the Constitutional revision of 1997 when gender equality promotion became one of the main responsibilities of the state (art. 9 paragraph h). However, GM was absent from both the post-1995 governmental agenda and the 1997 Constitutional reform. The

concept of GM was introduced only later in the Global Plan for Equal opportunities which was voted by the Portuguese Council of Ministers with the resolution 49/97 of 24th of March 1997. Its goal was to alter the entire structure of equality laws and policies. The Global plan was the first ever effort of the PS government to promote exclusively equal opportunities in all areas of public policy making (Santo, et al. 2007: 5). It included 51 measures grouped under seven main objectives –one of them being GM (CEDAW 1999: 9).

The next milestone in promoting GM was the Portuguese National Action Plan (NAP) for Employment of 1999, which outlined Portugal's response to the respective EES stimuli. Even though GM was mentioned in the first NAP of 1998, concrete measures were introduced mainly after 1999. The key change that occurred in 1999 was the significant improvement of female access to active labour market policies (ALMPs): from a marginal element of policy making, ALMPs targeting women became gradually one of the core tools to boost female employment. In particular, Portuguese policy makers adapted most of the new policy measures introduced in the 1998 NAP to boost employability under the respective EES pillar in order to promote female accessibility, after the introduction of the GM guideline in 1999. After 1999, Portugal introduced a number of new measures to improve the access of women to ALMPs in order to boost their employability. Additionally, in 1999 the PS government introduced a number of measures aiming to promote female entrepreneurship – mainly subsidies for business start-ups.¹⁴⁷ Both measures can be perceived as unexpected in the Portuguese context given the high levels of female employment. Moreover, Portugal compiled a national list of professions which were demonstrating significant gender discrimination in order to create a framework for the targeted application of ALMPs. The fieldwork suggested that this list would be used in order to prioritise and incentivise (through higher subsidies) the participation of women working in professions with high gender inequalities in ALMPs (interview with: Karamessini). This measure was accompanied by the introduction (and systematic improvement thereafter) of greater incentives for young women to acquire professional experience in professions where women were significantly under-represented.

Besides the promotion of gender equality in ALMPs for employment and entrepreneurship, GM necessitates an advanced monitoring system in order to assess the gender impacts of all public policies. Indeed, in the 1999 NAP Portugal

¹⁴⁷ For all the measures that were included in the Portuguese NAPs - see tables 2.1-2.4 in Appendix II.

committed to develop an adequate monitoring system to provide evidence for the application of GM in public policy. For this purpose, a set of NAP indicators, which would allow the follow-up and evaluation of the progress made in this area, was deemed necessary. In addition, since 2001 Portugal was consistently setting national targets for female employment and GPGs; in 2004 it was the only EU country outlining explicit commitments to close gender employment gaps even though it did not link specific policies to support this target (Rubery et al. 2004: 75).

Further, in contrast to Greece, Portugal significantly changed its institutional framework for implementing and overseeing the promotion of GM in PEP: (i) it established a new GM committee at the office of the Presidency; (ii) it upgraded two long-standing Committees with specific competence in equal opportunities and evaluation and monitoring duties (Committee for Equality in Work and Employment and Committee for Equality and Women's Rights); and (iii) equality advisors were appointed to government departments (committees and ministries) to ensure gender equality promotion was taken into account in all governmental decisions (Rubery et al. 2001). In addition, the 'Observatory for Equality in Collective Bargaining' (in Portuguese: *Observatório para a Igualdade na Contratação Colectiva*) was created. It was composed of members of social partners, representatives of the public Commission for Equality in Labour and Employment, representatives of the Labour Ministry, and several independent experts. Its goal was to scrutinize collective agreements in order to identify discriminatory practices against men and women with regard to wages; job definitions; career ladders; flexibility schemes; and measures of reconciliation of work and family life. Since 2001, however, this observatory has not been very active due to shortage of human and material resources (Rubery et al. 2007: 47).

After the election of the centre-right PSD-CDS-PP¹⁴⁸ government in 2002 and the EES revision in 2003, Portugal did not upgrade its GM policies substantially. Even though vocational training was reinforced for workers of the under-represented sex in occupations (Rubery et al. 2004: 117), Portugal just followed the course of the previous period, that is, the promotion of training schemes¹⁴⁹ in order to boost female employability and entrepreneurship especially in areas in which women were underrepresented. These new measures, however, did not constitute a noteworthy

¹⁴⁸ In 2002 a coalition government was formed between the PSD and the CDS-PP party (Democratic and Social Centre – People's Party (in Portuguese: Centro Democrático e Social - Partido Popular).

¹⁴⁹ See respective tables 2.2 and 2.3 in Appendix II.

alteration of PEP. Finally, after 2002 a serious backtracking occurred regarding the institutions responsible for promoting gender equality policies. Even though their restructuring was announced since 2002, this did not take place until 2006 – that is, after the re-election of the PS in office.¹⁵⁰ Hence, these organisations were effectively inoperative during 2002-2005.

On the contrary, in May 2004 the Portuguese statistics service (in Portuguese: Instituto Nacional de Estatística; acronym: INE) launched a Gender Database which constituted a significant leap forward with regard to GM promotion (Rubery et al. 2004). The Database provided approximately one hundred indicators disaggregated by gender in a wide range of areas, such as population; family; activity; employment and unemployment; education and training; reconciliation of work and family life; decision-making; health; crime; and violence. Hence, Portugal diverged significantly from Greece in the establishment of adequate monitoring systems which are necessary for GM promotion. This difference becomes apparent when the NAPs of the two countries for the year 2004 are compared. The Portuguese NAP provided ample empirical evidence of the impact of the policies implemented during the previous period. For instance, extensive data were provided on the participants of ALMPs documenting that women participate overwhelmingly in educational and vocational programmes;¹⁵¹ the large increase in the number of beneficiaries' parental leave;¹⁵² and the increase of the coverage rate of pre-school education.¹⁵³ Overall, during the 2000s Portuguese data are more adequately disaggregated by gender - something that was never the case in the Greece. The evidence collected in the interviews suggested that this difference between Greece and Portugal can be explained by the efforts of Portugal's INE to improve its statistics. It appeared that this process began in the early 1990s and was intensified after 1995 in parallel to the PS' efforts to reform the IEFP (Madolino and Ferrerira; see also Chapter 4). In other words, GM promotion benefitted from the prompt Portuguese response to the EES with regard to its PES reform and a more efficient statistical office – two features lacking in the Greek case.

In 2005, the Lisbon agenda was re-launched and the EES was further revised. In the same year the PS was elected to office. After 2005, similarly to Greece, there

¹⁵⁰ See below.

¹⁵¹ The ratio was above 70% for women; see table 2.2 in Appendix II.

¹⁵² From 112 in 1999 to 30.637 in 2002 and 40.577 in 2003, while remunerated parenthood leave increased from 146 in 2000 to 16.282 and 27.384 in 2002 and 2003 respectively.

¹⁵³ The coverage rate has been constantly increasing (from 70,9% in 1998 to 90,4% in 2002, for 5 years old children and from 59% to 70,6%, in the same period for 3 and 4 years old children).

was no mention of GM in the Portuguese NRPs. However, Portugal implemented two measures that constituted positive steps towards GM promotion (Rubery et al. 2006: 28): (i) representatives from gender equality bodies participated in the working groups preparing the NRP; (ii) after a long delay, new heads were appointed in 2006 for the two governmental gender equality mechanisms, namely the Commission for Equality and Women's Rights (CEWR) and the Commission for Equality in Labour and Employment (CITE). In addition, the 3rd National Plan for Equality was announced in 2006. Finally, a few new measures aiming to improve employability and entrepreneurship were added to those that already existed in 2005 (one measure) and 2006 (three measures),¹⁵⁴ which were not significant with regard to GM promotion in PEP, as was the case for those of the 2002-2005 period. Nonetheless, the PS government deferred the launch of the planned Observatory of Collective Bargaining due to shortage of resources (Rubery et al. 2006: 18).

The Portuguese reform record is similar to the Greek one as both countries tried to promote GM through the provision of vocational training and employment subsidies (business start-ups). Nonetheless, Portugal showed a greater degree of policy change in the institutional framework needed for GM promotion and in the collection of statistical data necessary to implement GM. However, neither country implemented an adequate institutional framework for GM promotion (see also section 4 of this chapter below), and neither of them fully implemented the reforms that were initially announced and planned.

2.2. Dedicated equality measures in employment policy

The other policy area under examination is the dedicated equality measures in employment policy. In a similar fashion to Greece, Portugal demonstrated the most significant reform activity in the area of reconciliation compared to the one of pay gaps. However, contrary to Greece, which started expanding its childcare services after 2001, Portugal introduced the goal of reconciliation and care facilities' expansion in 1997 with the 1st National Plan for Equality (Plano Nacional para a Igualdade – PNI; reconciliation was one of the Plan's seven key objectives). Reconciliation would be promoted through sensitization campaigns, the introduction of new ways of organizing working hours, flexibility in working schedules and the creation of care facilities for dependants (children and the elderly) (CEDAW 1999: 9). In addition, the PS government revised article 59 of the Constitution (with articles

¹⁵⁴ See table 2.3 in Appendix II.

1 and 2 of the Constitutional Law 1/97) in order to introduce the right for both men and women to be able to ‘reconcile professional and family life’ (CEDAW 1999: 29). Nonetheless, it was only after 1998 that reform efforts were intensified with Portugal introducing wide-ranging reforms in order to improve the reconciliation of work and private life. More specifically, since 1998 Portugal expanded substantially its national pre-school network care facilities and promoted care services for dependants; provided subsidies to families in order to pay private care within the house (usually immigrant workers taking care of dependants); and established networks of services for home support for dependants.

The two most important programmes were the Local Employment Initiatives (Iniciativas Locais de Emprego) and the RIME programme (Regime de Incentivos às Microempresas – micro-enterprise incentive scheme). Of the 4000 jobs created between 1997 and 1999 under these initiatives, about a third was in the field of family services or related activities (Guerreiro 2000: 2). Moreover, Portugal introduced a broad range of novel measures which supplemented and extended existing programmes aiming at updating family services. In addition, Portugal sought to gradually cultivate the emergence of a new vision of care services provision to families with financial difficulties. The concept of a social support network, namely care services targeting both dependent elderly persons and unemployed women was a prime example of this new approach to reconciliation policy (Guerreiro, 2000: 2). It also contained the elaboration of codes of good practices in companies, vocational training and an extension of the pre-school network.

Further, the 2001 NAP introduced - for the first time in Portugal’s history - quantitative targets for care facilities: by 2006, pre-school education attendance should have been provided to all five year olds and to 75% of 3-4 year olds by building and equipping another 1800 classrooms during that period; and the government had to guarantee that 100.000 children aged up to three would be able to attend day nurseries.¹⁵⁵ This was a clear contrast to the Greek case, as Greek policy makers did not commit to specific quantitative targets and did not seem to respond to the Barcelona targets (see chapter 5). According to the authors of the 2001 NAP, these changes corresponded to the need to incorporate the new elements ‘*resulting in particular from the guidelines for the EU employment policy for 2001, from the Commission’s remarks and from the recommendations to Portugal as per the Joint Report regarding the carrying out of the NAP in 2000 and from the structure and*

¹⁵⁵ Most of these targets in the second period of the EES are achieved.

measures included in the new Community Support Framework (2000-2006) which, because it identifies a large part of the financial support of the NAP, exerts a strong influence on the range of instruments available for its carrying out' (NAP 2001: 8).

On the contrary, the issue of tackling GPGs - as in Greece - did not gain any salience. Although after 1998 some policy initiatives were implemented, the measures focused mainly on awareness campaigns and training schemes aiming at altering attitudes, in order to '*create behaviours conducting to an effective equality of opportunities both in the professional and in the family spheres*' (NAP 2002: 43). In other words, the PEP emphasised the need to spread the idea that gender equality and equal pay as well as reconciling work and family life is a right and duty of men and women (Gonzalez 2001). An additional measure, frequently listed in the Portuguese NAPs as a response in tackling GPGs, was the commission of studies to analyse various dimensions of the problem in different sectors of the economy.¹⁵⁶ In addition, Portugal introduced some awards for organisations and companies with model policies on gender equality promotion. Thus, the PS government, in a rather dissimilar fashion to its counterpart in Greece, introduced a variety of measures in order to tackle the GPG.

After the election of the PSD-CDS-PP government in 2002 and the 2003 EES revision, the major development of the 2002-2005 period was the launch of the 2nd PNI which covered the period 2003-2006, and included '100 commitments for family policy'. The Plan aimed at promoting gender equality in many areas such as education; employment; balancing work and family life; preventing violence against women; and social protection. Its implementation fell essentially under the CEWR and the CITE (Pizarro 2003: 7). In addition, inter-departmental teams were also supposed to be established in each Ministry, with responsibility for the coordination, implementation, monitoring and evaluation of the integration of a gender perspective in all policies and programmes. According to the 2nd PNI, the Ministries had to adopt positive action measures and develop human resource management policies that promote equality (Ferreira 2003).

In addition, the new PSD-CDS-PP government extended the operating calendar of pre-school institutions in order to ensure a functioning scheme and a flexible timetable adequate to family needs (resolution n° 19 130/2002), and it updated the Pre-School Education Expansion and Development Programme (Decree-Law no 342/2003). The PSD-CDS-PP government also regulated the access regime and

¹⁵⁶ For a detailed list see table 2.4 in Appendix II.

working rules of the financial support system for the pre-school education establishments of Lisbon's social solidarity private institutions. In addition, the improvement of crèches was promoted by measures aiming to make their functioning schedule more suitable through the implementation of the positive differentiation principle by the Social Solidarity Private Institutions (Cooperation Protocol of 2004). Further, Portugal introduced a policy of providing support for the childcare expenses of the unemployed workers. This reform constituted a complete departure from the existing policy of childcare support, which supported care facilities directly rather than providing targeted support to the families which were most in need. Similarly to Greece, Portugal did not demonstrate any real progress in tackling pay gaps as existing measures were maintained, while a few new ones followed the previous sensitisation logic (see table 2.4 in Appendix II). This is quite surprising as the main problem of Portugal in terms of meeting the EES targets was the large pay gap. Although - contrary to Greece - the public sector's gender pay gap was much more favourable and even reversed, Portugal had one of the largest GPGs in the private sector in Europe (Rubery et al. 2004: 41).

After the 2005 EES revision, similarly to Greece, Portugal's efforts to promote dedicated equality in PEP were confined to the extension of care facilities for dependants. Although the 2005 NRP focused only on childcare needs and neglected care facilities for other dependants, especially older people (Rubery et al. 2005: 219), the 2006 NRP included new measures focusing on reinforcing care services for all types of dependants: children, elderly and disabled people (NRP 2006 - see also table 2.4 in Appendix II). According to the 2006 NRP, the PS government introduced three new programmes as a response to a country-specific recommendation on care facilities.¹⁵⁷ The first programme was titled 'Enlargement Programme for the Social Amenities'¹⁵⁸ Network' and stipulated effective planning for territorial needs and encouraged investment through partnerships '*between the social sector, local power, and the business/private sector*' (NRP 2006). The aim of this programme was to improve living conditions for the elderly and the disabled by improving their autonomy and integration levels. The second programme, titled 'Support Programme

¹⁵⁷ The country specific recommendation stated that Portugal should be: 'Taking measures to combat the factors leading to differences in salaries between men and women in the private sector and increasing the availability of structures to care for children and other dependants as well as their accessibility in terms of price.'

¹⁵⁸ Social amenities are all kind of facilities and/or organisations (such as care; sports; health; charity; educational; and community centres) that may contribute in reconciliation of work and private life by providing various activities to dependants, and therefore, alleviating women from their care duties.

for Investment in Social Amenities' (Order in Council no. 869/2006, 29th of August) encouraged investment in social amenities which supported private initiatives in order to increase care facilities' capacity to accommodate dependants. Finally, the 'Network of Integrated Continued Care' intended to boost the creation of units providing continued health care and social support teams for the elderly which operated at the community level.

Further, the Network of Community Proximity Services was expanded. This network was made up of a group of social amenities aimed at providing social support and targeting the specific needs of people and families. Moreover, primary school opening hours were extended - children were required to be in school from 09:30 to 17:30 - aiming to assist women in balancing their work and care requirements (Rubery et al., 2006: 137). In addition, the 2006 NRP introduced new targets for the provision of care to dependants that had to be achieved by 2009: a 50% increase in the number of crèches to 31,161 units (meeting the Barcelona pledge for the provision of childcare facilities for at least 33% of children aged 0-3); the employment of 19,000 new staff in care facilities for the elderly; the provision of 6,000 more places in facilities in the continued integrated care network (this goal was to be reached by 2008); and the provision of 1,850 additional vacancies in facilities for the disabled by 2009 (see also table 2.4 in Appendix II). Interestingly, the empirical evidence suggested that the majority of care facilities were owned by the large non-governmental sector, which appeared to be funded almost exclusively by national sources and the Catholic Church (Santos). Indeed, Portugal is an exception in the EU concerning the size of the non-profit or third sector - which is neither public nor private - in the provision of care services. These NGOs constitute almost 90% of care facilities in Portugal with the remaining ones being private (9%) and only 1% state owned (Carta Social 2008: 10). Finally, in a similar fashion to Greece, Portugal again showed an absence of any measures to tackle GPGs in the private sector. GPGs and gender segregation of the labour market were acknowledged as existing problems but were not addressed at all in terms of policy measures (Rubery et al. 2006: 73). This is quite surprising considering that the GPG in the private sector remains high in Portugal as seen in tables 6.8 and 6.9 below.

To summarise, unlike Greece, Portugal's labour market was characterised by a very different set of conditions in female employment and unemployment rates. Nevertheless, a similar reform pattern is observed in the two countries: in order to promote GM following the emergence of the EES, Greece and Portugal gave women

access to ALMPs aiming at (re) integrating them into the labour market. Additionally, both countries expanded extensively their care facilities and related social services in order to reconcile work and family. Regarding tackling gender gaps, furthermore, both countries implemented only a number of awareness programmes. The summary of the observed policy change is presented in the following table.

Table 6.5: Promoting gender equality in Portuguese employment policy		
Gender Mainstreaming		
Reform Content	Time	Process
<ul style="list-style-type: none"> • New institutional framework for implementing and overseeing the promotion of GM • Establishment of new organisations for gender mainstreaming • Expansion of vocational training for women • Educational programmes to change gender stereotypes • Studies on gender equality and mainstreaming • Improving databases to monitor gender mainstreaming of policies 	<p>Change starts in 1998 and is intensified until 2002</p> <p>During 2002-2005 changes subside</p> <p>The issue returns on the agenda after 2005</p>	<ul style="list-style-type: none"> • Vocational training and other employment creation subsidies • Administrative and organisational reform • Improvement of monitoring capabilities • Measures to address stereotypes
Reconciliation of Work & Family life		
Reform Content	Time	Process
Promotion of care facilities	<ul style="list-style-type: none"> • Expansion of care facilities takes place from 1997 • This expansion is subdued during 2002-2005 and intensified after 2005 	Care facilities funded almost exclusively by national funds
Pay Gaps		
Reform Content	Time	Process
Public sector pay equalised but not private	Measures to tackle the pay gap implemented from 1998	Awareness-raising put in place; public sector pay gap is equalised; private sector gap remains unchallenged
Source: Author's analysis of the observed reforms		

3. Explaining gender equality promotion in Portuguese employment policy

The measures and reforms presented which took place after 1995 constitute a significant break from the past with regard to gender equality promotion in PEP. However, the terms of GM, reconciliation of family and private life and pay gaps have never gained salience in Portugal's civil society – although they were *de facto* significant challenges to gender equality (Santo, et al. 2007: 12; Ferreira 1998). Hence, an interesting puzzle emerges: why did Portugal promote these measures after 1995?

As will be argued in this section, the empirical evidence collected in the fieldwork research of the thesis suggested that the observed policy change occurred because domestic actors used external stimuli, namely the UN Beijing Platform for action and the EES soft stimuli, to empower themselves and promote their pre-existing pro-gender equality agenda. It appeared that these domestic actors were not the key ministerial elites identified in the Portuguese PES case - as the latter largely neglected this issue - but high level female feminist technocrats or 'femocrats'. In other words, these policy entrepreneurs used the EES policy window (see: Kingdon 1984 and Chapter 2). However, the value of the core team of PS policy entrepreneurs should not be undermined as the fieldwork suggested that these femocrats collaborated with them in their efforts to push their agenda. The research findings also suggested that this cooperation was generally smooth but also faced existential confrontations - especially when the femocrats felt they were ignored by their partners in government (interviews with: Leitão; Ferreira; Wall). Additionally, as will be shown below, the empirical evidence suggested that although the femocrats were always trying to promote gender equality, they were not able to put intention into action for a number of reasons including: the lack of policy windows in some areas of policy making, namely GM and private sector pay gaps; the lack of external empowerment during certain periods (e.g. before the mid-1990s and after meeting Lisbon targets concerning employment levels); and the lack of access to political power, namely during the PSD-CDS-PP term in office.

More specifically, the empirical evidence suggested that these feminist top bureaucrats held key positions in Portugal's bureaucracy (advisors to the Minister of Employment and/or Heads in Gender Equality bodies) during the PS governments (interview with: Ferreira). It appeared that besides the various female ministers involved in Gender equality, the main femocrats were (interviews with: Ferreira and Leitão): Maria do Carmo Nunes; Maria do Céu da Cunha Rêgo; Maria Josefina

Menezes Leitão. Mario do Carmo Nunes was a long standing top-bureaucrat and advisor to Ferro Rodrigues during 1998-2002 and then head of the EQUAL department (Gabinete de Gestão EQUAL) in Portugal during 2005-2010 after which she retired. Maria do Céu da Cunha Rêgo is a lawyer; a trainer and a designer of training resources solely on Gender Equality issues; member of several NGOs operating in the field of gender equality; member of the Consultative Council of the National Mechanism for Gender Equality as an expert; and occasional invited lecturer to Master's courses in the area of gender equality in several Portuguese universities. In the area of gender equality, she was Secretary of State for Equality, President of the tripartite Commission for Equality in Work and Employment (CITE) which is responsible for the application of gender equality law at work; a member of the first Board of Administration of the European Institute for Gender Equality; co-organizer of the first post-graduate course on Gender Equality Law at the Faculty of Law of the University of Coimbra; member of the Advisory Committee on Equal Opportunities for Women and Men at EU level; and vice-president of the Commission for Equality and for the Rights of Women (CIDM) which was the precedent national mechanism for gender equality in Portugal. Until 2011, she was the Portuguese expert in the newly founded EIGE (European Institute for Gender equality). Finally, Maria Josefina Menezes Leitão was Deputy Director of the Labour Ministry regarding Gender Equality and President of CITE.

As discussed in section 2.1, the first breakthrough in promoting gender equality in PEP was the 'Global Plan for the Equality of Opportunities', which was approved by the PS government in March 1997. This plan was the response to a specific recommendation of the UN's Beijing Platform for Action as Portugal had to respond to the UN on how it would incorporate the Beijing Stimuli on equality in its domestic policy (CEDAW 1998; 2001; 6). Although gender equality was present since 1995 in the governmental agenda (CEDAW 1998: 25; Santo et al., 2007: 12), the PS government did not take any concrete action to implement gender equality in PEP until the emergence of the UN agenda (Ferreira). The importance of the Beijing Platform for Action in the adoption of the 'Global Plan' for gender equality appears to have been paramount since, as Portugal convincingly argued in 1999, there had been a historic commitment of all governments in the strengthening of welfare and family policy without concrete policy measures. Hence, the first policy change promoting gender equality in PEP was introduced by a non-EU related external stimulus - although it has been argued that the EU had a decisive role in shaping the

UN Beijing agenda (Rubery 2002). The same applies to the 2nd and 3rd PNIs which, nonetheless, also incorporated the EES soft stimuli, namely the EES guidelines and country specific recommendations (Santo et al. 2007).

However, the empirical evidence from the interviews suggested that all of these plans gained little significance and were hardly implemented (Ferreira and Wall). For instance, the 2nd PNI remained mostly on paper as the level of implementation was ‘extremely low’ and according to the Portuguese member of the Expert Group on Gender, Social Inclusion and Employment (EGGSIE): ‘*it is hard to identify significant changes in this field*’ (Rubery et al. 2005: 73). It appeared that this lack of discernible impact on PEP applied to all plans (Ferreira and Wall). Unsurprisingly, their evaluations faced significant opposition from the rest of the Portuguese bureaucracy and after their completion they were not published to avoid negative repercussions. In other words, the three Gender Equality Plans were a ‘window-dressing exercise’ (Ferreira). The limited impact of the three Equality Plans indicates that: (i) gender equality promotion in PEP mostly originated from external (mainly UN) stimuli; and (ii) Portugal’s femocrats had limited capacity in promoting gender equality in PEP as they could not implement policy change - the latter being controlled by ministerial elites who ‘did not prioritise gender equality issues’ (interview with: Ferreira). This assessment of the non-prioritisation of gender equality from the core ministerial elites in Portugal was confirmed by the numerous interviews with most members of the Portuguese ministerial elites: besides the femocrats, most of the Portuguese policy makers neglected the issue of gender equality when listing their priorities in office. Nonetheless, it appeared that the femocrats faced the biggest opposition during 2002-2005 when key gender equality bodies remained inactive due to the institutional stalemate created by the non-appointment of heads to these organisations (interview with: Ferreira). As a result, the key actors of gender equality promotion in employment policy were rendered inactive. This neglect was not coincidental and it demonstrated vividly the incumbent government’s opposition to gender equality promotion (see section 3 of this chapter below).

The research evidence collected in interviews suggested that after 1997 the UN’s Beijing Platform was replaced by the EES as the main external influence with regard to gender equality promotion in PEP (interviews with: Leitão; Ferreira and Wall). Although Portugal had still to report to the UN, the empirical suggested that the EES annual reporting process; the greater political clout of the EES and the

Lisbon Agenda as well as particular indicators that Portugal had to meet rendered the EES the main external stimulus for domestic change in PEP. Hence, it appeared that after 1997 Portuguese policy entrepreneurs tried to exploit the EES window of opportunity and empower themselves in order to promote their pro-gender equality agenda in PEP by promoting GM and dedicated equality measures in employment policy (Leitão).

However, these efforts were not equally successful in all the examined policy areas. Additionally, the pace of the observed policy change was intensified during 1999-2001 and post-2005. The research findings of the thesis suggested that this variation resulted from the capability of Portugal's femocrats to exploit the windows of opportunity created by the UN and EES external stimuli. More specifically, the UN's Beijing Platform for Action and the EES provided an ideal opportunity for the Portuguese policy entrepreneurs to promote gender equality in PEP. The introduction of the GM stimuli in 1999 provided an ideal window of opportunity to promote their feminist agenda. The comparison between the first and second NAP clearly indicates the significance of the respective EES guideline. Although in the 1998 NAP the government declared that all listed measures would assume a gender equal approach, it did not give any other details. However, it was only after 1999, as a response to the GM guideline that Portugal: (i) expanded training to women; provided more job opportunities for women through the promotion of female entrepreneurship (business start-ups); started the formation of an advanced system of monitoring and evaluating gender equality in all PEP measures; and tried to change its institutional apparatus within the government (interview with: Leitão). Likewise, it appeared that the reconciliation guideline and, more importantly, the Barcelona targets on childcare facilities, opened a specific policy window which Portugal's policy entrepreneurs utilised to promote their agenda. In both cases, Portuguese policy entrepreneurs were able to exploit the EES stimuli to persuade others about the necessity of reform and activate the rest of the government and bureaucracy (interviews with: Ferreira, Wall and Santos). As a result, Portugal began to target women in its ALMPs despite the high female employment rates and expanded its care facilities to promote the reconciliation of work and private life.

Further, the periods of reform intensity and inactivity appear to be explained by the existence or absence of EES policy windows. In the GM case, even though the 1999 EES guideline opened up a window of opportunity for domestic policy entrepreneurs, this window closed very shortly as Portugal's female employment was

higher than the Lisbon targets. The exceptionally high employment rates meant that the external empowerment soon reached its limits as, according to the interview material, Portugal's femocrats could not persuade the key ministerial elites that GM constituted a policy priority (interviews with: Ferreira; Wall; and Leitão). The main reason for the closure of the EES policy window was that the key ministerial elites considered as absurd to pay attention to an issue that not only met but also exceeded the Lisbon targets (interviews with: Pedroso, Silva, Antunes; Ferreira; Wall; and Leitão). Thus, after 2002 there was no substantial progress in GM promotion. The inability of Portugal's femocrats to further promote their pro-gender equality agenda after the relevant EES benchmark was met, suggests the low priority and shallow understanding of this issue from the key ministerial elites who felt that GM was no longer a priority (interviews with: Leitão and Ferreira). As discussed above, the GM requires a holistic recalibration of employment policy in order to ensure that public policy is gender equal as well as a significant development of monitoring and evaluation tools to ensure the latter (cf. Rubery 2002). Similarly, although the reconciliation guideline added legitimacy to expanding care facilities, it was the Barcelona targets that introduced a specific target for Portugal to meet. Thus, Portugal's femocrats took advantage of this window of opportunity to push their agenda and mobilise the relevant departments in the Labour and education ministry (Wall and Santos). The fieldwork evidence suggested (interviews with: Wall and Leitão) that in their endeavour, Portugal's femocrats collaborated with Jorge Lacão, Secretary of State for the Presidency Cabinet responsible for the Citizenship and Equal Opportunities. It appeared that Lacão assumed a very blunt and technocratic approach to reconciliation of work and private life: Portugal could not afford to stand out as a country which did not meet the Barcelona targets; hence, expanding care facilities became a key priority of his term (interview with: Wall).

The research findings suggested that the success in gender equality promotion in PEP depended also on the control that Portugal's femocrats and collaborating policy entrepreneurs had on the different policy areas. In other words, empowerment has an added value when policy entrepreneurs are able to exploit an available policy window to put into effect their agenda. In particular, in the areas of GM and reconciliation, where most of the change depended on public policy, domestic change was greater than GPGs (see also section 4 below). As discussed in section 2.2, although Portugal managed to achieve equal pay in the public sector, it failed to promote equality of pay in the private one as policy change was confined only to

awareness campaigns, studies and company prizes aiming at changing social stereotypes. According to the evidence collected in interviews the main reason for this limited progress in reducing pay gaps was the limited capacity of Portugal's femocrats to promote change. It appeared that these policy entrepreneurs were restrained by Portugal's economic model and structure of the labour market as fieldwork suggested that reducing pay gaps was considered by Portugal main ministerial elites to disadvantage Portugal's competitiveness (interview with: Dornelas; see also below).

More specifically, as mentioned in section 1, many Portuguese women are employed in low-skill jobs, such as textiles, agriculture and the cork industry. These sectors depend on cheap labour to be competitive and constitute big part of the Portuguese economic model of 'a cheap labour in Western Europe' (interviews with: Dornelas and Pedroso). Hence, reducing pay gaps in the private sector would negatively affect the profits and competitiveness of major companies (both national and international) operating in Portugal, as their success was partly based in employing low-paid female employees. Besides the immediate negative effect on these companies, the risks were much broader including higher unemployment rates and reduction of state revenues. Nevertheless, it seems that the negative effects that the Portuguese economic actors anticipated with the promotion of equality of remuneration in the private sector, occurred with the EU enlargement: after 2002, many foreign owned companies relocated from Portugal to Eastern Europe where they would significantly increase their profit margins and overall competitiveness as the CEECs offered both cheaper labour and less taxation – something that meant the '*death of Portugal's economic model and miracle*' (interview with: Dornelas). Consequently, since the early 2000s Portugal has experienced low levels of growth and an increase in unemployment.

In addition, the research findings suggested that one of the major causes of the vast pay gap in the private sector was the huge sectoral divide in employment between men and women. Thus, reducing pay gaps in the private sector faced the obstacle of a labour force that is employed in completely different sectors: most women work in low paid jobs whereas most men in better paid jobs (interviews with: Ferreira, Wall, Pedroso, Capucha, Silva and Bernardo). According to one key policy maker (Capucha):

Reducing the pay gap in the private sector would mean that we would have to re-allocate the labour force and try to have gender balanced workplaces. However, this is illegal – you cannot say to somebody 'go work over there

for the sake of equality'. That's why we did many awareness campaigns to change the stereotypes of people regarding jobs. As you can imagine, it is very hard to persuade a man to work in the textile industry. This is why even trade unions sometimes are hesitant on this policy.

However, one should not perceive this sectoral divide as prohibiting the implementation of additional measures beyond awareness and sensitisation campaigns. Thus, the aforementioned quote indicates that Portuguese ministerial elites did not perceive the reduction of the GPG in the private sector as a high priority. Indeed, according to one key gender equality expert (Ferreira), successive Portuguese governments were very reluctant to tackle GPG in the private sector – especially in traditional industries such as those of cork and textiles.

Moreover, it appeared that the ideological stance of the incumbent party towards gender equality affected the ability of Portugal's femocrats to exploit the UN and EES policy windows. On the one hand, all Portuguese governments have had similar positive views of the EU (Pizarro 2003: 5) and were in favour of an effort to catch up with the developed EU core while respecting the European Social Model (Pizarro 2003: 19). On the other hand, there was some nuanced differentiation between the Socialist (PS) governments (1995-2002 and 2005-2010) and Barroso's centre right (PSD-CDS-PP) government (2002-2005) with regard to gender equality and reconciliation policies. Firstly, the latter had a more 'familialistic policy perspective' (Wall and Leitão 2008: 294) as the minister of employment was a member of the conservative People's Party, the ideological foundation of which was based on Christian Democracy. Hence, the government was quite sceptical towards the EU's gender equality policy.¹⁵⁹ Secondly, the Portuguese Socialists were strong supporters of the OMC on employment and social protection, with input in key decisions related to the EU's social and economic coordination (Cadeiras 2004: 1). On the contrary, the Barroso government viewed the OMC as a bureaucratic burden of low - if any - value for Portuguese employment policy (interview with: Antunes). Thus, the immediate incorporation of the EES stimuli, which was much faster than in the Greek case, was directly related to the policy preferences of the new PS government that came into office in 1995 which allowed Portugal's femocrats to open a policy window and promote their pro-gender equality agenda. In other words,

¹⁵⁹Interviews with various Portuguese experts and bureaucrats.

external empowerment from the UN and the EU¹⁶⁰ coincided with the election of a more pro-gender equality government (Wall and Leitão 2008: 294), which was also keen to reform the Portuguese welfare state (see among others: Silva 2009; Chapter 4 of this thesis). According to Gonzalez (2001) this national pre-EES agenda underpinned a progressive approach to GM within the employment policy agenda. In other words, the interplay between the EES stimuli and governments' preferences determined to a great extent the window of opportunity that the pro-gender equality policy entrepreneurs could exploit to promote their agenda; hence, the reform activism during 1999-2001 and post-2005 and the reform inertia during 2002-2005.

Empirical evidence did not provide support for the other explanations of policy change. As indicated from the analysis above, despite the different ideological orientation of Portuguese governments on gender equality, no government implemented any concrete action before the appearance of external stimuli, namely the UN agenda on gender equality and the EES soft stimuli. In other words, the documented policy change did not originate from a domestic agenda. In addition, the research findings did not provide support for the other two Europeanization pathways. More specifically, the thesis empirical fieldwork did not trace any process of policy learning as the main actors promoting and defining the Portuguese agenda were committed policy entrepreneurs who exploited the EES policy window to push their agenda. These policy entrepreneurs were committed in gender equality promotion before the introduction of the external (UN and EES) stimuli. It appeared that the rest of the bureaucracy and the main ministerial elites responded to the suggestions of these policy entrepreneurs in order to satisfy external stimuli but they did not change their views on the priorities of PEP (interview with: Ferreira).

Likewise, the research evidence did not provide support for the 3rd Europeanization pathway as it appeared that the ESF financial conditionality was largely irrelevant to the promotion of gender equality promotion in PEP (interviews with: Leitão, Santos, Ferreira and Wall). Although ESF funding was often used to implement pro-gender equality measures, such as training for women, and awareness programmes (see: Zartaloudis 2011b), the ESF conditionality was not employed in Portugal. As was discussed above, GM in PEP was introduced as a response to the UN's Beijing agenda in 1997 and it was firstly implemented in 1999 as a response to

¹⁶⁰ Even though the European Commission had an important role in shaping the UN Beijing Agenda on gender equality (cf. Rubery 2002; Rubery et al. 2005), these two stimuli are treated as independent in the thesis, as they constituted two different external stimuli for any particular UN/EU member state.

the EES respective guideline. In other words, GM was implemented before the 3rd CSF programming period (2000-2006) - contrary to Greece where GM measures were implemented only after 2001 when the new ESF programming period started. Additionally, the vast majority of Portugal's (new) care facilities were not state owned and did not receive any EU subsidies (interview with: Santos). Therefore, the EU funds were used in a limited way, and did not seem to define Portugal's agenda and reforms by any process related to financial conditionality.

The above reform record and likely explanation for the policy changes differ substantially from those of the Greek case as follows. First, most reforms and policy changes in Greece appeared after 2001 while in Portugal GM was discussed from the mid-1990s. Second, the observed policy change in Greece was linked to the ESF conditionality while in Portugal it appeared related to the empowerment of domestic policy entrepreneurs (femocrats) who created a policy window by using the EES soft stimuli to promote their agenda. Third, besides the use of EU funds in the area of vocational training, Portugal used purely national sources to support the expansion of its care facilities – contrary to Greece which only relied on the EU funds. Fourth, Portugal reduced the GPG in the public sector while Greece did not. Nonetheless, the overall direction and content of the observed policy change were very similar in both countries as they both responded to the EES goals of gender equality promotion in employment policy through GM, reconciliation and GPG reduction. This is somewhat unexpected given the much better employment rates of women in Portugal compared to those in Greece. Hence, one could have reasonably expected to witness a more muted reform record in Portugal as the country already met the key EES benchmarks for female employment participation while Greece had to be more proactive in order to reduce the considerable misfit between its domestic conditions and the EES benchmarks.

4. Evaluating change: between transformation and inertia

In Portugal, the EES effect on GM was similar to the Greek case - despite their contrasting starting points in terms of employment/unemployment levels. Despite the pre-existing pro-gender equality agenda of the incumbent party, the goal of GM was included only in 1997 as a response to the UN Beijing Platform for action. Even though the EES was not the only external stimulus for domestic change, since the UN Beijing Platform was also important in empowering Portuguese policy entrepreneurs, it would be erroneous to underestimate the EES' importance as it

immediately overshadowed the UN stimuli in gender equality promotion. In particular, concrete policy measures were introduced only after the respective GM EES guideline in 1999. More specifically, after 1999 Portugal: expanded vocational training and business start-ups subsidies to women in an unprecedented fashion; developed a monitoring system providing evidence for GM policies; and implemented an institutional overhaul within the government to promote GM. Thus, the EES appeared to have produced a first order change or absorption in the Agenda-setting and Policy-formulation stages of PEP, since only a few existing elements of the pre-EES agenda of Portugal's policy entrepreneurs were adapted to the EES stimuli. Nonetheless, the EES appeared to have created a third order change or transformation in the Decision-making, Policy-implementation and Policy-evaluation stages because there a paradigm shift seemed to have taken place in PEP which now had GM as a key goal and introduced new institutions, policy tools and a monitoring system to evaluate the effect of public policy on women.

The EES also produced a third order change or transformation in the reconciliation area. More specifically, Portugal introduced the goal of reconciliation in 1997, which would be promoted through: 'sensitisation' campaigns; the introduction of new ways of organizing working hours; the introduction of flexibility in working schedules and the creation/expansion of care facilities for dependants (children and the elderly). Undoubtedly, the greatest emphasis was put on the expansion of care facilities which transformed PEP. The expansion of childcare facilities during the period under study has been impressive. Compared to the mid-1990s, coverage for both childcare categories (0-3 and 3-6) doubled by 2005. Despite this significant improvement, however, childcare facilities were still insufficient to meet working parents' needs within and beyond school hours (EWCO 2005: 6). Childcare facilities' occupation rates were very high (90%) and most of them were full – particularly for the 0-3 group (OECD 2004). Moreover, data showed that the existing facilities' coverage remained low. In particular, in 2001, childcare facilities (crèches and nannies) covered only 15.4% of the 0-3 group (EWCO 2005). Nonetheless, care provision improved significantly over the following years (see tables 6.6 and 6.7). By 2005, 60% of children aged 3-6 were attending kindergartens (90% of those aged 5-6 years) (OECD 2006). Put differently, the pre-EES policy content was replaced with a completely different approach which promoted the expansion of care services. The new PEP paradigm also included a number of other tools aiming to alter social values and stereotypes including a different framework of

working arrangements which would be friendlier to workers with caring responsibilities at home.

Table 6.6: Percentage of children (0-3) cared only by their parents			
	2005	2006	2007
EU 25	51	52	46
Portugal	27	23	37

Source: Eurostat (date accessed 20/06/2011)

Table 6.7: Percentage of children (3-5/6) cared only by their parents			
	2005	2006	2007
EU 25	12	11	10
Portugal	27	12	11

Source: Eurostat (date accessed 20/06/2011)

Finally, in the pay gaps area the EES effect was low as Portugal - in an identical manner to Greece - implemented mainly sensitisation measures such as educational programmes and company prizes. Thus, similarly to Greece, the EES produced a first order change or absorption in Portugal since the PEP absorbed certain non-fundamental changes in order to incorporate some elements of the EES stimuli for pay gaps without substantial modifications of existing structures by altering only parts of existing programs or policies. This absence of a substantial change may explain why the GPG in the private sector remained high in Portugal as shown in Tables 6.8 and 6.9.

Table 6.8: Portuguese gender pay gap in public and private sector			
	1995	2000	2007
Private	25	28	:
Public	-12	-17	:
Total	5	8	7

Source: Eurostat (date accessed 20/06/2011)
: denotes missing data

Pay gap defined as the difference between men's and women's average gross hourly earnings as percentage of men's average gross hourly earnings (for paid employees at work 15+ hours).

Table 6.9: Portuguese gender pay gap using comparable structure of earnings survey estimates (2002-2008)			
	2002	2006	2008
Portugal	:	8.4	9.2
EU-15	:	18.7	:

Source: Eurostat (date accessed 20/06/2011)

: denotes missing data

Pay gap defined as the difference between men's and women's average gross hourly earnings as a percentage of men's average gross hourly earnings (for paid employees).

Table 6.10 below summarises the EES effect on the Portuguese gender equality policies case. As in the PES case, the degree of policy change in the Portuguese case is different from the Greek one. At all stages of policy making, the Portuguese case shows a much higher degree of policy change. This suggests that the EES soft stimuli may have higher degree of impact than the ESF conditionality. In other words, the higher degree of policy change in Portugal suggests that ownership may be more important than conditionality.

Table 6.10: Summary of EES impact on Portuguese Employment Policy with regard to Gender equality promotion			
Policy stages	Gender Mainstreaming	Reconciliation	Pay Gaps
Agenda-setting (problem recognition)	Absorption (first order change)	Transformation (third order change)	Inertia (no change)
Policy-formulation (proposal of solution)	Absorption (first order change)	Transformation (third order change)	Inertia (no change)
Decision-making (choice of solution)	Transformation (third order change)	Transformation (third order change)	Absorption (first order change)
Policy-implementation (putting solution into effect)	Transformation (third order change)	Transformation (third order change)	Inertia (no change)
Policy-evaluation (monitoring results)	Transformation (third order change)	Absorption (first order change)	Inertia (no change)
Source: Author's analysis of the EES impact on the PEP with regard to gender equality promotion			

Conclusions

This chapter examined the reforms promoting gender equality in Portuguese employment policy. It argued that external stimuli (initially the UN's Beijing Platform for action and since 1998 the EES) were crucial in promoting GM,

reconciliation of work and private life as they empowered specific feminist policy entrepreneurs who were empowered by the EES policy window and promoted their pro-gender equality agenda. External empowerment was not sufficient for a similar effect in the area of GPGs, as there were structural issues to be dealt which went beyond the reach and capabilities of the Portuguese policy entrepreneurs. Although in both Portugal and Greece, the EES had a significant impact on promoting gender equality in employment policy, the respective Europeanization pathways were different in these two similar countries. This appears to be explained by the existence/absence of successful policy entrepreneurs. In Portugal, PS governments had put significant emphasis on the EES, and therefore, it was much easier for Portuguese femocrats to empower themselves against domestic inertia and/or opposition. In contrast, successive Greek governments neglected the soft elements of the EES stimuli, and therefore, reforms started only after 2001 when the ESF conditionality was enforced.

Chapter 7: Incorporating Flexicurity? The divergent influence of the new EES mantra on Greek and Portuguese employment policies

Introduction

After 2006 the concept of ‘flexicurity’ became the new EES mantra. As a result, member states were asked to examine ways of incorporating flexicurity into their labour markets. This chapter will examine whether, and if so, how and to what extent flexicurity influenced Greek and Portuguese employment policies. It will also investigate the pathways of influence linking the EES to domestic policy. As is discussed in Chapter 1, the main focus of this chapter’s inquiry will be the post-2006 labour market reforms due to the conceptual and methodological choices regarding the concept of flexicurity (see section 1 of this chapter below).

The first part of the chapter discusses briefly the EES flexicurity stimuli. As outlined in Chapter 1, it is argued that, despite their high ‘visibility’ in the EES, the efficiency of these stimuli is limited by their low precision (four different pathways) and the lack of ESF funding. The second part juxtaposes the key features of Greek and Portuguese employment policies with the flexicurity stimuli, arguing that there is a very high misfit between the EU and the domestic levels in each country. The third part examines the empirical record of reforms arguing that there is a contrasting reform record between the two countries: in Greece, although the government initially favoured flexicurity as a policy goal and initiated a reform process aiming to incorporate flexicurity, it suddenly halted the reform process; by contrast, the Portuguese government, despite facing the same (and arguably higher) resistance to flexicurity, persevered and implemented a labour market reform in accordance with some of the flexicurity stimuli.

The fourth part of this chapter evaluates the EES influence on domestic policy. It is argued that this divergent record of reforms is explained by: (i) the presence or absence of successful¹⁶¹ policy entrepreneurs who used the EES policy window to promote their agenda; (ii) the absence of ESF funding and financial conditionality which resulted in its neglect in the Greek case. In addition, as will be shown below, it appeared that in Portugal the EU was not the only external influence as the OECD’s

¹⁶¹ As discussed in Chapter 1, successful policy entrepreneurs are those with access to power and resources.

negative assessment of the Portuguese labour market had a significant influence on the observed policy change. Finally, in the fifth part of this chapter it is argued that, despite the variation between the two countries, flexicurity had a weak impact on domestic policy in both cases.

1. Flexicurity: the new mantra of the European Employment Strategy

Although the EU was concerned with establishing an employment policy tackling flexibility and security even before the launch of the EES in 1997 (see: Countouris 2007: 211-213; Keune and Jepsen 2007: 15-16; Gwiazda 2011: 549), the jargon-sounding concept of flexicurity was introduced as an EES stimulus relatively recently, and the term was used for the first time in November 2006.¹⁶² In November 2007 the Council accepted a '*final and consensual version of the common principles of flexicurity*' (Council 2007a: 3), which largely agreed with the Commission's positions. However, in August 2008 the Council did not proceed in suggesting a policy for more efficient labour markets as proposed in the Commission's communication (EurActiv 2009). Although the Commission set a new 'Mission for flexicurity', which published an evidence-based report in December 2008, the 2007 financial crisis overshadowed the EU's efforts in promoting flexicurity. The adoption of flexicurity as best practice signified an effort by the EU to 'square the circle' by reconciling the previously antithetical concepts of flexibility and security as flexicurity did not assume them as mutually exclusive but a precondition for each other (EC 2007c: 10-11; Countouris 2007; Keune and Jepsen 2007; Špidla 2007; Gwiazda 2011). Thus, the EU tried to deviate from the traditional pro-flexibility stance of other international organisations – especially the OECD (Gray 2009). Despite being a new concept in the EES discourse, flexicurity was characterised as being 'like old wine in a fashionable new bottle' because it did not bring anything profoundly new to the EES in terms of policy recommendations (Keune and Jepsen 2007: 16). However, the importance of flexicurity should not be underestimated as it acquired the most prominent place in the EES and overshadowed all other EU goals (Keune and Jepsen 2007: 16; Gray 2009; Gwiazda 2011). In other words, despite not

¹⁶² The first EU document including the concept of flexicurity was the 2006 Commission's Green Paper (European Commission 2006c). Flexicurity gained further salience when it was included in the explanatory memorandum of the Commission's Proposal to the Council for the 2006 Employment Guidelines (European Commission 2006d). From 2006 onwards almost all EES related documents include flexicurity as one of the main goals to be achieved by EU member states.

being an entirely novel policy recommendation since 2006, the Commission assigned high visibility to flexicurity.

Flexicurity emerged as a home-grown labour market policy model in Denmark and the Netherlands in the 1990s (Gwiazda 2011). It provided considerable flexibility of employment and work organisation as well as job security for employees (cf. Wilthagen and Tros 2004). The thesis will not focus on the actual model of flexicurity and its Danish and Dutch variations (for a review of the meanings of the concept, see: Viebrock and Clasen 2009; Keune and Jepsen 2007; Vielle 2007), but on how the EU defined the concept of flexicurity as an EES stimulus. Although the EU started using flexicurity in 2006, the concept was and remained until 2007 relatively vague and without any concrete policy proposals attached to it due to the long deliberations between EU institutions; national governments; civil society; and social partners (for the summary of the extensive consultation process for flexicurity, see: EC 2007b; for a critique of flexicurity arguing that the Commission favoured flexibility over security, see: Keune and Jepsen 2007; Vielle 2007). In July 2007 the Commission published a dedicated Communication titled ‘Towards Common Principles of flexicurity: More and better jobs through flexibility and security’ assigning four axes to the term (EC 2007a: 12; see also: Gray 2009: 48):

- Flexible and reliable contractual arrangements from the perspective of the employer and the employee, of ‘insiders’ and ‘outsiders’;
- Comprehensive lifelong learning strategies to ensure the continual adaptability and employability of workers;
- Effective active labour market policies (ALMPs) that help people cope with rapid change, reduce unemployment spells and ease transitions to new jobs; and,
- Modern social security systems that provide adequate income support, encourage employment, and facilitate labour market mobility.

Since the concept of flexicurity as defined by the EU is multi-dimensional a number of analytical and methodological choices are required to clarify the use of the concept in this study. As the focus of the thesis is on employment policy, it will examine the first component of the concept only: flexible and reliable contractual arrangements. This is done for the following reasons. The second and fourth components of flexicurity are not directly related to employment policy. Lifelong learning (second component) is more closely related to education, and the fourth

component (modern social security systems) is mainly related to the area of social security and especially pensions and minimum income schemes. The third component (effective ALMPs) formed part of the wider EES stimuli for activation that existed since the mid-1990s and prior to the emergence of the flexicurity concept. As a result, including the third component of flexicurity (effective ALMPs) would pose an important methodological limitation in delineating the causal link between flexicurity and domestic reforms, particularly in the use of the temporal sequences method.

The first component of flexicurity (flexible and reliable contractual arrangements) was predominantly linked to the reduction of Employment Protection Legislation (EPL)¹⁶³ and was the only issue discussed in the relevant section of the Commission's paper on flexicurity (EC 2007a: 12). According to the document, high EPL against dismissals is one of the key reasons for discouraging or delaying job transfers which results in harder transitions from unemployment to employment (EC 2007a: 12). In addition, the Commission identified strict EPL as a factor with a considerably negative effect on vulnerable groups 'such as young people, women, older workers and the long-term unemployed' which results in the 'segmentation of the labour market which flexicurity seeks to address' (EC 2007a: 12). Unsurprisingly, the EPL score has been one of the key indicators for assessing member states' commitment to flexicurity by both the EU and in academic research (EC 2006e: 81-100; EC 2007a: 38; EMCO 2009: 5; cf. Auer 2011: 374-375; Maselli 2010; Chilian et al. 2010).

However, the European Commission stressed that it was not aiming towards 'a one-size-fits-all 'flexicurity recipe' for EU member-states. Since each EU country had a 'specific labour market situation and culture', instead of one policy model it suggested four different 'pathways' which would be jointly implemented by member states (EC 2007a: 22; cf. EC 2007c):

- Pathway 1: tackling contractual segmentation;
- Pathway 2: developing flexicurity within the enterprise and offering transition security;
- Pathway 3: tackling skills and opportunity gaps among the workforce;

¹⁶³ According to the OECD, Employment Protection Legislation refers to (1999: 50): all types of employment protection measures, whether grounded primarily in legislation, court rulings, collectively bargained conditions of employment and customary practice. One of the more frequently used measures regarding levels of EPL is the OECD's Employment Protection Legislation Index. It measures 18 indicators grouped in three main areas: employment protection of regular workers against individual dismissal; specific requirements for collective dismissals; and regulation of temporary forms of employment.

- Pathway 4: improving opportunities for benefit recipients and informally employed workers.

Subsequently, another analytical and methodological choice is related to the identification of the flexicurity pathway that is most relevant to Greece and Portugal. As mentioned above, the Commission argued very early on that - contrary to the other EES stimuli in this thesis (activation of the unemployed by the PES and gender equality policies) – flexicurity would not be implemented in a uniform fashion across member states. The Commission argued that each member state would be free to incorporate flexicurity according to its labour market model and focus only on one of the four pathways. For this reason, member states were divided into groups, each with a focus on a specific pathway, as asking for each member state to implement all pathways was perceived as unrealistic (EC 2007a: 22; EC 2007c). According to the Commission, both Greece and Portugal (as well as France, Italy and Spain) had to focus on the first pathway as this was the most relevant for their labour markets. These countries were required to focus on *‘providing opportunities for workers to move out of short-term and into long-term contracts, e.g. by limiting the use of consecutive short-term contracts’* (EC 2007a: 29). In addition, this pathway proposed the significant redesign of employment contracts for insiders and outsiders by either expanding a series of rights to outsiders (e.g. equal pay, health and social security rights to workers on fixed-term contracts, agency work, on-call work, etc) and/or redesigning their open-ended contracts by making them more flexible (e.g. companies giving all employees open-ended contracts with progressive build-up of job protection) (EC 2007a: 29). As the then EU Employment, Social Affairs and Equal Opportunities Commissioner, Mr. Vladimír Špidla, put it:

‘The first approach [SZ: referring to the first pathway] is of interest for countries such as France, Italy, Spain, Portugal or Greece, which are mainly facing the challenge of segmentation of the labour markets between the insiders and the outsiders. This aims to share flexibility and security more equitably amongst the working population. It provides points of access to the labour market for the newcomers and helps them to work their way towards better contracts.’

Consequently, the concept of flexicurity as an EES stimulus in this thesis refers to the first component of flexicurity (flexible and reliable contractual arrangements), which focuses primarily on reducing the strictness of the EPL score. It also refers to the first flexicurity pathway which stresses the importance of tackling labour market segmentation between insiders and outsiders by giving less job protection to the

former (flexibility) and more protection to the latter (security) thus achieving a more ‘flexicure’ labour market.

However, it is argued that, despite its high visibility, the flexicurity EES stimuli were weaker than those in the other two examined areas (activation of the unemployed by the PES and gender equality policies) (see also: Chapter 1). First, contrary to activation and gender equality policies which suggested a specific and uniform ‘recipe’ for all member states, flexicurity’s starting point was that national labour markets were unique, and therefore, national governments could focus only on the most relevant pathway for them. Second, flexicurity tackled very controversial issues which touched the core of national employment policy by trying to reconcile flexibility and security – something that is far from common sense in most EU countries (cf. Rhodes 2005; Sapir 2007; Esping-Andersen 1990). By contrast, activation did not directly tackle issues of redistribution, labour relations, income policy, and social partnership (Goetschy 1999; Raveaud 2007). Finally, contrary to activation and gender equality policies there were no specific ESF funds to support the implementation of flexicurity (see also chapter 1). As discussed in chapter 1, these differences are presumed to have negative implications on the efficiency of the flexicurity EES stimuli rendering Europeanization an unlikely outcome because: (i) flexicurity represents a weaker stimulus than activation and gender equality as it has lower precision than the other two policy goals; (ii) the absence of ESF funding (and financial conditionality as a mechanism) further weakens the flexicurity stimulus compared with the other two policy areas where ESF funds were available; (iii) domestic opposition is expected to be higher than in the other two areas.

2. Greek and Portuguese employment policy: flexicurity...Southern style

Member states were asked by the European Commission, after the publication of the Green Paper in June 2007, to examine how they could integrate flexicurity into their labour markets. For Greece and Portugal this task was a very challenging one, as the misfit between the EES stimuli and domestic labour markets was very high (see below). In many respects, the Greek and Portuguese labour markets were at the antipode of the flexicurity model. The first major misfit between the EES stimuli and the Greek and Portuguese labour markets was the contractual segmentation. Contractual segmentation referred to the balance between ‘insiders’ and ‘outsiders’, the existence and use of flexible and reliable contracts. As the Council’s Joint Employment Report of 2006-2007 highlighted (Council 2007b: 13):

South European countries often represent strongly segmented labour markets, resulting from previous policies to introduce flexibility at the margins without addressing the very static mainstream labour markets and rising undeclared work.

Indeed, Greece and Portugal - as well as Spain and Italy - share some labour market characteristics which contradict the flexicurity model. First and foremost, all of them stand out as the 'member states of the EU who have serious labour market problems' (Katrougalos and Lazaridis, 2003: 31) with the most significant being high unemployment. Second, they all have a division between the protected core of the labour market and the rest: between those with full-time employment and those in temporary and irregular employment (Katrougalos and Lazaridis, 2003: 33-34). Katrougalos and Lazaridis (2003: 42) label this as the '*Janus face of the Southern European Labour Market*', where one side is characterised by rigidity and the other by flexibility and irregularity. Third, a key element of the Southern-European labour markets is that some of the unemployed hold jobs in the informal economy whilst others supplement underpaid regular or irregular jobs with a second job. This has been greatly facilitated by a 'tango' danced between employers and workers aimed at evading the law and circumventing employment relations - another characteristic of the Southern-European labour markets. In addition, there are a relatively high number of small-scale units relying on the flexible use of family labour and flexible hired workers from non-EU member states (typically seasonal migrants from nearby regions or countries). Fifth, there is a limited diffusion of a 'proletarianised' manufacturing working class. Sixth in Southern Europe there are typically low rates of female participation in the formal economy (Katrougalos and Lazaridis, 2003: 34). Moreover, young people and women constitute the two largest categories of the workforce that are unemployed - a direct consequence of the 'male -breadwinner' societal and economic structure. Therefore, non-family breadwinners face additional cultural difficulty to get employed (Katrougalos and Lazaridis, 2003: 43).

In addition, both Greek and Portuguese labour markets had a major misfit between the model of flexicurity with regard to their levels of internal and external flexibility.¹⁶⁴ As mentioned above, the official labour market in both countries is characterised by high rigidity, which coexists with a relatively large unofficial

¹⁶⁴ Internal flexibility refers to flexibility inside the firm through the use of group-work, change of positions and skills to perform different duties. External flexibility refers to flexibility between firms or at the market - namely to part-time, temporary or sub-contracted work (Storper and Scott 1990). For a succinct discussion of the economics literature on the various types of labour market flexibility, see: Monastiriotis 2005: 452-453.

economy where labour relations are not regulated. As a result, both countries have consistently stood out in all OECD evaluations of the EPL. They are considered to have the most rigid labour markets and have some of the highest EPL scores (see table 7.1). Although the high EPL does not represent the actual degree of rigidity of the Greek and Portuguese labour markets (since part of the economy operates under maximum flexibility in the unofficial sector), both countries have been consistently criticised for their high scores, and for providing unreasonably high protection to the formal sector of the economy (cf. OECD 2004: 68-125).¹⁶⁵ The reported high EPL scores sharply contrast with the expectations of the EES flexicurity stimuli (EC 2007a). Additionally, Greece and Portugal joined other EU countries in promoting ‘flexibility at the margins’,¹⁶⁶ which results in the promotion of employment segmentation (see Boeri and van Ours 2008; Boeri and Garibaldi 2007; Saint-Paul 2002; EC 2010b: 121-124). As mentioned above, this also deviates from the flexicurity model which aims to ameliorate employment segmentation.

	1985	1990	1995	2000	2005	2007	2008	2009
Greece	3.56	3.50	3.50	3.50	2.73	2.73	2.73	No data
Portugal	4.19	4.10	3.85	3.67	3.46	3.46	3.15	2.88

Source: OECD Indicators of Employment Protection¹⁶⁷

In summary, both countries had a large (non-justiciable) misfit between their contractual arrangements and the EES flexicurity stimuli in terms of their EPL scores and the sharp labour market segmentation between insiders and outsiders. Hence, both countries demonstrated a high misfit between their domestic settings and the EES stimuli.

¹⁶⁵ There is a fierce debate among economists about the role and effects of EPL in labour markets (for a review see: Boeri, and van Ours 2008: 199-224; Bertola et al. 1999; Skedinger 2010; Young 2003). However, the main focus of this section is to examine whether there is a misfit between the EES flexicurity stimuli and Greek and Portuguese employment policies. Thus, it is beyond the scope of this thesis to discuss the opposing positions about the importance and role of EPL in labour market policy outcomes.

¹⁶⁶ Flexibility at the margin refers to the deregulation of temporary contracts and / or the introduction or development of agency work and other contracts of limited duration.

¹⁶⁷ Source: http://www.oecd.org/document/11/0,3746,en_2649_33927_42695243_1_1_1_1,00.html.

3. Incorporating flexicurity in Greece and Portugal: similar conditions, different reform paths

After the publication of the European Commission's paper on flexicurity in November 2006, member states were asked to examine how they could incorporate flexicurity into their employment policies. This section discusses the reform process that took place after 2006 in Greece and Portugal respectively, arguing that although similar in important respects, the two countries followed different reform paths.

3.1. Portugal: promoting flexicurity by stealth?

The Green Paper of the European Commission on flexicurity was published in a period when Portugal was already undergoing a labour market reform process. According to the evidence collected in the interviews, one of the key electoral commitments of the PS during the 2005 elections was to revise the PSD's 2003 Labour market reform, making this reform process highly politicised. It appears that the reform was extremely controversial and time-consuming: while it began almost immediately after the Socialists took office, its final article was passed in January 2009, that is, after four years of intense negotiations between the government and the social partners. Overall, the new Labour Code extended external, working time and wage flexibility (see also: Zartaloudis 2011a).

The Socialists initiated the 2005-2009 labour market reform shortly after their electoral win in the 2005 elections by appointing an Expert Committee which was asked to: (i) analyse the Portuguese labour market; (ii) trace its problems; (iii) offer suggestions and policy recommendations that the government and the social partners would discuss. The Committee concluded its work in April 2006 by producing the Green Paper on Labour Relations which was published by the Ministry of Labour (Lima and Naumann 2006). The Portuguese Green Paper assessed Portugal's performance in comparison with other EU countries in all aspects of the EPL. Additionally, it criticised the OECD's understanding of flexibility, which it argued focused only on external flexibility, and therefore, classified the Portuguese labour market as one of the most rigid in the world. The Green Paper argued that if all aspects of EPL (collective redundancies, temporary employment) were taken into account, Portugal would turn out to be quite close to the EU average or even more flexible than most of the other EU-15 countries. The Green Paper included the concept of flexicurity in its final chapter as 'an issue that was currently debated at EU level'. After a brief discussion of flexicurity, it concluded that the concept was very

useful for Portugal and identified priorities for action: (i) spending on ALMPs had to be increased in order to reach 60% of the EU average; (ii) tackling the proliferation of atypical, unregistered, short-term and precarious forms of employment should be intensified; (iii) Portugal should follow a ‘successful’ flexicurity approach which entailed a three-fold metamorphosis of Portugal’s labour law, collective agreements and the role of social partners (Lima and Naumann, 2006). Regarding the latter, the Green Paper favoured a more active role for social partners through their greater involvement in the governmental agenda as well as through the expansion of their reach by making national agreements applicable on sectoral and firm levels of social concertation (Cerdeira, 2007: 48). When it was presented to the social partners, the Green Paper did not cause any serious controversy apart from the negative reaction of the largest and communist orientated trade union CGTP-IN, which argued that the document was favouring flexibility (Cerdeira, 2007: 48).

The EU’s Green Paper on Labour relations was published a few months after the Portuguese Green Paper. Following the recommendations of the EU’s Green Paper, the PS government initiated a public debate on flexicurity in late 2006 (EIU 2007: 20). This public discussion included numerous conferences organised by the Ministry of Labour which invited representatives from the social partners, academia and civil society (Lima and Naumann 2007c).¹⁶⁸ The debate was somewhat impeded by the Portuguese Green Paper on Labour Relations (Cerdeira 2007: 47). Nonetheless, the Minister of Labour and Social Solidarity Vieira da Silva took an active role in the flexicurity debate. According to the evidence collected in interviews, his role was a balancing act between promoting flexicurity at the EU level¹⁶⁹ - as Portugal held the EU Presidency during June-December 2007 - and avoiding the provocation of domestic reactions by appearing too one-sided in its policy direction (Dornelas). Hence, Silva, in his early speeches and interviews, was very cautious about adopting the flexicurity model and emphasised that importing foreign models was impossible (Lima and Naumann 2007c; Michalaki 2009); moreover, whatever the solution might be, it had to be found by the Portuguese social partners (Dornelas). On 1 December 2006, in an interview in Brussels, da Silva stressed that flexicurity cannot be applied mechanically to all EU countries. With

¹⁶⁸ Interviews with various participants of these conferences – until 2010 the Portuguese Ministry of Employment had a dedicated web-page to all public events on flexicurity organised by the Ministry.

¹⁶⁹ Flexicurity was subject among the informal meetings of European Ministers of Employment and Social Affairs organised by the Portuguese EU presidency at Guimarães (July 2007) and Lisbon (September 2007).

regard to Portugal, da Silva argued that ‘the debate is starting now and has to be very precise and include the active participation of the social partners’ (Lima and Naumann 2007). Gradually, however, he started to express a more favourable stance towards adopting flexicurity as he argued that this would be equally advantageous for both employers and employees (Michalaki 2009: 13; for a full record of Silva’s press statements see: Michalaki 2009: 13-14).

However, social partners were immediately sceptical about the possibility of Portugal adopting the flexicurity model in the form proposed by the EU (Lima and Rego 2009). In particular, according to Manuel Carvalho da Silva – the leader of CGTP-IN – it seemed very difficult for Portugal to emulate the Danish flexicurity model as he doubted Portugal’s capacity to implement effective LLL policies and to increase unemployment benefits to the Scandinavian standards (Lima and Naumann 2007c; Lima and Rego 2009). For the UGT leader Joao Proenca, the flexicurity model was ‘not exportable’ given the stark differences between Scandinavian countries and Portugal in levels of educational and vocational qualifications (high in Denmark and low in Portugal) and labour insecurity (low in Denmark and high in Portugal) (Lima and Naumann 2007c and Lima and Rego 2009). Hence, for Portuguese trade unions the real goal of the government was to promote flexibility in order to satisfy employers (Cerdeira, 2007; Lima and Rego 2009).

Although Portuguese employers’ associations were also sceptical of the flexicurity concept their positions were more nuanced and some of them supported the idea of adopting the model. More specifically, the President of the Confederation of Portuguese Industry (Confederação da Indústria Portuguesa, CIP), Francisco van Zeller, argued that discussing the incorporation of flexicurity was premature for Portugal given the different and much more favourable economic and social conditions in Denmark and the Netherlands compared to Portugal and a number of other EU member states (Lima and Naumann 2007c). Nonetheless, Heitor Salgueiro – the Vice-President of CIP – was in favour of flexicurity as he highlighted the benefits of a labour market model focusing on employment rather than job security (Lima and Rego 2009; Lima and Naumann 2007c; for the difference between employment and job security and how Southern European countries promote the latter only, see: Sapir 2006). The social partner representative who was the most favourable towards flexicurity was the President of the Portuguese Trade and Services Confederation (Confederação do Comércio e Serviços de Portugal, CCP), José António Silva who

maintained that the implementation of the flexicurity model would be feasible in Portugal, although it would constitute a huge challenge (Lima and Naumann 2007c).

Even though social partners and especially trade unions were already sceptical of the notion of flexicurity, the endgame began after the President of the Republic declared that he favoured flexicurity as a model for Portugal in a trip to India in January 2007 (Cerdeira 2007; Michalaki 2009; Lima and Naumann 2007c). As a response to the President's remarks, the trade unions launched a full-blown attack on the European Commission's 'neo-liberal project'. According to the CGTP-IN, the aim of the flexicurity concept was to destroy the European Social Model and European workers' rights. The more representative and rather PS leaning trade union UGT (General Union of Workers; in Portuguese: União General de Trabalhadores; acronym: UGT) argued that the EU recommendations regarding flexicurity were driven by employers' demands (Cerdeira 2007: 48). As mentioned above, both unions ridiculed the idea of transferring the flexicurity model to Portugal: the CGTP-IN highlighted the massive gap between Portuguese and Danish social protection levels, whereas the UGT stressed the great differences in qualification attainment between the workforce of the two countries (Michalaki 2009: 13-14; Lima and Rego 2009). It should be noted that the Portuguese debate was dominated by the social partners, while the academic community was divided over whether importing flexicurity was a good idea (for a review including a balanced discussion of the benefits and drawbacks of applying flexicurity to Portugal, see: Chouco and Brás 2008). Most Portuguese academics adopted a critical stance towards the concept and agreed with the view of the trade unions (cf. Antunes 2006), while some defended the idea and argued that Portugal should experiment with this policy model (Pinto 2008).

Despite the negative reaction of the social partners, after the Green Paper's publication the government appointed another Expert Committee with the task of making concrete proposals for the upcoming labour market reform. The work of the Committee was finalised with the publication of the 2007 White Paper on labour relations. According to the evidence collected in interviews, it appeared that due to the mentioned backlash against the concept of flexicurity, the White Paper completely omitted the concept from its analysis and recommendations (interview with: Dornelas). Nonetheless, the White Paper adopted very similar recommendations to the 2006 Green Paper by suggesting that a combination of internal flexibility and security should be implemented in the upcoming labour market reform (Lima, 2008b). According to Antonio Dornelas who was the coordinator and editor of the

Portuguese Green Paper and one of the key people in authoring the final version of the Labour Law in 2008 (see below):

The White Paper followed an identical approach to the 2006 Green Paper. Although the term flexicurity was completely abandoned to avoid further confrontation with the social partners, it was certainly a guiding principle of the policy suggestions since there was continuity between the Green Paper, the White Paper and the final labour market reform law.

The White Paper included numerous proposals tackling all aspects of labour law legislation. If one examines the main recommendations of the White Paper the conclusion is that it served two goals: (i) undoing of the 2003 labour market reform, namely serving the PS electoral agenda;¹⁷⁰ (ii) reducing the Portuguese EPL - a goal that can be considered as in line with the flexicurity approach. The most controversial suggestions were the ones aiming to revise the following (Lima 2008c):

- *the link between labour legislation and collective bargaining*: contrary to the 2003 Labour Code where the provisions of a collective agreement could replace the Labour Code either downwards or upwards,¹⁷¹ the White Paper suggested that in some sectors collective agreements cannot provide for fewer rights than the Labour Code (the trade unions asked for an expansion of the ‘no lower’ clause to all sectors and areas, while the employers argued that the existing 2003 provision should not change);
- *the regulation of fixed-term contracts*: the White Paper suggested a return to the pre-2003 situation, that is, fixed-term contracts should have maximum duration of three years and could be renewed only twice;
- *individual and collective dismissals*: in an effort to reduce the EPL, the White Paper suggested the facilitation of individual dismissals. The unions were against this measure, while employers welcomed it and asked for: more flexibility in individual dismissals; the complete abolition of compulsory reinstatement for workers found to have been unlawfully dismissed (which, in most cases, is allowed by the White

¹⁷⁰ The 2003 reform of the labour code was voted by the Barroso PSD-CDS-PP government and included a number of pro-flexibility measures which were vehemently opposed by trade unions and independent labour market experts (see below and Zartaloudis 2011a). When the reform was passed by the Portuguese parliament, the PS vowed to undo it when elected to office.

¹⁷¹ According to the Labour Minister of the PSD-CDS-PP government who passed the law in 2003, Luis Pais Antunes, this was one of the most significant innovations of the 2003 Labour Code reform. Antunes stressed that this was not meant to promote social dumping but help ailing companies to be able to adjust their costs in order to save jobs and not hinder competitiveness.

Paper's recommendations); and relaxing restrictions on collective dismissals;

- *working time duration*: likewise, in order to reduce the EPL, the White Paper favoured the abolition of the statutory rules on the maximum working day; the daily working hours would be agreed by collective bargaining or management decision (unions disagreed with eliminating the limit, while employers agreed);
- *length of force and lapsing of collective agreements*: the White Paper suggested the partial reinstatement of the 'sobrevigência' rule,¹⁷² by allowing a 18th month extension after the end of term of a collective agreement and a maximum 10 year duration of collective agreements if not replaced by another one (trade unions were in favour whereas employers against as they perceived sobrevigência an impediment to labour market flexibility).

The next step of the labour market reform was initiated on the 22nd of April 2008 when the Labour Minister Vieira da Silva presented the Government's draft Labour Law proposal to all social partners. The draft had the following guiding goals: (i) increasing firms' adaptability; (ii) promoting collective contractual regulation; (iii) changing the law on redundancies; (iv) strengthening labour law's effectiveness; (v) combating workers' segmentation and precariousness; and (vi) promoting the quality of employment. Regarding the first goal (firm adaptability) the law included a number of measures (Lima 2008d): the increase in time-flexibility and decentralising collective bargaining as the new working time rules had to be decided at firm level;¹⁷³ the removal of the 2003 measure concerning the reduction of the maximum limits of working time and the quantitative definition of part-time work - a measure that was in accordance with one of the key recommendations of the White Paper; the reform of

¹⁷² The 'sobrevigência' rule meant that collective agreements would apply until they were replaced by a new one. However, the rule was abolished in the 2003 labour market reform of the PSD-CDS-PP government. As a result, after 2003 collective agreements which were not renewed or denounced by one party were becoming redundant.

¹⁷³ The new rules were the following: definition of annual 'working time accounts' (banco de horas) and variable daily and weekly working time limits; 'concentrated schedules' (horários concentrados) for some days of the week, which would be compensated by an increase in the number of holidays when the work demands would be lower; a shift from the traditional form of monetary compensation schemes, in favour of compensatory time off; pay reduction in case of absence, or compensation for absence by working extra hours; flexible setting of leave and holidays not required by law. All these issues would be defined by collective agreements at the firm level.

paternity leave in order to promote reconciliation of work and family life (see also Zartaloudis 2011b); and the modernisation and strengthening of vocational training.

Regarding the second goal (promoting collective contractual regulation), the law proposal echoed the White Paper's recommendations on the relationships between labour law and collective agreements and collective agreements and individual contracts. More specifically, the draft law proposed some flexibilisation and decentralisation of social concertation by enhancing the role of social partners in evaluating their representation and stipulating that unions would be allowed to delegate their powers to the firm level provided the firm had 50 or more employees. Regarding the third goal (modifying redundancies' law) the draft law followed once again the White Paper's recommendations and focused on altering the legislation and penalties on illegal dismissals and the cost of redundancies. On the fourth issue (labour law effectiveness), the law proposal suggested new sanctions, improving mechanisms for complaints and a public record for labour offences. The law also included numerous changes with regard to the fifth goal (reducing labour segmentation and precariousness): the redefinition of dependent work to be eligible for labour inspection and judicial control aiming to combat fake independent work; limitation of fixed-term contracts to three years; the introduction of a novel open-ended contract allowing part-time employees to enjoy full employment rights; and the ban of unpaid extra-curricular training. Finally, the labour law proposal included numerous amendments of the social security legislation with a particular focus on reducing or exempting social security contributions for some workers. The aim of this measure was to provide incentives for more hiring as non-labour costs were quite high in Portugal.

All social partners expressed strong disagreement with most aspects of both the White Paper and the subsequent draft Law: employers asked for further time, pay and contractual flexibility, whereas employees more security (for an overview, see: Lima and Naumann 2007a; for the positions of employers, see: Lima and Naumann 2007b). The reaction of the trade unions to the White Paper was so negative that it was argued that there were hardly any hopes of an agreement between the social partners and the government (Lima and Naumann, 2007). In addition, after the submission of the draft law to the parliament the largest trade union in Portugal, the Communist oriented CGTP-IN organised a major demonstration on the 5th of June 2008 (Lima 2008f). The mass participation in the demonstration showed that the government faced significant scepticism and resistance from workers –especially

those in the public sector. Moreover, since the beginning of the labour market reform there had been three major demonstrations (Lima 2008f; Lima 2008e).

Nonetheless, the government with da Silva persevered and presented a revised draft of the law that included a number of changes aiming to satisfy some of the concerns of the social partners. The revised draft was negotiated for 20 days between the government and the social partners, with the first round of negotiations closing on the 4th June 2008.¹⁷⁴ After additional negotiations on the 24th June 2008, da Silva submitted his final proposal to the social partners for discussion. Agreement between the government and all social partners with the exception of CGTP-IN was reached the next day. In other words, the social dialogue process was concluded two years after the publication of the Portuguese Green Paper on Labour Relations, or eight months after the White Paper's publication (which itself was published two months after da Silva's initial law proposal); and required more than a month of intense negotiations between da Silva and the social partners.

The agreement was reached through specific concessions by the government towards the social partners (Lima 2008g). The concessions made towards the trade unions demands were as follows: (i) contrary to the White Paper's recommendations to ease restrictions on firing and individual redundancies,¹⁷⁵ only some minor changes concerning disciplinary procedures were made – an amendment that granted the agreement of the UGT; (ii) contrary to the White Paper's recommendations, the final draft of the law removed most provisions for a significant change concerning time-flexibility related to firm-level collective bargaining; (iii) although the law introduced new forms of time-flexibility, the final draft maintained numerous limits;¹⁷⁶ (iv) the final draft of the law (in accordance with the White Paper) altered the 2003 provision, which allowed collective agreements to provide lower standards for workers, and made minimum legal provisions inapplicable to contracts where collective agreements provide more favourable rules only for 'core' parts of employment relations.¹⁷⁷ The only concession to employers was that the final draft of the law did

¹⁷⁴ The first round of negotiations started on 7 May and was completed on 4 June 2008.

¹⁷⁵ According to the White Paper on Labour relations somebody could be fired legitimately based on 'failure to adapt'.

¹⁷⁶ The new forms of working time adaptability were (Lima 2008g): annual 'working time accounts' (200 hours); 'concentrated schedules' (horários concentrados); and the adaptability at the workplace on the grounds of its acceptance by a large majority of workers (75%), covering all workers. The limits concerned duration of working time, periods of work, rest periods, night-work, overtime, etc.

¹⁷⁷ These core areas were (Lima 2008g): rights of privacy, equality and non discrimination; protection of maternity and paternity; children at work; workers with reduced capacity for work, including workers who are disabled or chronically ill; student workers; employers' duty of information; limits to

not abolish the basic provisions of the 2003 Labour Code on the duration and expiration of collective agreements. Surprisingly, the second draft included a completely new provision on extension of collective agreements to individual non-unionised workers (Lima 2008g). The final text of the law was approved after a long (September-November) parliamentary discussion on the 7th of November 2008 and would be effective on the 1st of January 2009. However, after the CGTP-IN's enquiry Portugal's Constitutional Court necessitated some specific amendments to the law; hence, a revised version incorporating the Court's decision was voted again on January 2009 which would become effective on the 17th of February 2009 (Lima 2009).¹⁷⁸

It should be noted that in the Portuguese NRPs, the 2006-2009 labour market reform was the key national response in altering existing contractual arrangements. In particular, the Portuguese NRP of 2007 did not mention the flexicurity term. However, it briefly mentioned that there was an ongoing labour market reform that would address the EU 2007 recommendation that Portugal had to *inter alia* modernise employment protection '*including legislation which guarantees flexibility and security, in order to reduce the high levels of segmentation in the labour market*' (NRP 2007: 42). By contrast, in the 2008 NRP the flexicurity concept was mentioned and acquired a central role in the NRP as Portugal received a specific recommendation to reform its labour market legislation '*in order to reduce the significant segmentation of the labour market within the framework of the flexicurity approach*' (NRP 2008: 4). Although the term did not have the same prominence in the 2009 NRP (used only once when the EU 2007 recommendation was mentioned), Portugal, in both 2008 and 2009 NRPs, reported three key initiatives that were in line with the EU flexicurity approach: the 2006-2009 labour market reform; revision of ALMPs and life-long learning (LLL) measures; and the modernisation of social security (minimum income and pensions) (NRP 2008: 13-15; NRP 2009: 99-103).¹⁷⁹

the standard duration of working time; minimum duration of rest times, including holidays; maximum duration of night work; guarantee of remuneration and forms of compliance; safety, hygiene and health at work; accidents and occupational diseases; transfer of the company or establishment; and rights of elected representatives of workers.

¹⁷⁸ At the end of December 2008, after the Constitutional Court decided unanimously to reject the decree law which was voted on November 2008 on the grounds that it violates the right to secure employment and the principle of proportionality. Thus, after some amendments (changing the trial period for all workers from 180 to 90 days) the parliament on 21 January 2009 voted again the law (Lima 2009).

¹⁷⁹ As mentioned above, empirical research will focus only on the area of employment policy as the LLL and social security areas go beyond the scope of this thesis.

3.2. Greece: flexicurity? Wrong number!

Similarly to Portugal, the Greek centre-right New Democracy (ND) government welcomed the call from the EU to examine ways of incorporating flexicurity into the Greek employment policy. As a result, it established a special Expert Committee in March 2007 to examine whether / how flexicurity could be useful for the Greek labour market. The Labour Minister (Tsitouridis) asked the Expert Committee to *‘answer the specific questions included in the Commission’s Green Paper’* (Makedonia 2008). The Greek Committee’s mandate was very similar to the one in Portugal to produce the Portuguese Green Paper: its work would be based on purely scientific evidence and would try to provide a set of policy suggestions that the social partners, political parties and the government had to discuss in order to reach an agreement on which measures could be implemented or alternatives (Makedonia 2008). Another similarity between the Greek and Portuguese cases is that the Greek press and unions were quite sceptical on how realistic the transfer of the Danish model of flexicurity was, as there were very few similarities between Greece and Denmark (see: Michalaki 2009: 11).

Nevertheless, besides these similarities, the Greek case shows a very divergent reform path compared to the Portuguese one: (i) contrary to Portugal, the government had not initiated a labour market reform process before the Commission’s Green Paper; in other words, it was the EU stimulus that initiated the whole process; (ii) contrary to Portugal, the Government disregarded the work of the Expert Committee and halted the whole process without ever initiating a labour market reform. These two observations lead into the thesis enquiry as to how these two initially similar Southern European countries (in terms of EPL, labour market structure, employment policy, welfare systems and similar levels of non-justiciable misfit between their domestic policy and the EES flexicurity model) showed different responses to the EES stimulus and a dissimilar reform record of policy change.

Contrary to Portugal, flexicurity was mentioned in all post-2006 Greek NRPs. In the 2007 NRP, flexicurity was included in a separate very brief sub-section (less than half a page long) describing Greece’s efforts to promote the ‘adaptability of employees and enterprises’ (NRP 2007: 44). Surprisingly, the Greek authors of the NAP stated that Greece had an adequate institutional framework concerning flexible forms of employment – something that was not consistent with the academic literature on Greek labour market rigidities and problems (cf. Monastiriotis and Antoniadis 2010; Ioannou 2009a and 2009b; Featherstone and Papadimitriou 2008;

Venieris 2006; Papadopoulos 2006). In any case, the flexicurity section did not discuss any new measures to be implemented for the promotion of flexicurity. It only presented the legislative changes introduced in 2004 and 2005 which promoted some flexible forms of employment – especially part time work (NRP 2007: 45; for a comprehensive analysis of these labour market reforms, see: Featherstone and Papadimitriou 2008: 118-152). In the following section titled ‘Dialogue on the Green Paper on Modernising Labour Law’ the Greek 2007 NRP mentioned ‘an extensive social and political dialogue’ in order to form the Greek national position on the 2006 EU Green Paper on labour law. In addition, the 2007 NRP mentioned that Greece established a Special Scientific Committee to examine the issues that the Commission’s Green Paper raised for member states. According to the 2007 NRP, the Commission was given the task of outlining policy recommendations aiming at *‘expanding the protection to workers in informal forms of employment, defining the framework for economically dependent employment and clarifying the grey areas between subordinate employment and self-employment, tackling undeclared work and facilitating the transition between different employment statuses and unemployment’* (NRP 2007: 45).

In the 2008, NRP flexicurity was mentioned only once but it was claimed that Greece was gradually developing a ‘strategic ‘flexicurity’ framework’ with a particular emphasis on improving ALMP efficiency, strengthening skills through more training provision, reforming Greek social security system (mainly pensions) and improving employment protection – especially for those workers with informal contracts. However, these measures did not appear to be new measures responding to the flexicurity stimuli but pre-existing reform efforts that were not directly related to the Commission’s Green Paper on flexicurity. In particular, the policy examples given for these objectives in the 2008 NRP were predominantly EU funded vocational programmes, the 2006 OAED reform discussed in Chapter 3, measures to tackle illegal immigration and a parametric pension reform aiming to simplify the existing social security framework (NRP 2008: 53-61; for the pension reform, see among others: Carrera et al. 2010; Featherstone and Papadimitriou 2008).

Likewise, in the 2009 NRP Greece’s response to the Council’s recommendation to promote flexicurity¹⁸⁰ was to list some EU (CSF and ESF) co-financed vocational

¹⁸⁰ The Council recommendation to Greece stated Greece had ‘in line with an integrated approach based on the principle of flexibility with security, to update the legislation on the protection of employment, reduce indirect labour costs on low-paid jobs, strengthen active policies in the labour market and convert undeclared work in official employment, and finally, to accelerate the

training programmes (NRP 2009: 34). In other words, Greece did not present any new initiatives to promote flexicurity besides a renewed social dialogue process and the Special Scientific Committee which was set up to provide expert advice on the issues that the Commission's Green Paper on labour relations had put forward. As a result, besides a few pre-existing or unrelated measures which were included in the 2008 NRP in order to appear to have a coherent approach to flexicurity promotion, Greece did not report any flexicurity related measures that were promoted after 2007. The above record of flexicurity related reforms in Greece and Portugal is summarised in table 7.2.

Table 7.2: Summary of flexicurity-related reforms in Greece and Portugal			
	Reform Content	Timeline	Process
Greece	<ul style="list-style-type: none"> • Efforts to incorporate flexicurity begin but are halted • No labour market reform takes place 	<ul style="list-style-type: none"> • Greece responds immediately to the European Commission's call (2007) • However, the issue is 'buried' 	<ul style="list-style-type: none"> • The government sets up an expert committee • The report of the Committee is not accepted and remains unpublished • The issue disappears from the agenda
Portugal	<ul style="list-style-type: none"> • Flexicurity is discussed as part of a wider labour market reform • The reform is completed and some measures are implemented 	<ul style="list-style-type: none"> • Portugal incorporates the concept before the Commission's Flexicurity paper (2006) • The concept becomes part of the wider debate and is publicly supported by the President of the country and the Employment Minister (2007) • Labour market reform completed (2009) 	<ul style="list-style-type: none"> • Flexicurity included as a proposal by an already established experts committee. • Flexicurity becomes part of a wider debate. • The concept is finally omitted from the labour market reform process due to a hostile reaction from social partners • Reform is completed
Source: Author's analysis of the observed reforms			

4. Explaining Greek and Portuguese reform records: policy entrepreneurs and domestic empowerment?

To solve the diverging reform paths puzzle, the thesis will focus on relevant differences between Greece and Portugal that may explain the divergent policy

implementation of reforms in the field of education and vocational training, increase the participation in life-long learning programmes and facilitate access to the labour market, in particular for the young'.

change and reform process. The empirical evidence collected in the thesis fieldwork suggested that the puzzle (and the differential impact of flexicurity – see section 5 of this chapter) can be explained by: (i) the presence or absence of successful policy entrepreneurs who used the EES policy window to promote their agenda; (ii) the lack of ESF funding which resulted in its neglect in the Greek case. More specifically, as will be argued below, it appeared that in Greece, a group of policy entrepreneurs tried to initiate a labour market reform, which would take advantage of the EES policy window; however, when this group was dissolved due to political developments the flexicurity stimuli were neglected. Since there was no ESF conditionality attached to the flexicurity stimuli, Greece neglected flexicurity, so the EES had no impact on Greek employment policy. In contrast, in Portugal a coherent group of policy entrepreneurs tried to take advantage of the EES window of opportunity, although they quickly discarded the term and continued promoting their pre-existing agenda when social partners reacted negatively to flexicurity.

4.1. Portugal

When examining the temporal sequence of Portuguese reforms vis-à-vis the EES stimuli it is notable that the EU's Green Paper on flexicurity was published in late 2006, that is, *after* Portugal had initiated its reform process. Thus, it is unlikely that the EU stimuli initiated or caused the labour market reform. As a result, flexicurity probably only influenced the final content of the reform process. To examine whether this was the case, the thesis will examine the agendas of the government and its key actors when the reform was initiated and then compare these agendas with the final draft of the law that was agreed with the social partners on June 2008 (the final version of the law is not examined because it was amended to meet the Constitutional court's concerns, and therefore, by definition went beyond the government's preferences).

As mentioned above, the revision of the 2003 Labour Code was one of the key commitments of the PS during its 2005 electoral campaign, as it had vowed to revise key aspects of the 2003 Labour Code. This PSD-CDS-PP labour market reform had caused an outrage on the part of all trade unions and several key legal experts who claimed that some of the articles in the 2003 Code went against the European social model (for the 2003 labour market reform and the usages of Europe see: Zartaloudis 2011a). Hence, the Labour Code Expert Committee that produced the Portuguese Green Paper was set up before the European Commission's Green Paper on

flexicurity, and its mandate originated from an entirely domestic agenda: it appeared that the main goal of the Portuguese Expert Committee who authored the Green Paper was to provide a theoretical and technocratic framework for discussion which would materialize the PS promise of undoing the 2003 reform (interview with: Dornelas). The fieldwork suggested that this was also the case for the White Paper and the two draft laws that Silva presented to social partners (interviews with: Dornelas and Silva). As discussed in Section 3, the fact that some of this undoing did not happen, should be attributed to the strong opposition of employers' associations who fiercely opposed such proposals. Consequently, the government had to compromise in order to achieve a tripartite agreement.

However, empirical evidence collected in interviews, suggested that the government had - besides the undoing of the 2003 reform - another goal of equal importance which was never communicated publicly to avoid the fierce opposition of the unions: the reduction of Portugal's OECD EPL score (interviews with: Dornelas and Silva). Reducing the EPL score meant that Portugal would stop being classified as the country with the highest EPL score in the OECD.¹⁸¹ Of note, Portugal has been utilised in academic research as an extreme case of EPL that contrasts with the USA, in order to examine whether EPL has an impact on employment (Blanchard and Portugal 2000). Although Portugal had this negative classification for the last two decades, reducing EPL became a pressing issue only since the early 2000s when Portugal started to experience rising unemployment levels. This development was quite unprecedented in Portugal's recent history: as discussed in Chapters 1, 4 and 6 Portugal was one of the few EU countries with very low unemployment levels combined with high employment for both men and women.

The most plausible reason behind this trend appears to be the 2004 EU enlargement which weakened Portugal's comparative advantage within the EU, which can be summarised as the provision of a cheap alternative for (foreign) companies which could enjoy access to the EU's single market (EIU 1997: 12-13). More specifically, Portugal's labour market has been characterised by: (i) low labour costs as, despite the strong wage growth since Portugal joined the EU in 1986, this was reduced during the 1990s and as a result Portugal still has some of the lowest wages in EU-15; (ii) limited bargaining power for most private sector workers as

¹⁸¹ OECD's classification is not unanimously accepted as the Portuguese EPL score is found to be lower if one takes into account other aspects of labour market policies or if an alternative to the OECD's methodology is used (see: Cerdeira 2007: 41-47).

unions are not particularly strong; (iii) weak job security due to the proliferation of the informal economy; and (iv) high rates of self-employment (EIU 1997: 12-13). According to the OECD, hourly manufacturing costs in Portugal stand at just 20% of German levels and 40% of Spanish levels (EIU 1998: 10). Low wages meant that Portugal was able to retain its export capacity, making up for lack of technological advance with low labour costs, thus keeping exports at a competitive price (EIU 1996: 19). The 2004 EU enlargement, however, meant that foreign companies could find an even cheaper destination which would also offer closer proximity to the EU core, that is, the CEECs. Hence, since the late 1990s foreign direct investment slowed down, as many companies in Portugal relocated to the CEECs or other countries on the EU periphery (EIU 1999: 15) resulting in decreasing economic activity and unemployment reaching unprecedented levels (up to 8% in 2006).¹⁸² The research findings of the thesis suggested that this unfortunate development for Portugal was an issue of concern for policy makers. According to Dornelas:

Portugal's economic model is dead. The main characteristics of this model were cheap labour and production costs within the EU. When the former Communist countries joined the EU, Portugal could no longer offer this benefit to foreign companies and investors. Thus, during the last decade Portugal has been in a very dire economic situation as it has faced recession and stagnation. [...] It is telling that when we had low growth it was considered to be good news as since 2002 there have been many years with negative growth. If we compare that with our golden decade after EU accession, it becomes evident how bad our situation has been since the early 2000s.

It should be noted that during the 2000s all Portuguese governments have tried to reform the country's labour market in order to make it more attractive for foreign companies. The 2003 reform meant a significant change in favour of flexibility, which nonetheless, did not alter the Portuguese EPL score and ranking. Hence, the research of the thesis suggested that the PS government tried to make sure that the upcoming reform would definitely reduce the country's EPL in order to stop being labelled as the one with the highest EPL in the world. As Dornelas (*inter alia* (see Appendix I): Special Advisor to the Labour Ministry during 2005-10; President of the Committee for the Green Paper of Labour Relations) put it:

A huge amount of effort when making our proposals - especially when drafting the labour law - was devoted to having a perfect match between the OECD criteria for the EPL measurement and our reform. The efforts,

¹⁸² Portugal's experience demonstrates that the discussions at EU level for a 'Competitiveness Pact' (see: BBC 2011), which would tackle *inter alia* labour costs is flawed and cannot provide an adequate solution to the woes of Southern Europe – especially since countries with very cheap labour costs, such as Romania and Bulgaria are now EU members.

especially when writing the law, was immense as we wanted to fully meet the OECD criteria for a low EPL score. The target was very specific: we had to stop having one of the highest EPL scores in the OECD and the law had to provide a fairer evaluation of our labour market situation. And I believe that we succeeded in achieving this as Portugal's EPL score was dramatically reduced after our reform (2008).

When flexicurity officially appeared in the EU's Green Paper, and member states were asked to examine how they can incorporate the concept in their labour markets, Portugal had initiated a labour market reform which aimed to provide further security to employees as well as promoting flexibility. As analysed above, although both goals were in line with the flexicurity approach they were not the result of an EES effect: (i) promoting security originated from a purely domestic goal of the PS to undo some of the 2003 reforms promoting flexibility; (ii) promoting flexibility was related to the domestic agenda of Portuguese governments since the 2000s to reduce the country's EPL score and avoid the negative OECD evaluations and therefore attract foreign investment and companies.

As discussed in section 2, flexicurity also necessitated a generous welfare state support to workers and the unemployed, which Portugal both lacked and would be unable to provide in the foreseeable future. As this goal was not included in the PS agenda this aspect of flexicurity was not mentioned in the domestic debates in Portugal. As mentioned in Section 3, the main official document mentioning flexicurity that was released in the entire period was the Portuguese Green Paper. It included the concept in its final chapter as an issue 'that is discussed in European fora' (Dornelas 2006: 185). Although Portugal's Green Paper concluded that flexicurity would be positive for Portugal (Dornelas 2006: 195), the concept was not a central theme of the Committee and it did not constitute a specific policy goal or recommendation for Portuguese policy makers and social partners. The findings from the thesis fieldwork suggested that this explains the lack of reaction by the social partners to the concept after the publication of the Green Paper. Unsurprisingly, when the trade unions perceived that the country was thinking seriously about adopting a flexicurity approach in its labour market reform (especially after both the Labour minister and the President of the Republic warmly supported the concept) they reacted very negatively to the idea. Their argument that 'applying flexicurity would necessitate another welfare regime' was valid to some extent – although there were some measures that Portugal could have implemented in any case. The government quickly discarded the term to avoid a derailment of its reform process.

4.2. Greece

This section will examine the Greek reform process and try to gauge whether there were any differences between Greece and Portugal that can explain the divergent reform paths. It will argue that according to the fieldwork it appeared that the major difference between Greece and Portugal that can best explain the divergent reform record was: (i) the presence or absence of successful policy entrepreneurs who used the EES policy window to promote their agenda; (ii) the lack of ESF funding which resulted in its neglect in the Greek case. More specifically, as will be shown below the empirical evidence suggested that in Greece there was no pre-EES group of policy entrepreneurs with a pro-labour market reform agenda. As a result, the EU call to member states to examine ways of incorporating flexicurity initiated the Greek reform process and drove the incumbent ND government to set up a special Expert Committee to examine the issue. Another difference between Greece and Portugal was that the Greek Expert Committee faced significant opposition from within the government (interviews with: Tsitouridis and Ioannou). According to the research findings, it appeared that the key figures of the government - including the Prime Minister at the time K. Karamanlis - were indifferent or hostile to the idea of flexicurity. For instance, the centre-right Newspaper 'The Kathimerini' mentioned that the Premier was a key supporter of the 'Irish' model of low taxation, low welfare and high flexibility (Michalaki 2009: 11). Moreover, both Karamanlis and the Minister of Economy (Alogoskoufis) during 2006 supported the Irish model against Papandreou's Swedish model¹⁸³ - a viewpoint that was maintained in 2008 (Michalaki 2009: 12).

Another major difference between Greece and Portugal was that the members of the Expert Committee were long standing PASOK members, that is, from the opposition party. The head of the Committee - Professor Koukiadis - was a PASOK Member of European Parliament (MEP) during 1999-2004 with a very active involvement in 'Social Europe' issues. In particular, besides being the member of various Euro-parliamentarian committees - including that of Employment and Social Affairs - Prof. Koukiadis devoted a large part of his MEP activities (questions, reports, opinions, and speeches) on social (including employment) policy issues.¹⁸⁴

¹⁸³ For a summary of the debate, see: To Vima (2006); for the praising of the Irish Model by Alogoskoufis, see: Euro2day.gr (2006).

¹⁸⁴ For a detailed account (in Greek) of his MEP activity, see: <http://www.koukiadis.gr/5years.pdf>.

His active participation and contribution to various social initiatives at the EU level as an MEP, was not coincidental. After studying Law in Greece, France and Germany, Koukiadis became a Labour Law professor at the Aristotelian University in 1976. Until 1999, when he became an MEP, Koukiadis devoted his academic career to labour law and labour relations by publishing more than 60 books and articles and 47 legal opinions on labour law disputes. At least two of his books were exclusively devoted to European Issues and on Social Europe in particular.¹⁸⁵

In parallel to his academic career, Koukiadis was Minister of Employment during the Ecumenical Government of the Prime Minister X. Zolotas (1990). Moreover, Koukiadis was deeply involved in employment policy-making as he was President of the Committees, which prepared two very important Greek labour market laws: (i) the law for the new framework of collective bargaining of 1990 (Law 1876/1990) which, was agreed with key social partners (GSEE, SEV, GSEVEE and ESEE);¹⁸⁶ (ii) the law for the creation of the Greek Economic and Social Committee (Οικονομική και Κοινωνική Επιτροπή / ΟΚΕ) (Law 2232/1994).¹⁸⁷ The 1876/1990 law established - for the first time in Greece - the following: free collective bargaining; a framework for decentralised bargaining; and the abolition of compulsory arbitration. Likewise, for the first time in Greek industrial relations this law introduced two new levels of social bargaining: the sectoral level and the enterprise level. Subsequently, the traditional, professionally based representation became obsolete (Tsarouhas 2008: 353). The success of this law was immense: from the early 1990s onwards the legal framework established by the Law 1876/1990 multiplied the incentives for mutually agreed pacts, which are signed either annually or bi-annually, so these higher levels of concertation came to dominate Greek social bargaining (Tsarouhas 2008: 353; Zambarloukou 2006).

Another important change that this law brought about was the establishment of a fundamentally novel institution for Greek industrial relations, the Organisation of

¹⁸⁵ The first book was co-edited with R. Blanpain and was titled '*European Social Law: before and after Maastricht*' and the second was a monograph titled '*Social Europe: searching the new social acquis*'. The author would like to note that his first encounter with the field of 'Social Europe' took place nine years ago when reading this book at the impressive library of the University of Crete in Rethymnon overlooking the immense Gallus campus and the Aegean Sea.

¹⁸⁶ The Greek General labour Confederation (GSEE) organising employees in the private sector includes the wider public sector employees (banking, utilities, etc.); as a result, the GSEE is predominantly represented by employees of the wider public sector than the private one (see: Matsaganis 2007: 541-545; Zartaloudis 2011c). On the employers' side the main unions are: Federation of Greek Industry (SEV); the National Confederation of Hellenic Commerce (ESEE) and the General Confederation of Greek Small Businesses and Trades (GSEVEE).

¹⁸⁷ Source: <http://www.koukiadis.gr>.

Mediation and Arbitration (O.M.E.D). OMED became essential in promoting free social dialogue as *'its main purpose is to help the Social Partners under negotiation to conclude on a solution through mediation when the negotiations cannot lead to an acceptable solution by both Parties. [...] When the mediation process does not lead to a desirable effect, the next step of regulation is the process of arbitration.'*¹⁸⁸ It should be noted that since the introduction of Law 1876/1990, arbitration was never used, as social partners were always able to achieve compromise (Tsarouhas 2008; Zambarloukou 2006) - a development that may arguably have made Greek industrial relations more consensual.¹⁸⁹

As mentioned above, Koukiadis was also heavily involved in creating another novel institution of Greek industrial relations by Presiding the Parliamentary committee of the law for the creation of the OKE (Law 2232/1994). OKE became a key institution of the Greek social concertation system as *'it must be consulted over industrial relations legislation and can also issue opinions of its own initiative on general issues of economic and social policy'* (Tsarouhas 2008: 353). The OKE is widely considered a prime example of Europeanization of Greece as: it replicated an EU organisation (Economic and Social Committee); its financing was based on EU funds; and it aimed at promoting consensual social dialogue (Ioakeimidis 2001; Sotiropoulos 2004; Tsarouhas 2008). The introduction of the OMED and the OKE constituted a transformation of the Greek employment policy arena and contributed significantly to the normalisation of Greek industrial relations. Consequently, Koukiadis' previous experience as a researcher; academic; labour minister; lawmaker; and MEP provided an immaculate background for the head of a Committee that would have to offer scientific advice and policy recommendations for social partners and political parties.

Koukiadis chose seven people as members of his group.¹⁹⁰ Two of them were prominent colleagues in the Aristotelian University of Thessaloniki and Professors in labour law; collective agreements; social dialogue and social security. One member (Stergiou) had been recently appointed as President of the Law Committee for the

¹⁸⁸ Source: <http://www.omed.gr/en>.

¹⁸⁹ There is disagreement in the literature over the nature and the characteristics of the Greek industrial relations (for a succinct summary, see: Featherstone and Papadimitriou 2008: 45-48).

¹⁹⁰ The members of the group were: Georgios Leventis, (Professor in Law School of University of Athens); Aggelos Stergiou (Law Professor in the Aristotelian University of Thessaloniki); Dimitrios Zerdelis (Law Professor in the Aristotelian University of Thessaloniki); Ioannis Lixouriotis (Professor of Panteion University); Kostas Papadimitriou (Assistant Professor in Law School of University of Athens); Christos A. Ioannou (Economist – PhD and OMED Mediator-Arbitrator); and Maria Michopoulou (Political Scientist).

2011 pension reform in Greece, which took place in the framework of the Troika-Greece Memorandum of Understanding (MOU). The other members of the group were four OMED Arbitrators. Three of them were Law Professors (Leventis, Lixouriotis and Papadimitriou). The fourth was the economist¹⁹¹ Christos A. Ioannou who had been involved in numerous posts in Greek employment policy and was also a key advisor of a previous PASOK labour minister - Professor Giannitsis (see Appendix I and Chapter 3). Thus, the Greek Expert Committee on flexicurity had two key characteristics: (i) it was composed of people with high legal and economic expertise who also held key posts in Greek and EU policy making; (ii) most of them were also policy or law makers, evaluators and were involved in the application of labour law (especially the OMED arbitrators); (iii) most of them were already colleagues and thus constituted a relatively homogenous and cohesive group of people. As will be argued below, these characteristics were important in the formation of a group of policy entrepreneurs that would try to promote a labour market reform in accordance to some of the EU's flexicurity principles.

However, the selection of Koukiadis as the Committee's chairman was rather uncommon for Greek politics as it was highly unusual for a ND Minister (Tsitouridis) to select as head of the Experts Committee a member from the main opposition party who would then select other centre-left experts. This rather peculiar deviation from the traditional party-based appointments can be explained by the background and the policy preferences of Tsitouridis with regard to social and employment policy: (i) he was a lawyer who was taught by Koukiadis as he studied law in the Aristotelian University where Koukiadis is a Professor; (ii) he had acquired a very long EU experience as a Commission technocrat as he worked for the European Commission in Brussels from 1981 to 1990 and 1995 to 1996 working in the arenas of agriculture; competition; state subsidies; and the internal market;¹⁹² (iii) evidence collected in a semi-structured interview with Tsitouridis suggested that, as a result of his EU experience, he had a very favourable view of the European Social Model and the European Commission's efforts to promote a common policy on labour markets (interview with: Tsitouridis). Thus, it appeared that he was eager to embrace the new mantra of the Commission (flexicurity). In accordance with the literature on the EU

¹⁹¹ MSc and PhD in Economics at LSE; Doctoral Thesis on: 'Collective Bargaining, Income Policies and Relative Wage Flexibility in Greek Manufacturing, 1966-1988'. For further details on the profile of Ioannou see: PES chapter and at http://www.omed.gr/en/index.php?module=pagemaster&PAGE_user_op=view_page&PAGE_id=49&MMN_position=99:13:14.

¹⁹² Source: http://www.tsitouridis.gr/tsitouridis/server/cv_gr.asp.

social and employment policy, which perceives the centre-right as being sceptical towards EU social (including employment) policy (see: Rhodes 2005; Gwiazda 2011; Graziano et al. 2011; Linos 2007; Featherstone et al 2012), Tsitouridis distanced himself and his party from the market-led scepticism against Social Europe. In his own words:

Both as government and party, the ND was much more supportive of the European Social Model than other countries and other centre-right parties. During my term in the Ministry, Greece was always in favour of the European Social Model. In many cases, the Greek centre-right government was in coalition with other countries with centre-left governments. [...] I think the most important and telling example of our stance as both party and government was the Bolkenstein directive. Greece belonged to the countries that made an effort to radically trim down some of the extreme clauses of the directive that would lead mathematically to social dumping.

The above statement sheds light on the rather uncommon selection of Koukiadis as the Head of the Expert Committee on flexicurity: Tsitouridis selected a very experienced expert with a long pedigree of reforms who also had similar views with regard to Social Europe. However, it appeared that the selection of Koukiadis was also a matter of political expediency on behalf of the minister in order to safeguard the success of his reform efforts against domestic opposition. In his own words:

I decided to appoint Professor Koukiadis as head of the flexicurity Commission for two main reasons. On the one hand, very few people could doubt his all-round knowledge on labour issues and the Greek labour market and his long EU-experience. On the other hand, in retrospect, perhaps the most important factor was that I strongly believed that in order to be successful in implementing a significant labour market reform we should try to achieve consensus. Consensus can be reached only through synthesis of different viewpoints. This is how it happens in all European countries and the EU itself. And what could be better than having a centre-right government working with Social-democrats in order to reach a set of common principles and recommendations that the government could introduce to the social dialogue for the social partners to negotiate? [...] It was my firm belief that only through co-operation could we succeed.¹⁹³

¹⁹³ Tsitouridis' viewpoint should be placed in the wider political context of the new 'ideology' or 'slogan' which was introduced by the ND President and during 2004-2009 Premier Karamanlis. For Karamanlis, ND was not a centre-right party but one representing the middle ground / μεσαίος χώρος. Karamanlis used this new branding due to the very negative perception that the Greek electorate had and still has for the right especially after the Mitsotakis 1990-93 term during which his government tried to implement numerous privatisations, pension and labour market reforms that Greece is currently obliged to implement under the troika memorandum. Since 1993, ND was portrayed by its opponents and especially PASOK as a party of 'neoliberal Thatcherites'. The Karamanlis strategy was successful as in the 2004 elections, ND won the largest number of votes in its history.

The fieldwork suggested that Tsitouridis and Koukiadis - as well as the members of the flexicurity committee - constituted a group of policy entrepreneurs with similar backgrounds, beliefs and a unified agenda: (i) all of them had studied abroad; (ii) most of them had a long experience with the EU and its policies; (iii) some of them were employment policy and labour market experts with practical experience; and (iv) key people of the group had a personal involvement in Greek policy making. Additionally, as described above, Tsitouridis, Koukiadis and Ioannou were known to be keen supporters of Social Europe and the Europeanization of Greece with regard to its employment policy. It appeared that for these policy entrepreneurs the EES call on flexicurity was a window of opportunity to promote their agenda (interview with: Ioannou). As Koukiadis had succeeded in doing this in the 1990s, the flexicurity Committee was another window of opportunity for him and his colleagues to transform Greek employment policy.

However, Tsitouridis and the Koukiadis committee were rather isolated in their ambitious endeavour, as the clan-style political competition in Greece could not accept such a coalition. Both factions in the group of policy entrepreneurs were accused of 'selling out' to the 'opponent'. On the one hand, Tsitouridis was criticised by his own party for choosing a prominent PASOK member to chair the Committee and that most members of the Committee were either PASOK affiliated or leftists. As Tsitouridis recalls:

The reaction against my decision regarding the flexicurity committee was definitely hostile. The main criticism did not come from the opposition but from my own party. I vividly remember that all fellow ministers, MPs and various party members criticised the membership of the Committee. Their criticism had two parts: the first was that it wasn't possible for a government to 'do its job' and promote a labour market reform by employing people from the opposition; the second was that ND party members or friends were neglected in this process. As I said, I was very adamant in the face of this criticism and I responded by saying they were insignificant. My answer was: why not have people outside the ruling party offering you scientific advice? And wasn't it easier to achieve consensus? Who could criticise the government for being neo-liberal or one sided when its key advisor was Professor Koukiadis?

In parallel, Koukiadis and his team members were also accused as PASOK traitors who went to the opposite camp. Ironically, it was they who were criticised as neo-liberals. As Ioannou recalls:

It was definitely a difficult period [...] there was scepticism regarding the government's motives for the upcoming labour market reform. I believe that this was the main reason why the pressure fell on us - what would the Expert Committee recommend? However, the strongest

accusation was against the concept of flexicurity. Various academics and the trade unions described flexicurity as a neo-liberal concept of 'flexibilisation in disguise'. Consequently, the committee's results and in some cases its members were accused as neo-liberals who wanted to bring down the existing labour market protection system.

Paradoxically, although trade unions seemed to be hostile to the concept of flexicurity and the government's efforts to initiate a labour market reform – especially after an unpopular parametric pension reform (cf. Featherstone and Papadimitriou 2008; Carrera et al. 2010; Sotiropoulos 2011), Greek social partners never expressed their views on the concept as they did not address the issue directly in their position statements (Kwiatkiewicz 2011: 8). Trade union hostility to the concept of flexicurity was demonstrated in 2007 when the biggest umbrella trade union GSEE twice withdrew from the social dialogue on flexicurity in fear that even participation in a debate on flexicurity would imply acceptance of the term (Kwiatkiewicz 2011: 13; Michalaki 2009: 12). Moreover, social partners never reached any consensus on what Greece's response should be on the EES flexicurity concept as their positions diverged remarkably (Kwiatkiewicz 2011: 13; Kapsalis 2009). More specifically, Greek trade unions - similarly to their Portuguese counterparts - perceived flexicurity as synonymous with flexibility and as serving the interests of employers. They argued that flexibility should be reduced and the provision of security for workers and the unemployed increased (Kwiatkiewicz 2011). Even though they did not publish an official position statement on flexicurity, the trade unions in other official documents argued that flexicurity was an example of the EU's insistence '*on a model of production according to which labour is taken to be a cost*' (Kapsalis 2009). In other words, the Greek trade unions appeared to assume a clear Euro-sceptic stance by rejecting not only the EES flexicurity stimuli but questioning the motives and goals of the EU in relation to workers. In addition, they perceived the EU policy recommendations of lifelong learning and activation as a rolling over of labour costs 'from enterprises to society as a whole' making flexicurity synonymous with flexibility and they therefore 'demonised' the concept (Kapsalis 2009). Moreover, they argued that expanding the definition of dependence to include part-time workers, who despite being employed in a company are formally declared as self-employed in order to save their employers from making social security contributions, to be a fundamental pre-requisite for any debate on flexicurity.

By contrast, employers were either indifferent to or against flexicurity. More specifically, the SEV never discussed flexicurity in detail. In response to the trade

unions' harsh critique of 'EU policies' SEV argued in for more flexibility, less bureaucracy and fewer administrative hurdles for businesses, as well as more time flexibility in the labour market. In other words, SEV took a rather similar stance to the Portuguese employers who favoured flexibility instead of flexicurity (see above). Although ESEE agreed that flexicurity should be discussed, it aligned itself with SEV's position to focus on reducing the bureaucratic burdens that companies face as well as the non-labour costs of workers. Surprisingly, one of the employers' associations - GSEVEE - joined the trade unions in criticising the EU and its policies by arguing that 'in the case of Greece, the broader flexibility laid down during the last 15 years has had an insignificant or adverse impact on the employment front' (Kapsalis 2009). However, hostility between employers and employees was very high throughout the period and both parties launched attacks on each other and the government. As a result of this fragmented and hostile dialogue between social partners, the OKE decided that instead of attempting to make a synthesis of social partners' views, it would simply outline their two divergent positions on modernising labour law along the European Commission's line of argumentation (Predosanu and Pirciog 2008: 3). Further, not only did the government have to face the trade unions' hostile reception of flexicurity, but also deal with PASOK – the main opposition party in Greece at the time. PASOK was another opponent of the flexicurity concept and a strong supporter of the unions. According to Mrs Maria Damanaki, a PASOK MP and Head of the PASOK group in the Select Committees on Social Affairs, Education and Culture, and Environment in the Greek parliament,¹⁹⁴ 'the Green Paper and the flexicurity issues it brings up are an extension of new-liberal policies on employment' and the responsibility for this issue was entirely up to the ND government (OBES 2007: 1).

The above hostility to flexicurity and the outright rejection of the EU recommendations as neo-liberal as well as the demand for more security, seems to confirm the characterisation of the Greek trade unions as actors who represent predominantly insiders and neglect the interests of outsiders of the Greek labour market (Matsaganis 2007; Zartaloudis 2011c). In particular, Greek social partnership is significantly distorted by both statism and clientelism which have marginalised any autonomous political organisation of the disadvantaged classes or societal groups (Diamandouros 1983; Haralambis, 1989). Firstly, trade unions have been highly

¹⁹⁴ Source: http://ec.europa.eu/commission_2010-2014/damanaki/about/cv/index_en.htm.

subordinated to party politics, while the pressure from civil society and other societal actors to promote redistribution based on need and not on political access has been extremely weak (Marinakou 1998: 241). Secondly, in Greece there is a stark division between the protected core of the labour market and the rest, that is temporary, irregular, informal employees and the unemployed (Katrougalos and Lazaridis 2003: 33-34). Thirdly, Greek trade unions represent mainly the public sector workforce (60% - a number that rises to 90% in Public Companies and Organisations (known as DEKO)). Only 18% of the private sector is represented, a figure equivalent to 3% of the total Greek workforce. Further, data for 2003 reveal that only 7% of the total population of wage earners is represented by the Greek trade unions (European Commission 2006: 24; Ioannou 2009: 15). Likewise, the Greek employers' federation represents mainly big corporations (including wider sector public companies) and under-represents smaller companies (Featherstone and Papadimitriou 2008: 48). Consequently, Greek social partnership fails to represent large segments of Greek society; additionally, the young, the unemployed, women, the disabled and immigrants are not represented in the Greek social dialogue process (Matsaganis 2007).

This has led to a vicious circle of inefficient public policy which neglects large parts of Greek society, mainly those in most need of the strongest support and protection from social partnership. Moreover, Greek social dialogue has been dominated by issues of remuneration (e.g. pay and pensions) which usually favour insiders and public sector workers. More specifically, since the 1980s successive governments proceeded to award substantial salary increases which were above the inflation rate for (wider) public sector employees (Venieris 2006). This policy, however, had a negative effect on unemployment, which became an acute problem, and was especially pronounced among the young and women (Katrougalos and Lazaridis 2003: 59). In addition, all aspects of the public sector's employment relations are regulated through state decrees and legislation which generally set more favourable working conditions than in the private sector (cf. Papapetrou 2006; Zartaloudis 2011). Hence, public sector personnel expenditures (including pensions), continue to constitute the principal item in the ordinary budget, despite a temporary slowdown in the mid-1990s (Papapetrou 2006: 451; OECD 2002). Further, other issues, such as social protection and gender equality, have been traditionally neglected in the social dialogue process (see also Chapter 5). Unsurprisingly, Greek social partners largely rejected the flexicurity model which meant a significant shake

up of the balance between insiders and outsiders by lowering some protection of the insiders and giving more protection to the outsiders. This stance confirms explanations about lack of labour market reforms where social partners are divided, rent-seekers and do not represent society as a whole but act as special interests (Matsaganis 2007; Zartaloudis 2011c; Ioannou 2009a; Featherstone 2005; Pagoulatos, 2003; Sotiropoulos, 2004; Venieris 2006).

Despite the fact that opposition to flexicurity took place in both countries, the Greek case differed substantially in the conduct of the government in addressing the flexicurity issue. Indeed, the concept was hardly referred to by the Greek government in its public policy discourse (Kapsalis 2009). As a result, there was no meaningful public debate of the concept and its implications for Greece (Karantinos 2006: 2). Tellingly, although there was widespread opposition from trade unions and PASOK, it was the loss of governmental support that sealed the Committee's fate. On the 28th of April 2007 Tsitouridis was forced to resign from his position as Labour Minister. Tsitouridis was the most significant member of the group in terms of power and access to resources. The research findings from the thesis fieldwork suggested that his resignation significantly weakened the group of policy entrepreneurs as the Committee was no longer supported by the central government. This became evident as soon as the Committee was ready to publish its results around 2009. The minister at the time was an old party member Mrs Fani Pall Petralia. It appeared that Petralia was appointed by the Premier Karamanlis as a person of confidence who would not cause further trouble for the government with the press and the unions (interviews with: Koutsiaras and Ioannou). Indeed, Petralia seemed extremely reluctant to proceed with any wide-ranging reforms that would cause additional problems to the government in a period when its public opinion ratings were very low due to the December 2008 unrest. More importantly, Petralia paid little attention to Koukiadis and his committee as she never met them publicly or privately (interviews with: Ioannou).

Thus, it seemed that the Koukiadis team would be another Expert Committee whose work would be lost in the maze of the clientelistic political system, as the government would not take into account its results and recommendations (the area of social security, and especially pensions, constitute a prime example of such governmental behaviour; see Featherstone and Papadimitriou 2008: 77-117; Monastiriotis and Antoniadis 2009: 15-17). However, Petralia's behaviour towards the Koukiadis Committee went far beyond neglect as the government launched a full-

blown attack against it: (i) in an unprecedented fashion, the Ministry of Employment did not allow the Committee to publish its report which led Koukiadis to publish the report unofficially on his blog and also on various websites, such as scribd.com; (ii) the most controversial and union provoking measures of the report namely the ones suggesting more flexibility for the insiders, were leaked in the press resulting in extensive negative press for the Koukiadis Committee and their report (Monastiriotis and Antoniadis 2009: 15); (iii) numerous government officials made demeaning statements on the Committee and its proposals; (iv) Petralia herself claimed that she had not read the report - even though it was submitted officially to the Labour Ministry (Monastiriotis and Antoniadis 2009: 15). Petralia's stance and press statements were significantly different from the ones of Tsitouridis and Magginas who in 2006 and 2007 respectively had supported flexicurity, consensus-building and an extensive social dialogue process (Michalaki 2009: 12).

Hence, in Greece the same government that initiated the process of examining how flexicurity could be imported into domestic policy, was the one which not only stopped the reform abruptly, but also ridiculed the whole process. According to an infuriated and frustrated Koukiadis - who was the main person to defend his Committee publicly - this was a political decision of the Minister Petralia. In his own words:¹⁹⁵

When the Committee was established in March 2007, by the then Minister for Employment, the Minister (SZ: Tsitouridis) gave his full assurance to the committee to work on the basis of the questions posed by the Commission's Green Paper and to give the widest publicity to its findings and its proposals. Thus, our Committee was not set up to prepare or implement any governmental agenda as it was deliberately leaked to the press.

[...] The Labour Minister's (SZ: Petralia) statements created the impression that she wants to distance herself from the report's findings. [...] My opinion is that the Minister was not ready to proceed in improving labour market legislation and was possibly frightened by the cost of financing.

[...] The first big confusion which was created when we published our report was its identification with the Gargana's report (Bank of Greece). This confusion and other false statements unfortunately created a wrong perception among the trade union movement. [...] Our report is not a report for further flexibilisation of labour relations and deregulation of the labour market, but a report suggesting minimising the insecurity and the inequalities that the existing labour relations create. We very stoutly stress in our report that in Greece the labour relations are not only flexible enough - something that applies only to the private sector which

¹⁹⁵ Interview at the Newspaper 'Makedonia' (Makedonia 2008).

was the main focus of our study - but that with the existing provisions Greek employees enjoy the fewest social rights and least protection in the EU-15. Even worse, in our country there is a very big percentage of undeclared employment which constitutes the ultimate form of flexibility because in these cases employees cannot enjoy any of the rights that the labour law offers to workers. Thus, our report aims for the improvement of the status and position of workers.

[...] From press reports it can be concluded that we suggest the abolition of the limits on firing. This is completely false and I cannot give any explanation for this misunderstanding. The fact that for the first time in Greek labour relations we suggest the limitation of unjustified firings (we suggest making firing impossible without a specific reason which would be independently justified as is the practice in many progressive legislations) is completely disregarded. [...] Regarding collective redundancies, there is another distortion of our report. Indeed, neither do we suggest raising the limit of collective redundancies, which is today 2%, nor the liberalisation of firing.

Indeed, Koukiadis' report offered a holistic reform agenda aiming to tackle some of the long-standing problems of Greek employment policy. In a nutshell, the report offered the following main recommendations:¹⁹⁶

1. Extension of all labour law rights to the self-employed;
2. Creation of an unemployment fund for the self-employed and abolishment of different categories of unemployment subsidies (e.g. in Greece if one becomes unemployed for a second time he/she gets less financial support than the first time he/she registered as unemployed);
3. Electronic registration of all workers regardless of their category of employment (to tackle undeclared labour);
4. Strengthening of the labour inspectorate and modification of its time-schedule and powers for initiating inquiries;
5. Drastic overhaul of the unemployment benefit: one benefit for all; other forms of employment could be allowed if the income was below the poverty line. From less than 50% of the minimum wage, the benefit should reach 70%. Pensioners could register as unemployed;
6. Reduction of the EPL score and expansion of safety net: more flexibility for insiders combined with more income security for outsiders;
7. Labour law codification and pre-court dispute resolution mechanisms;
8. Recognition and acceptance of flexible forms of employment;

¹⁹⁶ Codified policy suggestions from: the actual report (Koukiadis 2007); Ioannou (2009b); and from Imerisia 2008.

9. Reduction of non-wage labour costs;
10. Improvement of ALMPs; and,
11. Phase-in reforms: e.g. transforming severance pay legislation into a system of individual accounts (as in Austria).

However, Petralia, and thus the government, completely neglected all these recommendations. In addition, Petralia did whatever she could to present the Koukiadis Committee as a group of neoliberals that the government could not possibly agree with. Contrary to the Portuguese case, where the government faced significant opposition but persevered, the Greek government did not even try to initiate a public debate on flexicurity; rather, it dismissed the Expert Committee as neo-liberals and tried to boost its social profile. In other words, in a Machiavellian fashion, the Minister Petralia created an artificial adversary (setting Koukiadis as a straw-man) who was supposedly aiming to reduce the existing levels of Greek social protection, whereas the ministry was aiming for social peace and was in favour of workers' rights. It is telling that during March 2009, when the financial crisis was reaching Greece and Petralia, who was aiming for a short-term electoral benefit, claimed in numerous press statements that 'Greece does not need more flexibility' (Monastiriotis and Antoniadis 2009: 12) - something that goes against the entire literature on the Greek labour market and relations (for a brief summary, see: Monastiriotis and Antoniadis 2009: 1-7). The plan succeeded: the Labour Minister did not cause any further political problems for the embattled government. The price for that victory was that there was no actual discussion and no effort to improve the dysfunctional Greek labour market -something that almost all governments have been trying to do since the 1990s (see: Featherstone and Papadimitriou 2008: 118-152). Above all, it is argued that the highest price was paid by all Greek labour market outsiders (part-timers, people working in the unofficial economy, young people, women and the unemployed) as the Koukiadis Committee introduced a number of proposals aiming to strengthen the social rights of the labour market outsiders.

5. Evaluating the influence of the EES flexicurity stimuli on Greek and Portuguese policy

The research findings of the thesis discussed above signify that the domestic impact of the EES was low in both countries. In the following two sections the

evaluation of the influence of the EES flexicurity stimuli in Greece and Portugal will be presented.

5.1. Portugal: flexicurity as a smokescreen?

In the Portuguese 2005-08 reform the thesis findings suggested that the EES flexicurity stimuli did not initiate the labour market reform. Although flexicurity was incorporated in the Portuguese Green Paper and gained some salience in public debates, it quickly disappeared from the reform process. It appears that most of the policy changes originated from the government's pre-election agenda and the desire to alter the Portuguese EPL score. The final policy change was achieved through lengthy negotiations and compromises between the government and the social partners and at the final stage by the Constitutional court. Nevertheless, empirical evidence collected in interviews suggested that the EES flexicurity stimuli had a twofold impact on the 2005-08 labour market reform. First, they provided a tactical advantage for the government to distance itself from the OECD and the traditional pro-flexibility position (which was supported by the previous government and the employers). This may explain why flexicurity was included in the Green Paper even though there was no actual push at the EU level. Second, flexicurity appeared to have a low impact in the actual reform with regard to the promotion of internal flexibility. This apparent impact was confirmed by a key trade-unionist from UGT who participated in the negotiations as well as Minister Silva. The trade unionist said:

What flexicurity brought in the debate was the issue of flexibility combined with security. However, we took a slightly different stance from the European Commission. We argued that we should promote only internal flexibility within the firm, that is, time flexibility. This would not only help businesses and workers, but also contribute to the reconciliation of work and family as parents would be able to make use of more flexible working arrangements.

The influence of the EES flexicurity stimuli, as well as the other explanations, was confirmed by Silva when asked about the main causes of the 2005-2008 reform:

Our 2005-2008 labour market reform was shaped by three agendas. First, we wanted to revise the 2003 Labour Code as we had committed to during the election period. In our opinion, the 2003 reform went beyond our country's welfare model. The second reason was that we had decided that Portugal should not be the OECD country with the highest EPL score. And the last -but I would say not least- was the reform of internal flexibility. This aspect was clearly shaped by the flexicurity approach and we had a very fruitful discussion with the social partners who brought their ideas on how to implement this policy.

In summary, flexicurity appeared to have a low impact on the Portuguese labour market reform since the latter was determined mainly by an internal agenda. Following the Europeanization typology of domestic change and the policy stages model (see Chapter 1), the EES effect in the Portuguese flexicurity case was *absorption* in the policy formulation and decision making stages, while *inertia* characterised the rest of the stages. More specifically, during the 2006-2009 reform, Portugal's group of policy entrepreneurs headed by Labour Minister Silva tried to use the term to promote their agenda and gather some support from the social partners as this was an EU policy recommendation that was going against the traditional OECD criticism of Portugal. Thus, the EES appeared to have produced a first order change or absorption as Portugal's policy entrepreneurs seemed to have adapted a few elements of their proposals and choice of solutions to achieve labour market reform without altering the core of their pre-existing agenda. Likewise, the EES flexicurity stimuli produced a first order change or absorption in the Decision-making stage, as the internal flexibility suggested by the EES flexicurity stimuli was promoted by the government but its terms were co-defined with the social partners - UGT especially.

However, no change was observed in the other policy stages of PEP. First, the evidence obtained from interviews suggested that the 2006-2009 reform occurred predominantly for two reasons and therefore that the Portuguese policy entrepreneurs did not alter their Agenda-setting. The two reasons given were: (i) to reverse the PSD-CDS-PP 2003 reform; and (ii) to reduce the country's EPL score to avoid the negative OECD assessment. Second, the Policy Implementation and Evaluation stages appeared to be unaffected by the EES since Portugal's policy entrepreneurs discarded the EES flexicurity term following the negative reaction of the trade unions to the concept. Moreover, according to the interviews, it seemed that the PS policy entrepreneurs did not use the EES flexicurity stimuli to monitor the results of the 2006-2009 reform process. Rather, the main criteria chosen by the policy entrepreneurs to evaluate the labour market reform were the OECD's EPL score and whether the PS's electoral promise to reverse the PSD-CDS-PP 2003 reform was kept.

5.2. Greece: domestic empowerment nipped in the bud

As discussed in Section 4.2., in Greece a short lived group of policy entrepreneurs tried to examine ways of incorporating flexicurity into the Greek labour market. Although they suggested innovative solutions to tackle key social and

employment policy problems in accordance with the concept of flexicurity, their suggestions remained on paper – and essentially unpublished. Thus, the EES had a moderate impact on the agenda-setting and policy-formulation stages (upgrading) but no impact on the other stages (inertia). As discussed above, the Koukiadis Committee offered a multi-dimensional policy prescription which tried to adapt existing processes, policies and institutions to the EES flexicurity stimuli without changing their essential features and the underlying collective understandings attached to them. In addition, the Koukiadis Committee appeared not to suggest flexicurity as the new paradigm for PEP. However, the Koukiadis Committee’s problem recognition and policy proposals were neglected by the Greek government. Therefore, inertia characterised the other policy stages of GEP, in that the EES flexicurity stimuli had no influence on these stages due to ‘the resistance of domestic institutions, policies, beliefs to adapting to the European requirements’. The summary of the findings related to the impact of the EES flexicurity stimuli is presented in the table 7.3.

Policy stages	Greece	Portugal
Agenda-setting (problem recognition)	Upgrading	Inertia
Policy-formulation (proposal of solution)	Upgrading	Absorption
Decision-making (choice of solution)	Inertia	Absorption
Policy-implementation (putting solution into effect)	Inertia	Inertia
Policy-evaluation (monitoring results)	Inertia	Inertia

Source: Author’s analysis of the EES impact on GEP and PEP with regard to flexicurity promotion

Conclusions

After 2006 the concept of ‘flexicurity’ became the new EES mantra. As a result, member states were asked to examine ways of incorporating flexicurity into their labour markets. Although the EES flexicurity stimuli were weaker compared to the

activation and gender equality stimuli and the misfit between the EU and domestic levels was very high, in both countries domestic entrepreneurs tried to exploit the window of opportunity given by the EES. However, this occurred in a rather divergent fashion due to: (i) the presence of successful¹⁹⁷ policy entrepreneurs in Portugal who used the EES policy window to promote their agenda, and their absence in Greece; (ii) the lack of ESF funding in Greece which may have otherwise provided another mechanism for the promotion and implementation of flexicurity domestically. According to the research findings of the thesis the EES impact was relatively weak – although in Greece it had a significant impact in two of the five policy stages. In addition, it appeared that in Portugal the EU was not the only external influence as the OECD's negative assessment of the Portuguese labour market had a significant influence on the observed policy change.

¹⁹⁷ As discussed in Chapter 1, successful policy entrepreneurs are those with access to power and resources.

Chapter 8: Conclusions

In this chapter I will first briefly review the main elements of the thesis (puzzle and research design). Second, I will discuss the thesis findings and then the thesis' contribution to the field of study. Finally, I will outline the research limitations and suggest avenues for future research.

1. Thesis puzzle and research design

This thesis has tried to examine the conditions under which the EES can promote the Europeanization¹⁹⁸ of member states' employment policy. It attempted to answer this question by examining critical or 'least likely' cases -Greece and Portugal- using Mill's method of difference (Hancké 2009). These two countries showed a puzzling reform record: both of them implemented path-breaking reforms in their employment policy which, despite their numerous similarities (outlined in chapter 1), occurred in a divergent manner with regard to their timing and degree of change. The thesis puzzle was validated by the empirical evidence.

As discussed in Chapter 1, Greece and Portugal are similar based on a number of key features: they have similar levels of economic development (as measured in GDP and PPP) and demographic composition; they have very similar social policies and belong to the same grouping in all welfare system typologies (cf. Leibfried 1993; Ferrera 1996; Katrougalos and Lazaridis 2003).¹⁹⁹ Both countries share several characteristics inhibiting the Europeanization of their employment policies that make them unlikely to show any EES-induced domestic change. Their employment policies had a very high gap with the EES' content.²⁰⁰ Moreover, Greece and Portugal have been ascribed as two countries with a negligent compliance culture with regard to the implementation of EU social directives (Falkner 2005; Hartlapp and Leiber 2010). In addition, both countries have several barriers to EU policy implementation: weak administrations and inefficient political systems; a significant

¹⁹⁸ Europeanization refers to EU induced domestic change in discourse, identities, political structures, and public policies (see Chapter 2).

¹⁹⁹ As discussed in depth in Chapters 5 and 6, Greece and Portugal differ considerably in their female employment rates as Portugal has considerably higher employment rates.

²⁰⁰ Börzel (Börzel 2005; Börzel and Risse 2003) has described how high levels of 'misfit' lead to inertia.

gap between legislation and actual practice; and weak or no societal actors to pressure national authorities to comply with EU policies (Hartlapp and Leiber 2010).

Yet, in the 1990s, they both broke with their reform trajectories and implemented a series of path-breaking employment policy reforms: activation of their Public Employment Service through the application of a preventative and personalised approach towards the unemployed; GM in employment policy; reconciliation of work and family life; and flexicurity. Despite their numerous similarities, however, these reforms occurred in a divergent manner with regard to their content, timing, process and significance.

I argued that the EES is composed of two kinds of stimuli (see Chapters 1 and 2): (i) soft law instruments (EES guidelines, country specific recommendations and benchmarks); (ii) financial conditionality (funding from the ESF). The ESF provides funding in accordance with the Structural Funds' Regulations which since 2000 have been aligned with the EES soft law. Thus, the ESF operates as the EES' financial tool, since member states are obliged to comply with the ESF regulations to receive funding. This conceptualisation of OMC diverts from most of the literature which has neglected the role of the ESF as an EES stimulus (cf. Hodson and Maher 2001; Regent 2003; de la Porte 2002; for a review, see: Trubek and Trubek 2005; Kröger 2009b; Borrás and Radaelli 2010). The inclusion of the ESF in the EES stimuli added another Europeanization pathway (ESF conditionality) which enriched the possible ways that the EES can influence member states.

I examined three different policy cases (the activation of the unemployed by the PES, gender equality (mainstreaming, reconciliation and pay gaps) and 'flexicurity'. As argued in Chapter 1, the EES stimuli were not constant and differed along policy areas and periods. To assess the differences of the EES stimuli in the examined areas the thesis employed the concept of legalization (Abbott et al. 2000) which has three dimensions: obligation; precision and delegation. In addition, the EES stimuli were categorised according to their 'visibility' as in areas of low legalisation visibility may matter in how the EES is perceived by member states. In addition, the EES stimuli differed across the examined policy in terms of the availability of ESF funding. The thesis assumed that the EES will have greater impact in areas where the EES stimuli have higher precision, visibility and where ESF funding is available. In other words, it was expected that the domestic impact of the EES would be the highest in the activation area, moderate in the gender equality area and the lowest in the flexicurity area. Further, by comparing cases with different EES stimuli, it attempted to draw

wider conclusions concerning their efficiency in promoting Europeanization. The main characteristics of the EES stimuli in the three examined policy areas are summarised in the following table.

	Obligation	Precision	Delegation	Visibility	ESF funds
Activation	Low	High	Low	High	Yes (post-2001)
Gender Equality Policies	Low	Moderate	Low	High (97-03) Medium (03-05) Low (05-10)	Yes (post-2001)
Flexicurity	Low	Low	Low	High	No

Source: Author's analysis of the EES stimuli

After the critical discussion of the mechanisms found in the Open Method of Coordination (OMC) and the Europeanization literatures in Chapter 2, I proposed three distinct but not mutually exclusive Europeanization pathways:

- i. **Policy Learning:** the observed policy change would be linked to a learning process in which national policy makers changed their preferences with regard to their country's employment policy content. To empirically verify this pathway, the EES-induced reforms would have to oppose pre-EES government ideology, positions and policy makers' preferences;
- ii. **Domestic Empowerment:** the observed policy change would be linked to a change in opportunity structures. To empirically verify this pathway the research would have to identify successful²⁰¹ policy entrepreneurs (see Kingdon 1984) who would take advantage of the EES policy window to promote their own pre-existing agenda. The EES' causal significance in this case would be twofold: opening a window of opportunity and determining the content of the reform as policy makers would go beyond their own pre-existing agenda.

²⁰¹ As discussed in Chapter 2, successful policy entrepreneurs are those with political access and resources (Zahariadis 2007).

- iii. Financial Conditionality: the observed policy change would be linked to identifiable ESF regulations.

Hence, the hypothesis of the thesis was that *‘if the EES altered Greek and Portuguese employment policy at all, it did so through one of three main Europeanization pathways: (i) policy learning; (ii) the domestic empowerment of policy entrepreneurs; (iii) financial conditionality.’*

In testing the hypothesis of the thesis and the different pathways that Europeanization may occur, the empirical inquiry did not presume an Europeanization effect. On the contrary, it followed a bottom-up approach (see: Exadaktylos and Radaelli, 2009), and examined whether alternative variables could explain the puzzle. As analysed in chapter 2, the main alternative explanations were other international influences (namely the UN Beijing Action for Women and the OECD Jobs Strategy) and/or purely domestic explanations, such as existing (pre-EES) preferences and non-governmental actors (trade unions, NGOs, activists) demanding governmental action. This was achieved by employing the method of process tracing: the examination of the temporal sequences, rationale and goals of domestic reforms and the juxtaposition of national developments with the EES and other external stimuli. Besides process tracing, empirical evidence was also collected from: interviews with key informants including policy makers, experts, bureaucrats and trade unionists; primary and secondary documentary evidence (for the thesis methodology and sources, see chapter 1).

The dependent variable in this study was the Greek and Portuguese employment policies. These were defined according to the traditional ‘stages heuristic’ policy cycle model (Breyer and de Leon 1983; Anderson 1984). This model was chosen to analytically separate the key parts of public policy in order to best explore each policy stage. If domestic policy was treated as a black box, the EES effects may have been over-estimated or under-estimated. Similarly, crucial factors operating within the policy making environment may have been omitted. Further, to measure the EES effect on domestic policy, I employed the Europeanization typology of EU-induced change (Radaelli 2003: 37; Börzel 2005: 58-59): inertia (no change); absorption (minimal change); accommodation (moderate change); transformation (maximum change); and retrenchment (further distancing from the EES stimuli).

2. Thesis findings

The empirical evidence supported the hypothesis of the thesis stating that the EES altered Greek and Portuguese employment policy. In addition, the evidence suggested that the divergent reform records could be explained by the different Europeanization pathways. Moreover, the findings suggested that two key conditions were conducive to the EES having a domestic impact: the existence of successful policy entrepreneurs who would actively use the EES as a policy window to promote their agenda and - when these were absent or lacked access - the existence of ESF financial conditionality. In the following three sub-sections, the thesis findings will be presented by country, by policy area and then linked with the wider literature.

2.1. Country findings

Greece and Portugal responded to the EES stimuli very differently (for a summary, see: Table 8.2). The fieldwork revealed that, besides a small group of policy entrepreneurs in the flexicurity area (see below), Greek ministerial elites regarded the EES goals and notions as too alien for the Greek context. Subsequently, in Greece the EES was largely neglected because policy makers perceived it as a mere bureaucratic burden in the form of NAP/NRP writing. Greece's actual participation in the EES and the possibility of downloading or using the EES in the domestic arena seemed to be absent from the governmental and ministerial agenda. Even this administrative pressure appeared to have little discernible impact on Greek employment policy: Greece did not establish a centralised bureau dedicated to the EES; the NAP-authoring was outsourced to external experts who lacked any institutionalised support from the ministry until 2004; the required upgrading of the Ministry's monitoring capabilities was intensified only afterwards and the interviews suggested that this was not an EES-induced change but occurred for internal reasons (see Chapter 3).

Nonetheless, the fieldwork suggested that the EES had a significant impact on Greek employment policy as a result of the ESF conditionality. This EES stimulus obliged successive Greek governments to comply with the EES goals as inscribed in the ESF regulations. It appeared that all EES-induced policy change happened only after 2001, namely when the ESF conditionality for the 2000-2006 programming period was introduced. Until then, all the EES notions, goals, reports, country specific recommendations and benchmarks did not produce any discernible impact on Greek employment policy – despite being included in numerous official

documents. In the flexicurity area there was no policy change and this was the only policy area where the ESF conditionality was not present. Although a group of policy entrepreneurs tried to initiate a labour market reform by using the EES policy window, this group lost access and resources due to political developments. Subsequently, the flexicurity concept was abandoned. Therefore, the empirical evidence suggested that the EES altered Greek employment policy through the financial conditionality of the ESF regulations (the 3rd Europeanization pathway). This research did not support the significance of the other Europeanization pathways as domestic change was not linked to policy learning or domestic empowerment of Greek policy makers. This finding was consistent across all Greek case studies (chapters 3, 5 and 7).

By contrast, it appeared that in Portugal the launch of the EES constituted a key development and was paramount for the promotion of the governmental agenda of the Portuguese Socialist Party (PS). During 1997-2002 and 2005-2010 the EES was not seen as just a bureaucratic obligation; rather, it was presented as a key part of the government's employment policy. Accordingly, the NAPs/NRPs were presented as national reports in major press conferences where the government was announcing its policy objectives and evaluating its performance. The fieldwork suggested that meeting soft law and benchmarks was deemed critical in Portugal as ministerial elites were pushing the entire administration to alter procedures and policy in accordance with the EES. To increase efficiency, the PS government re-organised two departments within the Labour Ministry which would be specifically responsible for upgrading monitoring, planning and oversight capabilities in employment policy in 1997-8. Overall, the EES soft law had a significant impact on Portugal in the areas studied, though not in the area of flexicurity. The interviews indicated that this happened because successful policy entrepreneurs within the PS party used the EES policy window to empower themselves and promote their own pre-existing agenda (2nd Europeanization pathway). Empirical evidence did not support the significance of the other Europeanization pathways as domestic change was not linked to policy learning or ESF conditionality. This finding was consistent across all Portuguese case studies (chapters 4, 6 and 7).

The interviewees in this study reported that the main group of policy entrepreneurs in Portugal consisted of a close-knit group of former academics who entered Portuguese politics in the mid-1990s. They gained key positions in the Ministry of Labour's ministerial elite (ministers, deputy-ministers, special advisors

and heads of key ministerial departments) in all PS governments during 1995-2002 and 2005-2010. These policy entrepreneurs had a wider agenda of reforming Portuguese social (including employment) policy in order to enhance Portugal's welfare state (see: Chapter 4; Zartaloudis 2011a; Silva 2009). The interviews revealed that these entrepreneurs used the EES PES and flexicurity soft stimuli to promote their agenda as they empowered them against domestic opposition (internal party opposition; bureaucrats within the state apparatus opposing change; and parliamentary opposition). In the gender equality case, it was a smaller group of high-level feminist bureaucrats who were advisors to the PS Labour Ministers who exploited the EES equal opportunity soft stimuli to promote their agenda.

In other words, the EES constituted a policy window which allowed Portugal's policy entrepreneurs to 'couple' (see: Zahariadis 2007) existing problems (PES inefficiency; mismanagement of ESF funds; clientelistic practices; gender inequality; high Portuguese Employment Protection Legislation (EPL) score) with the politics stream (party ideology) and use their access and resources (obtained through their power as key ministerial elites) to promote their pre-existing agenda. Additionally, the interviews suggested that the EES enriched their agenda as the EES-induced reforms went beyond their pre-existing agenda. However, empirical evidence did not indicate that this occurred due to 'policy learning'. Rather, it appeared that this occurred due to an instrumental necessity: in order to implement their pre-existing agenda, Portuguese policy entrepreneurs had to adopt the EES goals. For instance, in order to make Portugal's employment policy more inclusive, tackle the PES inefficiency and the mismanagement of ESF funds, the Portuguese policy entrepreneurs embraced the preventative approach of the EES. Likewise, when they wanted to revise the 2003 labour market reform and further reduce the Portuguese EPL score they argued that their reform was in favour of the flexicurity concept proposed by the EU Commission. In the gender equality area, despite the high levels of female employment, the feminist advisors to the Labour minister who constituted part of the PS ministerial elite exploited the EES policy window and promoted their own pro-equality agenda by adapting it to the EES stimuli.

By contrast, as shown in Chapters 3, 5, and 7, the Greek ministerial elites involved in Greece's employment policy did not have the same perspective as their Portuguese counterparts. According to a wide range of interviewees (ministerial elites, academic and policy experts, advisors in the Labour ministry and trade unionists), the Greek Labour Ministry's policy makers prioritised budgetary and

remuneration issues (e.g. income policy and pension reform) and reforming labour market legislation over the content of Greek employment policy (see especially Chapter 3; also: Featherstone and Papadimitriou 2008). Consequently, as the empirical evidence in each of the empirical chapters on Greece documented, an overhaul of the country's employment policy was never part of the governmental agenda nor did it constitute a priority of the Greek ministerial elites. Thus, the opportunity for 'coupling' (Zahariadis: 2007) provided by the EES policy window was never used, as Greek ministerial elites did not find the EU developments in social and employment policy useful for their agenda. This finding is in line with one of the key assumptions of the multiple streams framework which states that policy makers can consider only a small number of issues while in office (Zahariadis 2007: 68). The only exception to this finding was the short-lived alliance between the Labour Minister and the Experts' Committee in the flexicurity case. Even though these ministerial elites tried to exploit the EES policy window, the resignation of the most powerful member of the group (the Labour Minister who appointed the Experts' Committee) meant that the remaining policy entrepreneurs were left without political access and resources to exploit the EES policy window.

In sum, the empirical evidence suggested that there were two conditions which were conducive to the EES having a domestic impact: (i) the existence of successful policy entrepreneurs who would actively use the EES as a policy window to promote their agenda and -in the case of their absence; (ii) the availability of ESF conditionality to comply with the EES stimuli. The Greek and Portuguese response to the EES stimuli is summarised in the following table.

Table 8.2: Summary of the Greek and Portuguese response to the EES	
Greece	<ul style="list-style-type: none"> • Generally neglected: seen as a bureaucratic burden • Domestic change linked to identifiable ESF regulations (ESF conditionality) • A short-lived group of policy entrepreneurs tried to exploit the EES policy window in the flexicurity area but was unsuccessful due to loss of access and resources
Portugal	<ul style="list-style-type: none"> • Successful PS policy entrepreneurs took advantage of the EES policy window to promote their own agenda • Domestic change linked with the EES soft law which empowered domestic policy entrepreneurs (Domestic Empowerment)
Source: Author's analysis of the EES-induced observed reforms	

Although the thesis did not test systematically for the role of mediating factors outside the ‘policy hub’, that is, where decisions were taken (Radaelli 2003), the findings of this study seem to be in partial agreement with two of the three main hypotheses in the literature on the role of mediating factors (see: Borrás and Radaelli 2010: 30-37). Government preferences (cf. Gwiazda 2011; Büchs 2008; Linos 2007; Héritier et al. 2001) appeared to be relevant only in Portugal. The ‘selective amplifier’ hypothesis (Visser 2005; Vanhercke 2009), where policy entrepreneurs use the EES window of opportunity to promote issues in accordance to existing domestic agendas, was relevant in all Portuguese cases and the Greek flexicurity one. Moreover, the thesis findings did not seem to provide support for the ‘consensus’ hypothesis, which claims that the more consensus over policy content the less the impact of the OMC (Mailand 2008): (i) despite the consensus of Greek policy makers to neglect the EES and focus on income policy, the EES obliged Greek policy makers to comply with the EES via its ESF conditionality; (ii) the very low consensus among different actors in the Greek and Portuguese flexicurity and equal pay cases made the EES effect weaker than in the other policy areas – something that goes against the hypothesis that the OMC impact is reduced when consensus is high.

Nonetheless, as discussed in Chapter 2, the Europeanization literature has identified a plethora of additional mediating factors that may affect the domestic impact of the EU stimuli. The mediating factors most commonly used in the Europeanization literature are: veto points, facilitating formal institutions, norm entrepreneurs and political culture. More specifically, veto points existed in all the examined case studies of Greek and Portuguese employment policy. These included the PES personnel who resisted the EES-induced reforms, as well as the social partners who were unwilling to accept reforms promoting gender equality and flexicurity. However, the evidence from the case studies suggested that Europeanization outcomes were not significantly affected by the existence or the power of veto points, and occurred as a result of the existence of a group of policy entrepreneurs who exploited the EES policy window (Portugal) and the ESF conditionality (Greece). In particular, the PES in both countries was reformed significantly despite the negative reaction of the personnel and unions to the EES stimuli. Similarly with the gender equality policies, in both countries social partners and key ministerial elites both seemed indifferent (in the GM and reconciliation areas) or hostile (in the GPG reduction area) to the incorporation of the EES gender

equality stimuli. Nonetheless, the evidence in all policy areas in both countries strongly suggested that the key factor in determining the observed Europeanization outcomes was the existence or absence of policy entrepreneurs or the ESF conditionality: GM and reconciliation of work and family life was promoted in Greece through the ESF funded programmes and in Portugal via the femocrats who used the EES policy window to promote their agenda. The only exception to this rule was the Portuguese GPG case which appeared to be significantly affected by the indifference and/or hostility of social partners who perceived GPG promotion as detrimental to Portugal's comparative advantage. In the Greek case, it appeared that change occurred only in the presence of ESF conditionality (e.g. ESF-funded programmes). Finally, in both flexicurity cases most social partners appeared to be vehemently opposed to the incorporation of the EES flexicurity stimuli. Nonetheless, whenever a group of policy entrepreneurs was present and wishing to employ the EES policy window to promote its agenda (e.g. reverse the 2003 PSD-CDS-PP labour market reform and reduce the EPL score in Portugal; the Koukiadis Committee under Tsitouridis in Greece) flexicurity was promoted. In addition, in Portugal, the UGT contributed to the 2009 reform by suggesting its own agenda with regard to flexicurity. In other words, although social partners acted as veto points their behaviour was more nuanced and the Europeanization outcomes were not significantly affected by them. Finally, the presence of facilitating formal institutions seemed to be relevant mostly in the gender equality area as a number of new organisations were created to promote GM and reconciliation in both countries. However, in the PES and flexicurity cases their presence/absence could not explain the observed Europeanization outcomes. Additionally, norm entrepreneurs did not appear to be a factor in the observed EES-induced change in both countries.

2.2. Policy specific findings

As mentioned above, the three policy areas examined were activation of public employment services (PES); gender equality policies; and 'flexicurity'. The first policy specific finding was that the differences between the EES stimuli only partially explained the EES effect on these areas (for a summary of the EES effect on the thesis cases studies, see: Tables 8.3a and 8.3b). In fact, it appeared that domestic change was linked with either the existence of a group of successful policy entrepreneurs or the presence of ESF conditionality. In other words, it was the different mediating factors that determined the EES effect rather than the

characteristics of the EES stimuli. More specifically, although the EES soft stimuli in the PES area had higher degree of legalization and visibility than in the gender equality policies area, the EES induced policy change did not appear to be determined by these characteristics but by the country-specific Europeanization pathway. For instance, both countries reformed their PES but in Portugal this was promoted through the domestic empowerment pathway, while in Greece ESF conditionality was required to bring about the policy change. This finding was further validated through the temporal sequences of the examined reforms: Portugal responded immediately to the EES guideline of 1998, while Greece responded only to the ESF conditionality which was enforced in 2001. Similarly, although both countries expanded significantly their care facilities in order to promote reconciliation of work and private life the reform process was different in each country: as shown in Chapter 6, Portugal started almost immediately after the relevant EES guideline and used only national resources while Greece responded only after 2001 and used mainly ESF funding.

Further, the decreasing visibility of the EES gender equality stimuli cannot explain the Greek and Portuguese reform record in this area. In Portugal EES-induced change was associated with the existence (Socialist governments of 1997-2002 and 2005-2011) or absence (PSD-CDS-PP government of 2002-2005) of policy entrepreneurs (see Chapter 6). By contrast, in Greece it was the post-2001 ESF conditionality that seemed to determine the EES-induced change as domestic change did not appear to be linked to the EES soft stimuli. In the flexicurity area, where the EES stimuli had the lowest degree of legalization and no ESF funding, Portugal's policy entrepreneurs employed the concept in their domestic reform; in Greece, which had neglected the EES soft stimuli in the other two policy areas, a group of policy entrepreneurs actively sought to suggest measures that would introduce the flexicurity model in Greece.

The second policy specific finding of this research was that the EES had a stronger impact on domestic policy via domestic empowerment than the ESF conditionality pathway. In the former case, the EES affected more policy stages and to a greater extent. Thus, in Portugal, the EES effect was greater than in Greece in all policy areas examined (see Tables 8.3a and 8.3b). This finding suggests that 'ownership' is much more powerful than 'compliance' in promoting Europeanization. However, this should not undermine the value of the ESF

conditionality in promoting domestic change as the latter proved very effective in promoting Europeanization when national policy makers neglected the EES stimuli.

The third policy specific finding is that the EES-induced change did not result from the non-justiciable misfit between EU and national policy content. Despite similar levels of misfit in the PES and flexicurity cases in both countries (Chapters 3, 4 and 7), the EES-induced effect was dissimilar in Greece and Portugal (see tables 8.3a and 8.3b). In addition, despite Greece having a much higher misfit than Portugal with regard to female employment levels, they both showed a similar reform record (Chapters 5 and 6). Moreover, it appeared that the EES had a greater effect on Portuguese employment policy with regard to gender equality promotion. Further, the empirical evidence suggested that Europeanization occurred in the absence of a justiciable misfit as demonstrated in four out of the six cases examined. Consequently, misfits appeared to be neither a necessary nor sufficient condition for Europeanization (see also the relevant discussion in Chapter 2).

The thesis research also suggested that in the Portuguese GM and flexicurity cases the EES was not the only external stimulus affecting domestic policy. As shown in Chapter 6, despite the pre-existing pro-gender equality agenda of the incumbent party, GM was introduced as a policy goal only in 1997 as a response to the UN Beijing Platform for action. However, the EES immediately overshadowed the UN stimulus as concrete policy measures were only introduced two years later, in response to the GM EES guideline. In the case of flexicurity, the very negative OECD EPL score for Portugal had an impact on Portuguese domestic reforms. By contrast, no other external stimuli were observed as influencing domestic reforms in any of the Greek cases. In other words, the empirical evidence suggested that in the Greek cases the ESF conditionality constituted the sole external stimulus inducing policy change.

As argued in Chapter 1, to evaluate the impact of the EES on Greek and Portuguese employment policies, this thesis employed the traditional 'stages heuristic' policy cycle model (Breyer and de Leon 1983; Anderson 1984) which divides public policy into five concrete stages (agenda-setting; policy formulation; decision making; policy implementation and evaluation). For the thesis' empirical case studies the evaluation criteria of EES-induced change were defined through a combination of the Europeanization outcomes typology and Hall's typology of policy change. The following tables summarise the EES effect in all cases examined in the thesis.

Table 8.3a: Summary of EES impact (Public Employment Service and Flexicurity)				
Policy stages	GR-PES	PT-PES	GR-FLEX	PT-FLEX
Agenda-setting (problem recognition)	Inertia (no change)	Upgrading (second order change)	Upgrading (second order change)	Inertia (no change)
Policy formulation (proposal of solution)	Inertia (no change)	Upgrading (second order change)	Upgrading (second order change)	Absorption (first order change)
Decision-making (choice of solution)	Upgrading (second order change)	Transformation (third order change)	Inertia (no change)	Absorption (first order change)
Policy implementation (putting solution into effect)	Upgrading (second order change)	Transformation (third order change)	Inertia (no change)	Inertia (no change)
Policy-evaluation (monitoring results)	Inertia (no change)	Transformation (third order change)	Inertia (no change)	Inertia (no change)
Source: Author's analysis of the EES impact on GEP and PEP				

**Table 8.3b: Summary of EES impact
(Gender Equality Policies)**

Policy stages	PT Gender Mainstreaming	GR Gender Mainstreaming	PT Reconciliation	GR Reconciliation	PT Pay Gaps	GR Pay Gaps
Agenda-setting (problem recognition)	Absorption (first order change)	Inertia (no change)	Transformation (third order change)	Inertia (no change)	Inertia (no change)	Inertia (no change)
Policy Formulation (proposal of solution)	Absorption (first order change)	Inertia (no change)	Transformation (third order change)	Inertia (no change)	Inertia (no change)	Inertia (no change)
Decision-making (choice of solution)	Transformation (third order change)	Absorption (first order change)	Transformation (third order change)	Upgrading (second order change)	Absorption (first order change)	Absorption (first order change)
Policy Implementation (putting solution into effect)	Transformation (third order change)	Absorption (first order change)	Transformation (third order change)	Upgrading (second order change)	Inertia (no change)	Inertia (no change)
Policy Evaluation (monitoring results)	Transformation (third order change)	Inertia (no change)	Absorption (first order change)	Inertia (no change)	Inertia (no change)	Inertia (no change)

Source: Author's analysis of the EES impact on GEP and PEP

2.3. Discussion of findings

The research findings engage this study with the wider academic literature in a multi-faceted fashion. The findings of this thesis concur to a great extent with the findings from the few other studies (Silva 2009; Sotiropoulos 2004b; Karamessini 2006) dealing with the policy areas examined in this thesis. For Silva (2009), the EES affected the PES reforms due to both strategic and ideational effects; for Karamessini the changes observed in the Greek mainstreaming case were linked to Greece's response to the EES soft law. Although this thesis agreed with Sotiropoulos' analysis on the importance of ESF funds in the Greek PES reform it argued that Greek policy makers did not use the ESF funds but were obliged to do so due to the ESF conditionality; in other words, it complements Sotiropoulos' analysis by adding the novel ESF conditionality pathway. Additionally, the thesis findings for Greece corroborate those of other studies demonstrating the power of the ESF funds to promote domestic change in Greece – even if it was purely instrumental and without any long-term effects. For instance, Koutroukis and Kretsos found that Greek social partners had developed 'a pseudo-partnership, that is to say a social dialogue model without a simultaneous development of an authentic social dialogue culture, [...] which is EU-oriented and adapted to the preconditions of EU funding.' (2008: 84)

Further, it appeared that in both countries it was the ministerial elites who defined policy making and therefore policy change. Although Portugal has a semi-presidential political system, it appeared that in employment policy Portuguese Presidents rarely intervene. Indeed, in almost all cases of this thesis the Portuguese President was not relevant. The only exception to this rule was the flexicurity debate where the President's endorsement of the new EU term provoked an immediate reaction from the country's trade unions. However, as was shown in Chapter 7, none of the empirical evidence indicated that the Portuguese President had any discernible impact on the country's employment policy content and making and potential Europeanization process. The importance of ministerial elites decreased only in the policy implementation stage, as social partners either tried to or succeeded in blocking EES-induced change. This leads to the verification of a long-standing criticism against the OMC – the one of being an elitist process contrary to the initial expectations of a more open and participatory mode of EU governance (Chalmers and Lodge 2003; de la Porte and Nanz 2004: 284; de la Porte and Pochet 2005: 360; Hatzopoulos 2007; for a succinct review of the numerous studies supporting this

argument, see: Kröger 2009: 6). However, it is open to debate whether this is indeed a negative characteristic as it appeared that the more closed a policy area is the more likely it is for Europeanization to occur. On the one hand, one could argue that the confirmed elitism of the EES poses a threat to the legitimacy of EES-induced reforms of member states' employment policy, as a number of EES-stimuli and the subsequent domestic reforms were defined in a top-down fashion by the elites. On the other hand, one could counter-argue that it was through domestic empowerment by the EES and ESF conditionality that Greece and Portugal were able to either introduce or boost public policy provision to women, youth, and the unemployed. While both arguments have some validity, this thesis favours the latter based on the empirical findings. There was no evidence to suggest that the EES altered the degree of elitism in any significant manner in Greek and Portuguese employment policy-making: in both countries public policy outputs were determined by national ministerial elites both before and after the introduction of the EES. Hence, although the EES failed to open up the policy-making process at the national level, it was successful in diverting political resources to include groups that had been previously neglected in employment policy: after the introduction of the EES women, young people and the elderly were put firmly on the Greek and Portuguese employment policy agenda.

Additionally, the finding that the EES employs the ESF conditionality to promote Europeanization supports the argument that it constitutes a new form of governance. In this reasoning the EES, besides constituting a new variant of the existing soft law practices (Borrás and Jacobsson 2004; Regent 2003; Hodson and Maher 2001; Héritier 2002), is also uniquely tied to ESF funding. Second, it implies that the debate between hard law and soft law supporters (as documented in Trubek and Trubek 2005; Zeitlin 2005; 2009; Kröger 2009) is incomplete because it neglects a significant part of EES stimuli. Third, it provides support to the 'shadow of hierarchy argument' (Scharpf 2002; Héritier 2002) because when the EES' soft law was not effective the EU employed stronger policy instruments.

In addition, the thesis findings have provided a qualified support to the argument that the EES produces 'cheap talk' or a 'window dressing' discourse (Kröger 2009a; Büchs 2007; for a summary, see: Borrás and Radaelli 2010: 30-37). More specifically, the Greek PES and gender equality cases showed that the inclusion of the EES terms in the Greek and Portuguese NAPs/NRPs and other national documents did not result in any actual policy change nor policy learning. However,

the evidence suggested that the existence of ‘cheap talk’ does not necessarily mean that the EES will not have an impact on domestic policy. In the Greek PES and gender equality cases it appeared that despite the existence of window-dressing in official documents, the EES had a substantive effect on domestic policy via its ESF conditionality. Consequently, this indicates that the domestic impact of the EES cannot be gauged from documentary analysis only and that this method should be triangulated with interviews with key informants.

The empirical evidence did not provide support for the thesis’ initial expectation that Europeanization would occur through policy learning. This original hypothesis was derived from two observations: (i) the EES was designed as a tool to spread best practices; (ii) most OMC studies have used a learning/socialisation/ideas/discourse’ framework (Zeitlin 2005; 2009; Borrás and Radaelli 2010). These findings cast a doubt on the OMC literature’s assertion that the EES induces domestic change through policy learning (Kröger 2009; Hartlapp 2009), as two EU countries with relatively weak institutional frameworks and underdeveloped welfare states appeared not to have ‘learnt’ from the EES.

Nevertheless, policy learning among the interviewees may have occurred outside the timeframe of this research. For instance, many of the Greek and Portuguese policy entrepreneurs had a previous professional relationship with the EU: some of the Portuguese policy entrepreneurs were working before they entered politics as EU/ESF evaluators and the Greek Labour Minister who established the flexicurity Experts Committee was a former EU Commission employee. Verifying this plausible link between former EU employment and ministerial behaviour would entail examining their preferences before and after their EU employment which was practically unfeasible.

Finally, the study controlled for similarities in welfare regimes, discrepancies between EU and national policy content and bureaucratic structures. The findings suggested that the Greek and Portuguese reform records were not linked to any of these factors, but with either the existence of a group of successful policy entrepreneurs or the presence of ESF conditionality. Moreover, the research findings suggested that the EES can break path-dependency, which has been long regarded as the dominant explanatory framework in European welfare states (Hemerijck 2002). Additionally, the inclusion of Greece and Portugal in the ‘world of transposition neglect’ (Falkner et al. 2005; Hartlapp and Leiber 2010) may not be justified by the absence of a certain ‘compliance culture’ but by the absence of policy entrepreneurs

and/or by the absence of benefits from complying with the EU social directives such as obtaining ESF funds.

3. Contribution and implications

The findings of this thesis aim to offer both empirical and theoretical contributions to the existing literature²⁰² as follows: it is the first comparative study of the EES impact on Greek and Portuguese employment policy (PES, gender equality and flexicurity); it updates the Govecor 2004 study with material on Portugal beyond 2003; it examines novel pathways of Europeanization by incorporating a variety of alternative explanations in the study design.

The thesis tried to highlight a neglected aspect of the EES as it argued that when examining the EES influence on member states the ESF funding should also be included. While the ESF role in promoting Europeanization has been recognised in a number of other studies (Lopez-Santana, 2006; Jacobsson and West, 2009; Weishaupt, 2009; Zartaloudis, 2010; Graziano et al., 2011; Verschraegen et al., 2011), this thesis contributes to the existing literature by adding an additional mechanism of EES influence: the ESF financial conditionality. This has one key policy implication: in order for the EU to strengthen its influence on the EU (peripheral) countries in terms of social policies, strengthening of their welfare systems, and consequently a Social Europe and the European Social Model, the EU should make better strategic use of its structural funds to incentivise and promote compliance with EU policies among domestic actors. This forms an alternative solution to the suggestion that soft law should be linked to hard law either by using instruments of soft law to facilitate the implementation of hard law, or by using hard law to ensure the implementation of soft-law directives (Rhodes 2005: 302; Hatzopoulos 2007; Scharpf 2002). Structural Funds and financial conditionality may be more effective in promoting domestic change in the absence of policy entrepreneurs aiming to download the EU stimuli.

²⁰² As discussed in Chapter 1, for comparative projects see: Govecor 2004; Linsenmann et al. 2007; Zeitlin and Pochet with Magnusson 2005; Foden and Magnusson 2003; Heidenreich and Zeitlin 2009; Kröger 2009; Graziano et al. 2011; for Greece, see: Petmesidou and Mossialos 2006; Dimitrakopoulos and Passas 2003; Featherstone 2005b; Featherstone and Papadimitriou 2008; Sotiropoulos 2004; Johnson 2003; Feronas 2007; Karamessini 2006; Ioakeimides 2001; for Portugal see: Guillen et al. 2003; Silva 2009; 2011.

4. Thesis limitations

This section expands on some of the limitations mentioned in chapter 1. The study's time-frame spans from the mid-1990s until 2010. Therefore, there may have been factors prior to 1995 influencing the policy changes observed in the study. For example, the ESF was established in 1957 and may have hypothetically caused the observed change in Greece regardless of the EES. However, the temporal sequence analysis and the interview findings strongly indicate a more immediate association between the EES as a stimulus for change and the observed changes in domestic policy. The second limitation is that this study focused only on two countries and three policy areas, which limits the generalisability of the findings. As argued in Chapter 1 and in the beginning of this chapter, however, Greece and Portugal typify the world of neglect and have the highest gap between the EES and domestic employment policy: examining these two countries is a sound test for the EES impact on member states' employment policy. Therefore, one could argue that the findings of this research may be transferable to countries with similar characteristics (high gaps between EU and national policy; weak civil society and public administrations; underdeveloped welfare states; and lack of consensual or corporatist traditions) such as the other countries of the EU periphery, namely Southern, South-Eastern and Central and Eastern European ones. Similarly, it would be unlikely that the findings of this study may apply to countries with very different characteristics from those of Greece and Portugal (e.g. developed welfare states; low gaps between EU and national policy; strong bureaucracy and civil society).

Further, the dependent variable was limited to changes in employment policy. As a result, the study did not explore the ramifications of EES-induced changes in other areas such as EU and national governance, democracy and legitimacy of policy making (cf.: Borrás and Radaelli 2010; Zeitlin 2009; Tholoniati 2010; Jacobsson and Viffell 2007; de la Porte 2002). However, the change in employment policy is the EES' primary focus. The examination of the impact on democracy and legitimacy in national and EU policy making can be taken up in further research.

Europeanization was conceptualised in accordance with the 'downloading' approach (the EU influence on member states) and did not include the 'uploading' approach found in some Europeanization studies. This may have added some interesting complexity to the concept of Europeanization, however, as argued in

chapter 2 this would broaden the definition of Europeanization beyond a practical use. Similarly, as discussed in Chapter 2, this study did not include all the Europeanization mechanisms suggested in the OMC literature as a result of the thesis definitional and theoretical choices.

This research aimed to examine the formation of the policy agenda rather than conduct a policy evaluation (for the features of the types of public policy studies, see Howlett and Maresh 2003). Hence, it examined the reasons behind certain policy outputs (such as reforms' rationale and content) and not policy outcomes (such as employment/unemployment rates) or the implementation on the ground of policy outputs. The latter are affected by many factors, such as GDP growth; macroeconomic, fiscal, monetary and trade policy; social values; and immigration which make the delineation of the EES's impact almost impossible. To conduct such an investigation would have required a different study design including a sampling process of all relevant policy measures, surveys of recipients/beneficiaries, control groups (e.g. the unemployed who received training against the unemployed who did not).

5. Suggestions for further research

Further research is necessary in other countries and policy areas to investigate whether the findings can be replicated and the conclusions generalised. The focus should not be restricted to Europe's periphery (Southern, South-Eastern and Central and Eastern Europe), but to all member states as all EU countries receive ESF funding. For instance, the UK House of Lords published a report recently on the importance of the ESF for the UK's employment policy to tackle the UK's social problems (House of Lords 2010). Additional policy areas to replicate the thesis findings and conclusions are those where the EU stimuli are primarily based on soft law (other EES areas, other OMCs) and EU funding is available, such as life-long learning, research, education and health (cf. Papadimitriou and Copeland forthcoming). Another promising path for further research appears to be the new flagship EU initiative 'Europe 2020' as most of its seven flagship initiatives are based on soft law and use Structural Funds.

Additionally, evaluating the efficiency of the EES stimuli and their effects on domestic policy is another area of potential enquiry. This could include whether the activation of the unemployed by the PES improves the efficiency of employment policy; the effect of training, GM and expansion of care facilities in gender equality

promotion; and the efficiency of EU funded training in countries with structural unemployment and low growth (cf. Seferiades 2006). Finally, a new avenue for research relates to the recent developments in the Eurozone where three of its members (Greece, Portugal and Ireland) are under the ‘Troika’ (European Central Bank (ECB), European Commission (EC) and International Monetary Fund (IMF)) supervision to implement lengthy and unpopular reform packages in return for loans to service their debt. The importance of policy entrepreneurs and financial conditionality should be examined as, according to the findings of this thesis, these two conditions seem paramount for the success of these programmes.

Conclusions

Since 1997 the EES signalled a fundamental shift from hard law to soft law and from employment protection to employment promotion in an EU-wide effort to increase employment rates. This thesis tried to shed light on the impact of the EES on national employment policy and found that there were two key conditions which promote Europeanization in these cases: the existence of successful policy entrepreneurs who can exploit the EES policy window and -in their absence- the availability of ESF conditionality.

In view of the recent financial and sovereign debt crises which have made externally imposed reforms an emergency, it seems that recent developments are in accordance with the findings of this thesis: financial conditionality is an essential component of the Eurozone policy toolkit. However, this thesis would like to conclude that the European South is not a lost cause and that the use of a combination of policy avenues and instruments may lead to more sustainable economic and political outcomes. The findings of the thesis suggest that entrepreneurship and policy windows can be a realistic alternative to financial conditionality. As the 33rd President of the United States (1945-1953) Harry S. Truman said: [...] *in periods where there is no leadership, society stands still. Progress occurs when courageous, skilful leaders seize the opportunity to change things for the better.*²⁰³

²⁰³ Source: <http://www.brainyquote.com/quotes/keywords/leadership.html>.

Appendix I: List of interviewees

A. Greece

1. Christodoulakis, Nikos (1996-2000: Deputy Minister of Finance. Responsibility for the Budget and the management of Public Debt; 2001-2004: Minister of the Economy and Finance; Jan - Jun 2003: Chairman of the Finance Ministers Council (ECOFIN) in the European Union, during the Greek presidency; Jul 2002-Jun 2003: Chairman of the Euro-group)
2. Drakou, Kyriaki (EMCO member; assistant to the General Secretary of Employment Dimitris Kontos 2005-09)
3. Giannitsis, Tassos (Professor, University of Athens; member of the OECD's Economic Committee during 1993-2000; and advisor to PM Simitis roughly the same period (1994-2000); Minister of Employment and Social Security, 2001-02)
4. Ioannou, Christos (MSC and PhD in Economics, LSE; scientific advisor to OAED; advisor to Giannitsis; Special Advisor to the European Commission; Expert of the European Commission; Expert of EESC, European training Foundation, EMCO member, member of Expert Committee on the Modernization of Labour legislation; Member of the Scientific Committee assigned to evaluate the impact of the EES on Greek employment policy; Member of Committee of Experts, who authored the Report on flexicurity and Labour Law Modernisation, Ministry of Employment and Social Protection; Author of the Mutual Learning Report in the EES framework 2009. Since 1992 mediator in OMED (Organisation of Mediation and Arbitration))
5. Karamessini, Maria (PhD in Economics; Panteion University; Since 1996 Member of the EC's Expert Group on Gender, Social Inclusion and Employment / EGGSIE assessing gender equality and mainstreaming in Greek NAPs)
6. Karantinos, Dimitris (PhD in Economics, University of Edinburgh; Expert on the EEE – written numerous evaluations on the process and impact on Greece – employed as a researcher at National Centre of Social Research / EKKE)
7. Karastamati, Iliana (Staff at the European Commission, Responsible for negotiating with Greece, and Cyprus to define the new ESF rules for 2007-

2013; after the deal since 2008 employed at the Special Unit of Coordination and Monitoring of ESF Actions (EYSEKT), Ministry of Employment and Social Protection.)

8. Kontos, Dimitris (General Secretary of Employment, Ministry of Employment and Social Protection during 2005-09)
9. Koukoula, Eleni (Head of Evaluation Unit of Human Resources Interventions – Special Unit of Coordination and Monitoring of ESF Actions (EYSEKT))
10. Koutsiaras, Nikos (Advisor to the Minister of Employment and Social Protection 2001-02 (Giannitsis); member of Expert Committee on the Modernization of Labour legislation; Lecturer in International and European Studies in the University of Athens; associate researcher in ELIAMEP.)
11. Lyberaki, Antigoni (Head of the Team responsible for writing the NAPs 2001-2003, Adviser to the Minister of Labour (Giannitsis) and Professor in Panteion University)
12. Matsaganis, Manos (Advisor to the Minister of Economy 1997-98; Advisor to PM's Office 1998-2001 on Social Policy –particular expertise and advice on Health Policy, Professor in Athens University of Economics and Business/AUEB.)
13. Mavri, Despoina (economic advisor to PM Simitis - responsible for the EU dimension / policy on employment at the beginning, then the EES and then Lisbon- during 1996-2000; advisor to Minister Giannitsis for the EU; recommended by Giannitsis as the ‘right person to talk about your topic’)
14. Mouriki, Aliko (member of the NAP authoring team (same with Lyberaki) during Giannitsis (2001-02) and responsible for Gender Equality with a particular focus on reconciliation policies; employed as a researcher at National Centre of Social Research / EKKE)
15. Polyzogopoulos, Christos (Head of General Confederation of Greek Workers/GSEE which is the ‘umbrella’ trade union of private sector during 1996-2006; President of the Greek Economic and Social Committee/ESC during 2007-2010; Vice-President of the ETUC Steering Committee from August 1996 until June 1997 and he was re-elected in October 2002; Member of the ETUC Steering and Executive Committees.)

16. Protopapas, Christos (Deputy Minister of Labour and Social Protection 1997-2001; PASOK's Parliamentary Representative at the Employment and Social Protection Committee 2004-05. According to his website as a Deputy Minister of Labour 'he was actively and deeply engaged with the sectors of ALMPs of the ESF, Health and Safety at the Workplace and the promotion of Social dialogue between Government and Social Partners' – i.e. with all the EU issues).
17. Stratigaki, Maria (Staff at the European Commission – DG Employment and Social Affairs responsible for the promotion of females in the decision Centers of the EU and the development of the GM policy during 1991-99; Director of the Research Center for Equality Issue (KETHI) – responsible for the development of positive actions in favour of women in the 3rd CSF with a particular focus on employment policy (such as Consulting Centers for the promotion of Employment and Social Inclusion of Women) and Education (Teachers' Sensitisation regarding gender equality) during 1999-2002; President of the Consultive Committee on Gender Equality of the European Commission during 2003 and Vice-President during 2002; Member of the Gender Equality Committee of Ministry of Foreign Affairs during the Greek EU presidency; Member of various Evaluation Committees of the Ministry of Education)
18. Toutziarakis, Yiannis (General Secretary of EU funds – Ministry of Employment and Social Security 1996-1997)
19. Tsagkris, Yiannis (Staff at the European Commission; adviser to Anna Diamantoulou since she was EU commissioner)
20. Tsakoglou, Panos (member of the Council of Economic Experts (Advisory Body to the Minister of Finance) 2002-05 and of the Council of Experts on Employment and Social Security 2001-02, Professor in Athens University of Economics and Business/AUEB.)
21. Tsitouridis, Savvas (Minister of Employment and Social Security, 2006-07)
22. Tsoutsoplidis, Konstantinos (Secretary General for the Management of Community & Other Funds, Ministry of Employment and Social Protection 2005-2009; Staff (A4) of the General Secretariat of the Council of Ministers

1994-2004; Advisor to the General Secretary of the DG Political Affairs – responsible for the negotiation of the CSF 2007-2013).

B. Portugal

1. Antunes, Luís Pais (Labour Minister during 2002-2005)
2. Bomba, Teresa (Research Fellow in the Department of Studies, Statistics and Planning of the Ministry of Social Security and Labour; Head of Research Unit of Institute of Social Security (Instituto da Segurança Social, I.P.).
3. Capucha, Luis (Assistant Professor in the Sociology Department at ISCTE; Senior Researcher at the Centre for Research and Studies in Sociology (CIES); European Anti Poverty Network - Portugal (1994-1999); Secretary of State for Social Security (1999); Director General of the Department of Research, Forecasting and Planning of the Ministry of Labour and Solidarity (1999-2002); EMCO member during 1999-2002; NAP coordinator during 1999-2002; General Directorate of Curriculum Innovation and Development (DGIDC), Ministry of Education (2006-2008); Member of the Economic and Social Council (1999-2002); Member of Committee of the Lifelong Learning of the European Union (2009); Head of the National Agency for Qualification 2008-2011)
4. Correia, Deolinda (Permanent Representative of Portugal to the European Union on: European Employment Strategy; Labour law; Health and safety at work; Equality between men and women)
5. Dias, Mário Caldeira (IEFP director during 1995-2004 and President of the Observatory for Employment and Vocational Training (OEFP) during 2004-2010)
6. Dornelas, Antonio (Professor at Lisbon University Institute (ISCTE) and researcher at the Centre for Research and Studies in Sociology (CIES-IUL); Special Advisor to the President of Portugal on Social Policy (social security and labour markets) from 1995 to 2001; Deputy Labour Minister (Vocational Training and Employment) during 2001-2002; Special Advisor to the Labour Ministry during 2005-10; President of the Committee for the Green Paper of Labour Relations)

7. Ferreira, Virginia (Assistant Professor in Sociology, Faculty of Economy of the University of Coimbra and Centre of Social Studies; member of the European Commission's Group of experts on Gender, Social Inclusion and Employment (EGGSIE) during 2004-2006.
8. Figueiredo, António Manuel (Assistant Professor, Faculty of Economics, University of Porto; international consultant conducting international studies for the European Commission and OECD, particularly with regard to the evaluation of the EES, the ESF and other Structural Funds in Portugal)
9. Fonseca, Vanda (UGT member)
10. Guimarães, Luisa (Director of Institute for Social Security, Portugal; Member of the Permanent Representation of Portugal in Brussels (1999-2000); Member of Social Protection Committee (1999-2000); High Level Group of Social Protection Committee (2005-2010); Member of Social Protection Committee (2006-2010); Responsible for NAP inclusion (2008-2010))
11. Leitão, Maria Josefina Menezes (since 1976 Director of Collective Bargaining, Labour Conditions and Labour Relations departments, Ministry of Labour; Deputy director of the Labour Ministry regarding Gender Equality; President of Commission for Equality in Labour and Employment (CITE))
12. Madelino, Francisco (Visiting Assistant Lecturer ISCTE - Lisbon University Institute, Department of Economics; member of the executive board of the IEFP (responsible for the organisation's financial responsibilities and vocational training) during 1997-2002; President of the IEFP during 2005-2011)
13. Ministro, Antoineta (Head of Research and Statistics Office, Ministry of Labour; Member of the EMCO since 2006; Member of the EMCO indicators group during 2006-2010; Member of the Committee for the Green Paper on Labour Relations)
14. Paula Bernardo (deputy secretary general of the UGT;) – UGT
15. Pedrosa, Paulo (Invited Assistant Professor at Lisbon University Institute (ISCTE); Member of the Portuguese Parliament (2002-2005); Independent Evaluator at Ministry of Labour and Social Solidarity; Minister of Labour and Solidarity (2001-2002); Secretary of State of Labour and Vocational Training (1997-2001); Head of the Portuguese National Action Plan Committee (1998-

2000); President of the Commission for Launching the Guaranteed Minimum Income (GMI) (1995-1996); Political Adviser to the Minister of Solidarity and Social Security (1995-1997); head of the Guaranteed Minimum Income (GMI) taskforce of the Socialist Party (1992-1995))

16. Santos, Paulo (Head of Sector for Cooperation and Profit Establishments, Department of Social Development Unit / Social Responses, Institute of Social Security, IP)
17. Silva, Pedro Adão (Advisor to the Minister of Employment during 1995-2001)
18. Silva, Vieira (Labour Minister (2005-2009); Minister of Economy, Innovation and Development (2009-2011); Secretary of State for Social Security (1999-2001); President of the Parliamentary Labour and Social Affairs (1995-2010); Coordinator of the Socialist Party Parliamentary Group for matters of Solidarity and Social Security in the Parliamentary Labour and Social Affairs; Member of the Secretariat of the National Socialist Party; Invited Lecturer at the Higher Institute of Labour and Business (ISCTE); Director-General of the Department of Statistics, Research and Planning, Ministry of Solidarity and Social Security (1992-1995); Director-General of the Department of Studies, Forecasting and Planning of the Ministry of Labour and Solidarity (1995-1997); Member of the EMCO (1998-1999); ESF negotiator – Portugal; Coordinator of the National Employment Plan (1998-2001); Counselor of Economic and Social Council)
19. Soares, Maria Candida (Head of the Strategic and Planning Office, Ministry of Labour; since 2002, NAP/NRP coordinator; long-standing member of the Employment Committee (EMCO) and the Economic and Social Council)
20. Wall, Karin (Lecturer at the Higher Institute of Work and Employment (ISCTE) during 1980-2001; member of the European Observatory on National Family Policies of the European Commission (1994-2004); since 2003 coordinator of the Research Network Sociology of Families and Intimate Lives in the European Sociological Association; currently a member of the Committee of Experts on Social Policy for Families and Children and a member of the International Network on Leave Policy and Research. Principal investigator at the Institute of Social Sciences at Lisbon University.

Appendix II: Gender Equality Measures in Greece and Portugal²⁰⁴

1. Greece

Table 1.1: New Organisations (7) to promote Gender mainstreaming

- 13 Regional Centres for Equality (1998)
- Regional Equality Committees (2000)
- New Branches of KETHI (1999-2002, 2007)
- Inter-Ministerial Committee for Gender Mainstreaming
- Regional ‘Information and Counselling Units’ for women
- Regional ‘Social Integration Units’ for special groups of women
- The Equality Implementation Guide (2003)

Table 1.2: New Measures (32) promoting female employability in Greece

- Higher Amount of subsidy for women in all job creation schemes (NAP of 1999);
- Quotas for women in all employability measures equal to the female share in Employment (NAP of 1999);
- Work Experience programme for the improvement of women’s skills in rural, mountainous or insular areas (NAP of 2000);
- Promotion of part-time work and other forms of atypical employment (2639/1998) (2000)
- New Jobs programme: subsidies for full-employment four-year programmes, part-time four-year programmes and limited contracts of 9 months duration. The programme provided for gender mainstreaming through the provision of special incentives for women (2000, 2001, and 2002).
- Pilot project for the social integration of Muslim women in Metaxourgeio – Athens (2000);
- Exemption from social security contributions for full time-employees receiving the minimum wage (2837/2000) (2001)
- Training of job counsellors of the Employment Promotion Centres (KPAs) to assist unemployed women (2001)
- Introduction of individualised counselling for women in the regional action plans in the context of KPA (2002)
- Education and training programmes for women in new technologies, e-commerce, management, etc. financed by the social partners (2001)
- Programme to combat exclusion from the labour market of single-parent families (2001)
- A quota of 60% for women in training programmes and in subsidised employment (2002)
- Vocational programmes focusing on the promotion of equal opportunities for access to the labour market and improving women’s access to the labour market (O.P. Education and Initial Vocational Training’) (2002)
- In the Community Initiative Equal the training contributes through integrated interventions to combat discrimination and gender inequality in the field of employment
- New job programmes for women, intended to provide work experience and promote the employment of unemployed women aged 18-65. It provides 5,000 jobs and lasts for 21 months (2003).
- Programmes to provide vocational experience (Stage) in IT and Communications skills for unemployed graduates, with a special stage for facilitating entry of women into the ICT labour market (Part of the O.P. ‘Information society’) (2003).
- Actions to promote tele-working, with priority given to business plans which will help an increase in employment in regions experiencing difficulty of access to productive centres,

²⁰⁴ For all the tables of this appendix the source is the author’s analysis of the EES-induced reforms as reported in the Greek NAPs/NRPs.

and to vulnerable population groups and women (Part of the O.P. 'Information society') (2003).

- The development of a network of community services acting as a stimulus to the creation of new jobs and as a precondition allowing women to seek employment (2003).
- Employers' contributions for hiring unemployed women with at least two children are subsidized for one year (2003).
- This measure is strengthened and upgraded in NAP 2004 as it is included in the Law 3227/04 "Measures for the remedy of unemployment and other provisions" (2004)
- Employers' contributions on behalf of replacements for women on maternity leave are also subsidized (2003).
- OAED implements a 'New Jobs Programme' for 5,000 women aged 18-65 (18 months) (2003)
- Policy measure on the promotion of part-time employment in the public sector to fill vacancies in new kinds of social services developed by the public sector: not only are 'mothers of minor children' are considered to be one of the target groups of this initiative but also the 60% quota for women applies in the case of other target groups comprising unemployed individuals (2004).
- The provision of accompanying support actions to 9,000 unemployed women and their promotion in employment policy actions, with co-financing from various Operational Programmes (the project will also continue during 2004-2005)
- Further increase of subsidies to the amount of the employer's contribution for businesses employing unemployed mothers (2004)
- Distance learning education programmes with a particular focus on 'working students or women obliged to stay at home' (2005)
- New law on working time which enhances temporal flexibility for the employer by encouraging flexible weekly working time, working time over a four month period and permits annual working time whereas combining flexible working-time arrangements with overtime hours is also permitted (2005).
- New law on part-time work in the public sector which has been specifically aimed at women. Albeit part-time work contributes to raising employment rates this particular law is quite problematic since all jobs offered are offered are fixed-term and do not provide either employment security or a stepping stone to longer-hour jobs neglecting thus one of the most beneficial aspects of part-time employment (2005).
- Special programmes for unemployed women, whose participation is encouraged by the provision of special incentives (2005, 2006).
- Signature of a Memorandum of Cooperation between the General Secretariat for Gender Equality and the Hellenic Network for Corporate Social Responsibility, aiming at further promoting equal opportunities between women and men in enterprises (2006)
- A new institutional framework for the promotion of Women's employability, aiming at the reconciliation of work and family life, based on the application of individualized approach. This new institutional framework will be put into force after the 30th of April 2007 (2006)
- New Program «Positive Actions in favour of women in Small-medium and Large Enterprises» implemented by the General Secretariat for Gender Equality in the framework of the O.P. "Employment and Vocational Training". Approximately 1,300 women have benefited in 2006 and in the first semester of 2007. For the second round of this project 143 Plans, with a budget of €14.2 million, have been approved and the beneficiaries will be in total 19,800 women (2006, 2007)
- In all New Self-Employed Programmes, women who have children under 6 years old, or who take care of relatives with disabilities, are given the option of using their own residence as the headquarters of their enterprise. As a result, a total number of 40,500 women benefited from the employment and self-employment programmes during the period 1.1.2006 – 30.4.2007.
- Special integrated intervention, combining counselling on how to enter into the labour market by either acquiring work experience, subsidization of an employment position, or setting up an independent business activity (beneficiaries: 3,880 women) (2007)

- New Programme “Improvement of the conditions for the inclusion of women from disadvantaged groups into the labour market” (2007)

Table 1.3: New Measures (18) promoting Female Entrepreneurship in Greece

- Higher Amount of grants to unemployed women for business start-ups in areas of high unemployment (1998)
- Creation of structures for Female Entrepreneurship (through NOW initiative) (1999)
- Special programme for women entrepreneurs in manufacturing (1999 and 2000)
- Support and networking of women’s cooperatives and businesses in rural areas (2000)
- Measures providing financial and technical support to unemployed women willing to start a small business (2001)
- Special incentives (mainly subsidies) and training to women entrepreneurs (2001, 2002)
- Subsidies to Young Entrepreneurs to create new businesses. The programme incorporated the equal opportunities dimension through the provision of special incentives for women (2001, 2002)
- Support of female entrepreneurship in rural areas and in rural tourism, handcraft and cottage industries (2001)
- Removal of administrative barriers to business start-ups for women (2001)
- Development of local networks, on the initiative of the Confederation of Industry, to provide counselling with the aim of promoting female entrepreneurship (2001).
- A series of Female entrepreneurship programmes starting from January 2003 (2003)
- The General Secretariat for Equality, in collaboration with the OAED, implements numerous projects for the reinforcement of women’s entrepreneurship during 2004-2006. Two innovations were introduced:
 - Young women/entrepreneurs can (this is financed by the OAED) to establish their own small business, to use their home as their place of business, in case they have pre-school children or care for relatives with a disability, and
 - The fees paid to the day care centre for children will be considered in the documents required (for approval of the proposal) (2004 - 2007).
- Implementation of action plans for equality in businesses, aiming at promoting equal opportunities and the hierarchical advancement of working women within businesses. It is estimated that 7,000 working women will benefit (the project continues also during 2004-2005)
- Special programmes for unemployed women, whose participation is encouraged by the provision of special incentives (2006)
- Special integrated intervention, combining counselling on how to enter into the labour market by either acquiring work experience, subsidization of an employment position, or setting up an independent business activity (beneficiaries: 3,880 women) (2007)
- New Programme “Improvement of the conditions for the inclusion of women from disadvantaged groups into the labour market” (2007)

Table 1.4: Promoting dedicated equality measures in Greek Employment Policy

1. Tackling Gender Gaps (23)

- Information and Entrepreneurship Centres for Women – Now Initiative (1998)
- Creation of Regional ‘Information and Counselling Units’ by KETHI for women (1999-2002, 2007)
- Review of curricula and textbooks in primary and secondary education to remove gender stereotypes (1999, 2001)
- Training and activation of trade unionists on gender equality issues (1999, 2000)
- Awareness of teachers on equality issues – Pilot programme (1999)
- 30% quota for the representation of women civil servants on promotion panels (2000)
- Research projects on pay differentials by gender and career advancement of women

(1999, 2000, 2002)

- Development partnerships to promote measures for equality at the workplace and employment of women in new economic sectors (2001)
- Completion of 13 studies directly related to the guidelines in Pillar 4, as part of the programme «Development of KETHI structures – O.P. Combating Exclusion from the Labour market» (2001)
- Extension of provisions to protect pregnant and breast-feeding women in all workplaces (2001)
- Indicators-based monitoring and evaluation of the progress made on equality issues (2002)
- Creation of an Observatory for Equality Issues (in the framework of the EPEAEK) (2002)
- Reform of undergraduate curricula and creation of inter-departmental programmes, seminars or lessons on issues of gender equality (EPEAEK) (2002)
- Incorporation of gender perspective into production of new teaching material for primary, secondary, general and technical education, on the basis of the specifications of the Pedagogical Institute and the Interdisciplinary Framework for Curriculum (2002)
- Changes in the Careers Guidance lesson at school in order to reconstruct stereotyped attitudes to men's and women's professions (2002)
- Positive actions for equal opportunities between men and women in small and medium-sized enterprises and large businesses (2004)
- Provision of supportive services to women belonging to vulnerable groups by specialised structures of the Research Centre for Gender Equality (2006).
- To promote equality between women and men in the educational procedure – combating stereotypes:
 - Implementation of education programmes for teachers promoting gender equality (2006)
 - Establishment of an Observatory for Gender Equality in Education in Greece to promote gender studies and gender equality in higher education which is going to operate as a Documentation Centre for the effective and scientific collection, record, and processing of data concerning this field. The Programme is a product of cooperation between the General Secretariat for Gender Equality, which is responsible to plan the gender equality policy in all fields, and the K.E.TH.I., and has a total budget of € 951,000 (2006)
 - Integrated intervention schemes for unemployed women only (2006)
 - 12 projects (in eight Universities and four Technological Education Institutions) in order to reform the undergraduate curricula, by including therein courses on equality (2006) funded by the O. P. “Education and Initial Vocational Training”.
 - Three major Research Programmes (Pythagoras, Heraclitus, Archimedes) within which several research projects on equality issues have been developed (2006)
 - Educational visits/ informational lectures to teachers and pupils of the three last classes of elementary schools/secondary schools/Technical Educational Schools all over Greece (2007)

2. Reconciliation of work and family life measures (29, excluding continuation of measures).

- Extension of opening hours of public kindergartens – pilot programme (1998)
- Daylong Kindergarten (1999 - 2006)
- Daylong primary school (1999, 2000, 2001, 2002, 2006)
- Increase of the financial support available for existing after-school Centres of Creative Activities for Children (1998)
- New after-school Centres of Creative Activities for Children (1999 - 2006)
- Extension of opening hours of public nurseries – pilot programme (1998)
- Child-care and nursery centres to be open in the late afternoon (1999-2006)
- New public crèches and nurseries (1999 - 2006)
- Home help programme for the elderly – pilot programme (1998)

- Creation of Social Welfare Units for Care of the Elderly (1999 - 2006)
- Institutions for Social Support and Reintegration of Disabled Individuals, under the Operational Programme 'Health-Welfare' 2000-2006 (2001)
- Pilot implementation of afternoon hours in ten public services (2001)
- Development partnerships to promote new patterns of work organisation, facilitating reconciliation of work and family life (2001)
- Programme of cash maternity allowances to working women who cannot claim these benefits from any insurance fund or are uninsured, and also do not have a satisfactory standard of living (2003)
- Programme of subsidies for single-parent families, prepared by the Child Welfare Department of the EOKF (National Organization for Community Care) (2003)
- Children's Country Camps (EOKF and Social Welfare Department of the local prefecture (2003)
- Proposal to provide incentives for large corporations to run day-care centres (2005)
- New Code of Civil Servants (Law 3528/2007) (2006):
 - The further prolongation of the facilitation of reduced working hours for two more years is provided in case of a fourth child.
 - Facilitations are provided for the mother who adopts a child, in order to make the transition to her new family life easy.
- Positive programme of policy action in a new law on Equal Treatment in employment relations focusing on the private sector. This programme obliges employers to promote equality at the workplace and to provide information to workers and their representatives about a) the gender composition of employment at different organisational levels and b) the measures they intend to implement in order to improve imbalances.
- The K.E.T.H.I, as a coordinating agency, implements a programme entitled: «Equal Partners: Reconsidering Men's Role at Work and Private Life», which is co-financed by the European Committee (80%) and the General Secretariat for Gender Equality (20%). The project aims at informing and raising public awareness, mainly of men and fathers, in the need of reconciling and harmonizing their work obligations and family life, through redefining stereotypes concerning the role of father (2007)
- The O.P. «Administrative Reform 2007-2013» includes a special priority axis entitled «Reinforcing gender equality policy» (2007).

2. Portugal

Table 2.1: Institutional changes (7) to promote Gender mainstreaming in Portuguese employment policy

- Establishment of an Observatory for Equality in Collective Bargaining to follow up the equal opportunities area in the instruments regulating collective bargaining (1998)
- Gender mainstreaming committees at the office of the presidency (1999)
- Committee for Equality in Work and Employment (1999)
- Committee for Equality and Women's Rights (1999)
- The creation of a NAP indicators system, which will allow the follow-up and evaluation of the progresses made in this area. Such system includes two great components: methodology of the indicators analysis (completed at the end of 1999) and a data collection system (to be developed in the first semester of 2000), aiming the creation of a data collection model, the monitoring and follow up of equal opportunities as a cross-disciplinary issue in the NAP. (1999-2002)
- In May 2004 a Gender Data Base (hosted by INE) of general access was launched and divulged, and updating mechanisms were constituted; about 100 indicators disaggregated by gender in domains such as Population, Family, Activity, Employment and Unemployment, Education and Training, Conciliation of Work and Family Life, Decision,

Table 2.2: New measures (25) promoting female employability in Portugal

- Launching of the REAGE initiative: Integral and individual follow-up methodology to prevent the adult unemployment, building Employment Personal Plans to ensure a new opportunity (1998-2006).
- Launching of the INSERJOVEM initiative: as REAGE; main difference is that this programme targets only young people (1998 - 2006)
- New Programmes aiming to fight against long term unemployment of women (1999).
- Adaptation of the target related to the increased weight of vocational training for unemployed by 25% per year with the goal of reaching 20% of the male unemployed and female unemployed (1999)
- Adaptation of the objective (Guideline 1 - 1998) to increase the training of the employed population in order to reach, in 5 years, 10% of the trainees in the total employed population. This target has to be achieved «with a balance between genders» (1999)
- New instrument introducing greater incentives for young women to acquire professional experience in professions where women are significantly under-represented – pilot programme (1999).
- Systematic improvement of the measures to support employment in professions significantly marked by gender discrimination (2000-2005).
- Greater incentives for hiring unemployed women over the age of 45 (1999).
- Creating a national list of professions significantly market by gender discrimination in order to provide a reference framework to the application of improvement of incentives within the scope of active employment policies (1999)
- PESSOA (Professional Stage Programme): attended predominantly by women (64%) as compared to men (36%). (1998, 1999)
- Under the 2nd CSF Sub-programme INTEGRAR: a new measure whose goal is to support the professional inclusion of Long Term Unemployed (main beneficiaries young and women) (1999)
- Extension of the REAGE Initiative to the Long Term Unemployed registered for 24 months in all areas covered by pacts and regional employment networks (with a focus on gender) (2000)
- To promote training and competence certification in ICTs – particular focus on women through increasing participation (above 70%) (2005)
- Intervention Programme for the Unemployed with Higher Education Qualifications (gender focus) (2005, 2006)
- (Within the framework of this Programme):the FORDESQ measure (almost 75% women);
- Professional Work Placement Measure which covered about 20,000 young people with a particular emphasis on women; their employability rate was about 70% (2006)
- ‘Professional Training Periods in Public, Central and Local Administration’ which has disproportionately benefited women (2006)
- Women are, however, the potential beneficiaries of substantial government investment in Centres for the Recognition, Validation and Certification of Competences (2006)

Qualitative Objectives

- Including contents in the areas of the Information and Communication Technologies in 50% of the continuous vocational training actions, with a minimum of 20 hours and with a proportion in the actions’ duration of at least 10%, in which the balanced participation of men and women is promoted (2001)
- Covering at least 26,000 apprentices in alternating training actions within the scope of the Learning System. Special focus on encouraging the representation of the under-

represented gender (2001)

- Increasing the training of employees as to reach, in five years time, 10% of trainees in the total of active employed people, with a gender balance (2001)
- Reducing by 25%, by 2003, the differences between unemployment rates of women and men, and in at least the same percentage in the youth group (2001)
- Under the Local Employment Initiatives Programme, it is awarded a prize for gender equality – when the projects of job creation originate, at least, 5 jobs and these are not fulfilled in more than 60% by persons of the same sex – whose amount corresponds to 10% of the total value of supports granted (2001)
- Ensuring 16,500 professional traineeships for young people, in the light of the gender equality objective (2000, 2001, 2002)
- To raise employment rate for women from 61.7% in 2004 to 63% in 2008 (2005)

Table 2.3: New measures (5) promoting female entrepreneurship in Portugal

- Programmes aiming to promote the support of women setting companies or independent workers (1999)
- Supporting the creation of 12,000 jobs through active measures for business start-ups, taking into account on assigning supports, the gender balance (2001)
- Programmes for the development of women entrepreneurship , in particular in the areas in which they are underrepresented (2003)
- In October 2003, Local Employment Initiatives within families’ support services was created, trying to contribute, through the stimulation of entrepreneurship and employment creation, for an increase in the offer of families’ support services and to stimulate a greater participation of women in the labour market (2004)
- Training and re-adaptation to new professional areas and mechanisms for creating an own business, as well as instruments to support geographical mobility, including a positive valuation of women’s entrepreneurship (2005)

Table 2.4: Promoting dedicated equality measures in Portuguese employment policy

1. Tackling Gender Gaps (31, excluding continuation of measures).

- Training in the area of equal opportunities area creating innovative modules, methodologies and materials aimed at strategic groups (1998)
- Inclusion of a module about equal opportunities in all the public training developed by the Portuguese Institute for Employment and Professional Training (1998)
- ‘Equality is Quality’ prize: Rewards to the enterprises and public services with model policies in the area of equal opportunities (1998-2005).
- Provision to youngsters with school and professional information and guidance adapted to their personal and professional projects, and making them aware of the options which help them to overcome the asymmetries between men and women in the labour market (1999, 2000).
- Inclusion in the school curricula of training components in the field of equality of opportunities, which will have an impact on the attitudes. (1999)
- Progressive introduction of equality of opportunities award in the employment supporting regiments. (1999)
- Promotion of training and professional certification of consultants/trainers under equality of opportunities between men and women. (1999)
- Studies to investigate disparities on wages and innovating models of wages practices, in order to promote equal remuneration for men and women. (1999)
- Promotion of studies on the application of the legislation related to the fight against

discrimination and to the promotion of equality of opportunities. (1999)

- Adaptation of the priority related to the training of teachers, by introducing the fight against discrimination theme into the labour market in the fields of development of competencies (1999).
- “Including Equal Opportunities in the Social Dialogue” in order to build new methods, programmes and pedagogic resources for the training of trainers of social negotiators in the field of equal opportunities between men and women in employment and at work (within the scope of the Initiative Leonardo da Vinci) (1999)
- Publicity campaigns on equal opportunities between women and men in the access to employment and to all professions and professional ranks (2001)
- Intensifying information and public opinion awareness actions with regard to gender inequalities both in working and family life (2001)
- Training several levels of actors in the processes of vocational and professional guidance, recruitment and placement, with a view to diversify women’s and men’s professional options (2001)
- Training social negotiators in areas related to equal opportunities and non-discrimination on the grounds of gender (2001)
- Training Frameworks for trainers in the area of gender equality (2003)
- 12 Television programmes promoted by CITE in order to facilitate sensitisation and training to change behaviours to promote equality of opportunities in work and employment (2004)
- Information/training actions on equality and conciliation (EQUAL) (2004)
- Publication in print (sent to 3000 organisations) and online of the Training for Trainers’ Manual in Equality of opportunities between men and Women (2004)
- Incentive to female participation in initial and continuing training in the ICT’s domains and the spread of other audio vision material (2004)
- The Green Phone Line created in the RAM by the Regional CITE, to deal with questions related to equality and non discrimination, maternity and paternity leave rights protection of working parents, as well as the conciliation of working and family life (2004)
- Project “Micronesian cooperation network for the Equality of Opportunities – Violet Project”, in which is intended, among other actions, to launch a Resources on Equality of Opportunities Guide, as well as another for the introduction of the gender perspective in quantitative and qualitative diagnostic studies (2004)
- Reforms in the Labour Code regulation (2004):
 - employer’s duty to spread, in the enterprise, information about workers’ rights and duties in this domain;
 - definition of direct and indirect discrimination, equal work and equal value, and broadening discrimination factors helping to make these rights operational;
 - enlarging protection against retaliation actions;
 - reinforcement of vocational training to workers of the under-represented sex in occupations where it exists;
 - establishment of a greater precision in the concept of “equal pay for equal work”, in order to eliminate any discrimination based on the gender
- Deepening of social dialogue and sensitisation of Social Partners to reanalyse the content of collective agreements in a gender equality perspective, namely revaluating occupations and professional categories’ definitions and their remunerations and forecasting clauses that favour conciliation of work and family life (2004)
- Better suitability of the functioning schedule of crèches, through the implementation of the positive differentiation principle established in the Cooperation Protocol to 2004 with Social Solidarity Private Institutions (2004)
- Separation of the administration of minimum wage levels from social benefit levels, thus potentially allowing higher minimum wage rises (2006)

2. Reconciliation of work and family measures (39)

- Giving priority to activities that respond to the growing social demand for proximity services, necessary for the improvement in the quality of life of families and women, notably those involving the development of occupational or extracurricular activities, providing child care to school children when parents are unavailable. (1998)
- Implementation of the Parental Leave Agreement, assuring the equality of rights and opportunities for both parents with professional activity. (1998)
- Creation of the Codes of Best Practices in areas such as maternity and paternity protection and positive action regarding conciliating work with family life. (1998)
- A more general use, in all initial and on-going training addressed to both sexes, of the teaching of skills required to carry out family life support activities. (1998)
- Expansion of the national pre-school network. (1998-2006)
- Promoting care services for dependants. (1999-2006)
- In the Regional Action Plan for Employment: in the Alentejo of the AJUDA network: a network of services rendered to the community for home support to aged people and other dependants, which allows qualified people to be recognised as such by the Social Security and receive, in the likeness of nannies, a subvention to cover the lack of means by the elderly to pay for the services rendered. (1999)
- (Similar to the above): Network in the Oporto Metropolitan Area, where tele-service centres will also be implemented, aiming at an articulation of the services rendered to dependent people. (1999)
- (Similar to the above): the promotion of an experimental project Employment-Family sharing of housework and working post, creating incentives for easier management of the total work load. (1999)
- Definition of aid for the recruitment of the unemployed to substitute workers absent from work due to their legal rights associated to the protection of maternity and paternity. (1999)
- Crèches 2000: a financial aid measure for the expansion of the network of crèches (2000, 2001 - 2006).
- Recognition of the indispensability of the right to paternity leave and of the fathers' legal protection in the exercise of this leave, equal to that of the working mother, namely against dismissal and in matters related to levelling absence time with effective work (2001)
- Father's leave entitlement of five working days in the first month after the birth of the child (2001)
- Financial support to baby sitting and looking after dependants of person attending training actions. (2001)
- Ensuring, by 2006, pre-school education attendance to all 5 year olds and to 75% of 3-4 year olds, by building and equipping another 1,800 classrooms during that period (2001)
- Guaranteeing actually receiving 100,000 children aged up to 3 in day nurseries (2001)
- Extension the pre-school institutions functioning calendar, in order to ensure a functioning scheme and a flexible timetable adequate to family needs (resolution n° 19 130/2002) (2003)
- The National Equality Plan 2003-2006 (2003)
- Support the recruitment and training of unemployed hired to replace workers absent from their job, under the terms of the legislation concerning maternity and paternity (1999-2003)
- Equality Plans in enterprises: Support of employer bodies in the development of innovative solutions, within the scope of work organisation, which facilitate the balance between work and family life for women and men (2003)
- Free telephone number and on-line information concerning equality between women and men at work, in employment and vocational training, as well as maternity and paternity rights (2003)

- The 5-day paternity leave is made compulsory (2004)
- Institutionalisation of the right to training after childcare leaves (2004)
- Payment of a share of up to 80% of the substitute worker's salary, as well as training costs in case of recruitment of an unemployed to replace an employee on maternity, paternity, parental or other leaves for taking care of children (2004)
- Increase of the leave due to adoption, from a minimum of 10 to 14 days, of the living spouse in case of death of the adopting worker (2004)
- Extension of the worker's right to miss work up to 15 days per year, for essential assistance in case of an emergency situation which cannot be postponed. The patient has to be a relative of the side line second degree (2004)
- Provision of support for the unemployed workers' childcare expenses is another positive example, particularly as it represents a complete departure from the usual policy of public support for childcare, which tends to direct support to institutions rather than families (2004)
- New Law to update Pres-School Education Expansion and Development Programme (Decree-Law no 342/2003, of 24th of April), making the annual update of the Cooperation Protocol and agreements to be in force, regulating the access regime and working rules of the financial support system to the pre-school education establishments of Lisbon's social solidarity private institutions. (2004)
- The launch of the Enlargement Programme for the Social Amenities Network (Order in Council no. 426/2006, 2May): effective planning for territorial needs, and stimulate investment through partnerships between the social sector, local power, and the business/private sector; in this way it will promote improved living conditions for the elderly and the disabled by furthering their autonomy and integration levels (2006).
- Support Programme for Investment in Social Amenities (Order in Council no. 869/2006, 29th of August): stimulates investment in social amenities, supporting private initiative, namely lucrative private initiative, contributing to the increase the capacity of responses in the social domains of children and youth, disabled and elderly population, by means of resources deriving from social games (2006)
- New programme 'Network of Integrated Continued Care' which is intended to boost the implementation of continued health care units and teams, social support, originating in community proximity services (2006)
- Extension of Primary school opening hours. Children are now required to be in school from 09:30 to 17:30 (2006)
- Ability to choose between having 120 days of maternity leave on full pay or 150 days leave at 80% of the full pay (2006)
- New measure for unemployment subsidy to take into account family obligations (2006)
- Expansion of the Network of Community Proximity Services (made up of a group of services and social amenities, aimed at providing social support and targeting the specific needs of people and families) as an important instrument to foster the conciliation of professional life with personal and family life and to provide equal gender opportunities, but it also contributes to generating many new jobs in the service sector (2006):
 - A 50% increase in the number of crèches, by 2009 - 31161 (meeting the Barcelona pledge: 33%);
 - Strengthening social responses for the elderly, creating 19,000 new vacancies by 2009;
 - Provision of 6000 places in facilities in the continued integrated care network by 2008;
 - And an additional 1850 vacancies in social responses for the disabled by 2009.

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