

## COMPETITION VERSUS REGULATION:

### SWEDISH ARTICULATIONS OF THE EU LABOUR MARKET DISCOURSE<sup>1</sup>

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#### **Introduction: interpreting EU labour market discourse in Sweden**

This chapter is concerned with EU social and labour market policy, sometimes referred to as the social dimension of the EU. This policy area has undergone a tremendous development over the last 15 years, from being tied to the internal market programme as a supporting policy, to being an important part of an integrated strategy to combat unemployment, increase economic growth, and enhance competitiveness in the EU. In this chapter, I will focus on the relationship between this EU discourse and the national creation of meaning within the same policy area in one specific member state – Sweden. When Sweden joined the EU in 1995, it became part of the EU decision making process concerning EU social and labour market policy. This entailed being able to further national interests within this policy area, through the national EU decision making process. This chapter focuses on the relationship between on the one hand an EU discourse on labour market policy, and on the other hand a national interpretation of EU labour market policy taking place in the Swedish EU decision making process. It is a meeting between two different discursive contexts, in which EU labour market policy is being developed, articulated and negotiated, and where meaning is being ascribed to EU labour market policy.

Theoretically, the relationship can be interpreted as a question of how different ideas (or a collection of ideas) can influence political development and cause institutional or organisational change. Ideas are perceived as explanatory variables in connection with organisational change (Campbell, 1998). It is not the purpose of this chapter to study organisational change, but rather to discuss how we can understand the spreading of ideas from one area to another. It is tempting to understand this as a simple matter of diffusion: that ideas travel from one area to the other without being altered significantly, and the national perception of EU social and labour market policy will only differ a little from the EU discourse. In this way, diffusion presupposes the existence of fully developed and easily identified ideas and paradigms that are directly transferred from EU to national levels without alterations. I believe this to be a much too simple understanding of the spreading of ideas and discourses. The relationship between the EU discourse on labour market policy and the Swedish creation of meaning within the same policy area can best be understood as a complex process of translation (Czarniawska and Joerges, 1996; Latour, 1988). Translation is a continual process of creation of meaning, where an idea (or a collection of ideas) can be articulated and stabilised in the course of time (Kjær and Pedersen, 2001). Translation is a concrete process of meaning creation, where different distinctions are articulated and where meaning is ascribed to EU social and labour market policy. All meaning creation is thus local and context specific. There is no authoritative place ‘outside’ the discursive arrangement of a member state, from where meaning, status and validity can be ascribed to EU social and labour market policy. The creation of meaning is local, and thus highly dependent on the discursive and institutional arrangement of that specific country.

In this chapter, I focus on the institutionalised negotiations at the ministries concerned with articulating a Swedish position on EU labour market and social policy. I will thus present a concrete example of how a member state articulates EU social and labour market policy, and

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how meaning is created within the national EU decision making process. First, I will briefly outline the EU discourse on social and labour market policy, articulated by the EU institutions in the period 1985-1998. Then I will focus on the discursive arrangement and creation of meaning in the Swedish EU-related decision making process today, with special emphasis on the Swedish articulations of unemployment, employability and lifelong learning. Finally, I will discuss the relationship between the two main articulations of EU labour market policy in Sweden and the relationship between the EU discourse and the national creation of meaning, and compare them to each other.

### **Two phases of EU discourse**

In this section, I will outline some of the results of a discourse analysis of EU social and labour market policy. My approach to discourse analysis is mainly inspired by Foucault (1972) and the Danish tradition of institutional history (Pedersen, 1989, 1990, 1995; Andersen, 1994, 1995; Andersen and Kjær, 1996; Pedersen, 1997).<sup>2</sup> Here, I will focus mainly on the articulation of problems and solutions within the EU social and labour market discourse, and the change that happened around 1990.

My history of the EU discourse on social and labour market policy begins in 1985, but we can find traces of EU labour market policy in the Treaty of Rome with the establishment of the European Social Fund (ESF). Until the 1970s, most policy development focused on one of the so-called traditional areas of EU social and labour market policy – the free mobility of workers and anti-discrimination of workers in the EU. The 1970s witnessed a new beginning within social and labour market policy, and the concept of ‘the social dimension’ was used for the first time. In 1974 the Council issued the first social action programme in the light of the beginning economic recession and the oil price crises. This resulted in policy developments in the areas of workers rights, gender equality and health and safety at work. At the same time the Commission launched the social dialogue between the European labour market organisations (the European Trade Union Confederation (ETUC), the Union of Industrial and Employers’ Confederations of Europe (UNICE) and European Centre of Public Enterprises (CEEP)), but with limited success, mainly because of the so-called Vredeling directive, which concerned information and consultation of workers in multinational firms. At the beginning of the 1980s, the social dialogue stopped; the Community suffered from serious budgetary problems and conflicts, and no new directives were issued on EU social and labour market policy (see CEC, 1989a). This was the background to the re-launch of EU social and labour market policy in 1985 with the new Chairman of the Commission – Jacques Delors. The period 1985-1998 can be divided into two different phases of discourse: the social dimension of the internal market 1985-1990, and the structural political frame of meaning about EU social and labour market policy 1990-1998. The two phases entail two different

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<sup>2</sup> By using institutional history as analytical strategy, I construct a history of the creation of meaning within EU social and labour market policy as it develops from 1985 to 1998. I define discourse as a specific frame of meaning, regulated by specific ideals, and which through articulation of differences, similarities and relations orders social relations, interests and phenomena. Discourse is the establishment of a symbolic universe wherein a continual production of statements about objects, subjects, rationality, agents, past, present and future and problems and solutions are being made. My definition of a discourse entails that I do not make a distinction between ‘reality’ and discourse. In my view, we can not perceive something as being outside of discourse and institutions. What is meant by reality is always and already created as meaningful within a specific discursive context. In this sense my definition of discourse is somewhat broader and more radical than the ones discussed in the introductory chapter of this book.

ways of articulating EU social and labour market policy at the European level, that is, through the institutions of the EU. Unemployment is articulated as the most serious problem of the Community in both periods, but the rationality and the articulation of the problem are very different. The same applies to the articulation of solutions to the unemployment problem, and to the very definition of EU social and labour market policy. I date the change to just around the year 1990. This was an unusually quiet period in the articulation of the EU discourse. There were small signs of the beginning of a more structural understanding of EU social and labour market policy before 1990, but by 1992 we can see a much clearer structural articulation (see e.g. CEC, 1992). In 1993 with the Delors white paper (see Jacobsson in this book) we can see a fully-blown structural understanding of problems and solutions within EU labour market policy.

In the first period (1985-1990) unemployment was articulated as a technological and growth related problem. Unemployment was rising because of the recession and the substitution of workers by new technology (see for example CEC, 1988). Consequently, the ultimate measure to combat unemployment was growth. This was a period of optimism. The future looked bright, because the completion of the internal market was expected to generate the much-needed growth and create many new jobs throughout the Community. In the long run, the internal market was expected to solve the unemployment problem. The restructuring, resulting from the liberalisation programme, was expected to enhance the competitive advantages of European firms vis-à-vis US and Japanese firms. This was the dominant picture of the future articulated in this period, and though it was generally an optimistic picture, some short-term concerns were also articulated. The process of restructuring within industry would possibly result in rising unemployment in the short run. Based on a scientific report (CEC, 1989b), the Commission expected that the development of employment, with the completion of the internal market, would resemble the shape of a 'J'. EU social and labour market policy was articulated as the remedy for this first decrease in employment. As such it was strongly tied to the internal market programme and the J-curve. EU social and labour market policy was expected to eliminate the short-term consequences of the liberalisation programme, and this was the justification for re-launching the policy area.

While unemployment was articulated as the overall problem in Europe in this period, two related problems were identified – social dumping and regional inequality. Social dumping is a concept used to describe a situation, where firms can obtain a competitive advantage by moving to another EU country with lower standards of health and safety requirements, lower standards of workers rights etc. In this way firms can 'export' unemployment within the Community, and the overall result might not be a decrease in unemployment. This was the general argumentation used to articulate social dumping as a problem, and scientific studies confirmed that social dumping would most likely be a result of the internal market, especially where labour intensive industry was concerned. The EU institutions pointed to a Community charter of basic workers rights as a solution to social dumping (see ECOSOC, 1987; CEC, 1990). The purpose of the charter was to establish a number of minimum rights for workers in the EU, so that social dumping would not be possible. The rights were established in the following areas: free mobility of labour, increases in living standards and work conditions, freedom of association and collective agreements, education and qualifications, equal rights of men and women at work, information, consultation and influence for workers, health and safety at work, protection of children at work, reasonable salary levels, reasonable social protection, reasonable pensions, and the integration of the disabled. This was eventually called the Community charter, and was agreed upon in 1989, but without the participation of the UK. The charter was, at the time, not legally binding, and the subsequent reports on the implementation of the charter are rather depressing reading (see for example CEC, 1991).

Regional inequality was another related problem. It was expected because some regions were already lagging behind, and these were likely to deteriorate even further with the completion of the internal market. The solution to this problem was articulated as a reform of the structural funds (CEC, 1988). The financial support was ordered in accordance with six overall target areas, and there was a substantial increase in funding. This was completed with the ratification of two budget reforms (Delors I and II) in the beginning of the 1990s. In this period of the EU discourse the present was perceived as a time of crisis, and the future looked promising with the internal market and EU social and labour market policy to remedy the detrimental short-term effects. EU social and labour market policy was thus articulated as a supporting policy in relation to economic policy.

This way of articulating EU social and labour market policy changed significantly after 1990. The development of the EU discourse in the 1990s is described in detail elsewhere in this book. I will therefore restrict myself to summarise some of the main developmental trends of this period in this chapter. Unemployment was still articulated as the most important problem of the EU, but in a quite different way. Unemployment was now articulated as a structural problem. It was no longer just a question of growth and technology. The labour market was perceived as having a number of structural problems, and these had to be solved in order to raise employment. This meant that economic growth alone would not be able to create full employment and market clearing. As a consequence, attention was shifted to the supply side of the labour market – the workers (CEC, 1993a, 1993b). Two structural measures were pointed out as solutions: Education and a more active employment policy. Education and qualifications had to correspond to the demands of industry. Education was articulated as lifelong learning. Workers would have to upgrade their skills, in order to be flexible and meet the demands of the labour market. This also applied to the unemployed. Because of changing conditions on the labour market, the unemployed had to upgrade their education and skills in order to be employable (CEC, 1994). The picture of the future changed in this period of the discourse. As we have seen in the previous chapter, the key figure in this period was the knowledge-based society. The future would bring the information society, and the employees would have to be ready for it. The unemployed needed new qualifications, partly to meet new demands on the labour market, and partly to become a part of the information society. Otherwise there was a risk that the population would be divided into two groups: those who were active participants in the information society, and those who were not.

Unemployment was perceived as resulting in social exclusion. Social exclusion was articulated as a complex structural problem that needed integrated and coherent solutions. Long-term structural unemployment was only one aspect of the problem, other aspects were housing, health, discrimination, poverty and abuse problems (CEC, 1993a). EU social and labour market policy was articulated as one part of a structural political strategy to combat unemployment and social exclusion. The present was perceived as a time of crisis with high levels of structural unemployment and rising poverty, while the past was an optimistic time characterised by job creation and general enthusiasm about the internal market. In this period of the EU discourse, solutions were seen as long-term integrated strategies where all the EU policy areas had to contribute. The structural discourse was penetrating the EU discourse, and the policy area was articulated as an integral part of a structural political initiative to increase growth, enhance competition and combat unemployment and social exclusion. It was no longer secondary to economic policy, it was one among many other policy areas integrated within a structural political frame of meaning. Since 1997, the European employment strategy and guidelines has been the most dominant policy area of EU social and labour market policy (see Jacobsson in this volume for a closer examination of the EU employment discourse). This is the discourse that Sweden faced when joining the EU. In the next section of this

chapter I examine how the Swedish translation of the EU discourse is constructed through the local creation of meaning.

### **The creation of meaning in Sweden**

Meaning about EU social and labour market policy is created through the Swedish EU-related decision making process. Different agents, such as civil servants and social partners, reproduce the institutional and discursive arrangements in Sweden, through discursive and institutional practices. Thus, a creation of meaning takes place through the ongoing articulation processes in Swedish governmental praxis. The Swedish EU decision making process is characterised by highly informal relations and interactions between the different agents that take part in it. I have focused on the development of the national interest that is concentrated around the Ministry of Industry, Employment and Communications and the Ministry of Health and Social Affairs. They hold joint meetings with the Swedish labour market organisations (The Swedish Trade Union Confederation, the Swedish Confederation of Professional Associations, the Confederation of Swedish Enterprise, the Swedish Association of Local Authorities, the Federation of Swedish County Councils and the Swedish Agency for Government Employers), and through their institutional practice they institutionalise a Swedish translation of the EU discourse.

It is not possible to identify only one articulation of EU social and labour market policy in Sweden. There are a number of different articulations that are all in one way or another related to a basic discursive distinction between regulation and competition. Because it is possible to identify more than one articulation of EU social and labour market policy, I have chosen to use the term discursive terrain. The ongoing articulation processes establish a discursive terrain through which the Swedish creation of meaning takes place. I can identify at least five different articulations of EU social and labour market policy, but will concentrate on two articulations that have the entire policy area as their object.<sup>3</sup> The Swedish discursive terrain is characterised by these two articulations of EU social and labour market policy, which are in opposition to each other. I will call them 'the regulation articulation' and 'the competition articulation'. Even though the two articulations differ in many ways, they are both part of a structural political discourse. The rationality of the articulations is focused on the structures and the supply-side of the labour market - the workforce. However the two articulations point to different problems and solutions within EU social and labour market policy, and specifically in connection with EU employment policy.<sup>4</sup>

#### *The regulation articulation*

The regulation articulation is characterised by the articulation of regulation as the positive side of the basic discursive distinction regulation versus competition. The core argument is that regulation of the labour market is needed. This is the argumentation of the Swedish social democratic government (represented by the two ministries)<sup>5</sup> and the trade unions. These are the main agents within this articulation of EU social and labour market policy. It is

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<sup>3</sup> The other three have different aspects of EU social and labour market policy as their object, but all articulate regulation as the positive side of the basic discursive distinction.

<sup>4</sup> This section is based on interviews with agents in the Swedish EU decision making process on EU social and labour market policy conducted in 1998 and in 2002.

<sup>5</sup> It would be wrong to assume that the Swedish government is a homogenous entity in the regulation articulation. There is a distinct tension between the two ministries I focus on, and the Ministry of Finance. The responsibility of the employment guidelines is shared between the Ministry of Industry, Employment and Communications and the Ministry of Finance, but the Ministry of Finance does not adhere to the regulation articulation to the same degree as the two ministries I focus on here.

characteristic of the regulation articulation, that EU social and labour market policy in general is perceived as a counterbalance to the internal market. Business and industry got the internal market, and the workers got EU social and labour market policy to counterbalance the onset of free competition. The purpose of EU social and labour market policy is to counteract the detrimental aspects of the internal market. EU labour market policy is generally articulated as the social dimension of the internal market. It is considered important to regulate the labour market, so as to avoid 'unhealthy' competition on labour standards.

Unemployment is pointed out as the most important problem of Europe, and it is articulated both as structural unemployment and as a result of the recession. The trade unions would like the EU to lead a more expansive fiscal policy to generate more growth and create jobs. Social dumping is also articulated as a very serious danger, as part of the unhealthy competition within the internal market. One of the main purposes of EU social and labour market policy according to the two ministries and the trade unions is to prevent this kind of behaviour from arising in industry – the ravage of capital, as the Swedish Trade Union Confederation calls it. To prevent social dumping, the Swedish government and the unions have called for legally institutionalising the basic workers rights from the Community charter from 1989 in the treaties of the EU, which took place with the Amsterdam treaty. The unions also advocate transnational rights to strike within the EU. This is perceived as a necessary measure to counteract the free movement of capital. When capital can move freely in the internal market, it should also be possible to arrange strikes across borders or in sympathy with workers in other EU countries. This is articulated as a solution to social dumping, because it will make it easier to combat social dumping in the EU. The Swedish government supports this argument, and tried to place it at the agenda of the IGC in Amsterdam, but with little success.

The regulation articulation is very influenced by the structural political discourse. The unemployment problem and the problem of social exclusion are generally articulated as complex and structural problems. A director at the Ministry of Industry, Employment and Communication says in an interview in 2002 that within the last five years, they have focused heavily on the need for structural change in the labour market. There is a strong tendency to focus on the functioning of the labour market, and the supply-side - the workforce. The labour market is perceived as having mis-match problems, which prevent market clearing and hence full employment. The solutions to these problems are mainly articulated in connection with the employment guidelines and the National Action Plan. As we have seen in a previous chapter of this book, the guidelines consist of a range of common goals of employment policy. Every year member states write a report (a National Action Plan) on what they have done in the previous year to live up to their commitments and implement the employment guidelines in their national employment policies.

The Swedish government and the unions clearly stress education and lifelong learning as solutions to the employment problems. A well functioning labour market has a competent workforce with the necessary qualifications, demanded by the economy. The national action plan (Regeringskansliet, 2001) concentrates on the four pillars of the employment strategy: employability, entrepreneurship, adaptability and equal opportunities. These areas consist of a mixture of both supply- and demand-side initiatives that must be implemented at national level and according to national traditions. However, within the regulation articulation there is a strong tendency to focus on the supply-side measures to combat unemployment: most importantly, education and the upgrading of skills. The employees must have the qualifications that are needed to be employable. The argumentation within the regulation articulation is that today the labour market is changing rapidly, and it is not enough to have a high level of education before entering the labour market. Employees must continually upgrade their skills and learn all through their working life, in order to meet the changes. This is the concept of lifelong learning. If employees are not employable, the result will be an

increase in mismatch problems, according to the Swedish government. Enterprises will have difficulties finding qualified workers, which will lead them to compete for employees. This, in turn, will lead to higher wages and higher inflation, increased unemployment and more long-term unemployed workers. At the same time, it is expressed in interviews at the Ministry of Industry, Employment and Communications, that the active employment policy in Sweden over the last 10 years has been effective. It has been possible to educate the unemployed, while waiting for the end of the recession, which has made them employable when growth returned and new jobs were created. In a sense, the unemployed have been 'on hold', until times got better. (However, for a more self-critical government document, see Prop. 1999/2000: 98).

Education and lifelong learning is a very important strategy within the regulation articulation, but it will only work if people are secure in their jobs. This is why both the two ministries and the trade unions talk about the quality of work. The vision of 'good work' consists of lifelong learning, high health and safety standards, variety in work, equal opportunities, a non-discriminatory climate, as well as being able to combine work and family and job security. Lifelong learning and education is all very well, according to the Swedish Trade Union Confederation, but employees have to dare to upgrade skills and engage in lifelong learning. According to the government and the trade unions, it is important to have a high level of social security, so that people feel secure, and dare to meet the changes through educational measures. They have to feel secure in order to be able to change and be employable, as a labour market expert from the Swedish Trade Union Confederation says. Every year the EU issues a recommendation to the Swedish government encouraging it to revise the tax and social security systems, lower tax on labour and thereby increase the willingness of the unemployed to work. Within the regulation articulation this is perceived as a much too detailed interference from EU level. Recommendations are perceived as a useful instrument to obtain employment goals, but the method should be left to the member states, which ultimately have the competence on this area of EU social and labour market policy, according to the Swedish agents in the regulation articulation.

Rationality in the regulation articulation is thus based on the argument that free competition has to be regulated to prevent industry from competing on low levels of labour standards which will ultimately lead to regional inequality and the lowering of labour standards in the EU. The basic argument is that regulation of the labour market is necessary to prevent market failures. However, such regulation must be oriented towards common goals, and the methods of reaching these goals must be the competence of the member states.

#### *The competition articulation*

The competition articulation is obviously based on the articulation of competition as the positive side of the discursive distinction. The representatives of this articulation are the Swedish employers' organisations, both public and private. As the regulation articulation, the competition articulation has EU social and labour market policy as a whole as its object. It is defined as labour market policy and some social security measures. EU social and labour market policy is articulated as a policy supportive of the internal market. Its purpose is to make the internal market (the competition) work optimally, by increasing the free mobility of labour. According to the Swedish employers' organisations, EU social and labour market policy will at best increase the free mobility of workers, and at worst obstruct free competition.

Unemployment is articulated as the most important problem in Europe, as was the case in the regulation articulation. The problem is more specifically the lack of employers, and the lack of flexibility in the labour market. Unemployment is again articulated as structural unemployment, because of the rigid structures of the labour market, which prevent labour flexibility, and make it too expensive to be an employer. According to the employers'

organisations this is the reason for the lack of job creation in the EU. Too much regulation of the labour market makes it too expensive to start new businesses, and creates lack of flexibility. According to the employers' organisations, there is a tendency to build more national regulation of the labour market on top of EU regulation. A senior advisor at the Confederation of Swedish Enterprise says that they do not see any need for more regulation on the EU level. Social dumping is not perceived as a serious problem in the EU, and is not considered widespread. Most labour market issues are already regulated at national level either through legal measures or through collective agreements between the labour market organisations. The need for regulation of labour market issues at EU level should be established with regard to actual transnational problems. According to the Swedish employers' organisations, the directives on posting of workers, works councils in multinational firms and the interaction of social security systems are relevant and needed, because these issues have truly transnational aspects. The Swedish employers operate with an extreme interpretation of the principle of subsidiarity. The Confederation of Swedish Enterprise writes (Confederation of Swedish Enterprise, 2002b): 'All EU action in the social policy area should be guided by the principles of subsidiarity and proportionality. The EU should only take action on matters which are genuinely transnational in nature and for which it can add value.' The problem within the EU is that too much emphasis has been placed on social security regulation of the labour market, instead of increasing flexibility that, in turn, leads to more job creation and thus more job security. This is the basic argumentation within the competition articulation. As we can see, this is very different from the regulation articulation.

As a consequence, the competition articulation points to two additional problems: Over-regulation and subsidised job creation. Regulation of the labour market should only be used in relation to cross-border activities, such as labour mobility, and only if it is beneficial to market competition. The competition articulation points to de-regulation as the main solution to the unemployment problem. De-regulation of the labour market and simplicity of labour market regulation are the essential solutions to the unemployment problem in the competition articulation. The Confederation of Swedish Enterprise writes (Confederation of Swedish Enterprise, 2002a): 'Unnecessary barriers must be abolished and new barriers avoided... Rules must be simpler, fewer and more stable.'

The competition articulation is also heavily influenced by the structural political discourse. The perception of the structural problems of the labour market is almost identical in the two articulations. But although the diagnosis is almost the same, the weighting of the different solutions is different. Knowledge and skills are considered to be key factors for maintaining the competitive strength of the EU. The point of departure for the Swedish employers is the demands placed on employees in the future. Europe should not compete on the basis of low labour costs, but rather on high levels of education and competence. The lack of competencies demanded by firms creates mismatch problems in the labour market. Thus, it is in the interest of employers that the level of knowledge among employees is raised. This articulation focuses on a number of supply-side solutions to these problems. The Swedish employers fully support the employment strategy and the call for lifelong learning. They write (Confederation of Swedish Enterprise, 2002b): 'Because Europe needs a workforce that is well-educated, competent and flexible, there is also a need to develop strategies for lifelong learning.' A high level of competencies and the right level of skills among employees are a prerequisite for a flexible labour market. According to the Swedish employers this will increase the geographical and job related mobility of workers in Europe. But lifelong learning should primarily be a national responsibility, and not be controlled at EU level.

However, other structural measures are considered equally important in order to create a flexible labour market. The Swedish employers criticise the attitude of the Swedish



government on tax policy, specifically tax on labour. They fully support the recommendations of the Commission to lower tax on labour by lowering employers' tax and income tax for low-income workers. It is considered unfair tax competition creating distortions in the EU, and the employers strongly criticise the Swedish government for not living up to the recommendations. The same is true for the recommendation to increase the incentive structure in the social systems by lowering the levels of unemployment benefit. A senior advisor at the Confederation of Swedish Enterprise says that they could not have said it better themselves. Unfortunately, the Swedish government has neglected to implement these recommendations, and is not doing enough to promote lifelong learning, according to the Swedish employers. However, lifelong learning should not be the responsibility of the employer alone, the employees must also contribute by paying for their lifelong learning themselves. Generally, the Swedish employers are very sceptical towards Swedish labour market policy in total. Until now the policy has only contributed to preserving an old industrial structure and keep people in unemployment. The ultimate goal within the competition articulation is to abolish national and EU labour market policies altogether.

The Swedish discursive terrain is dominated by these two articulations of EU social and labour market policy. Even though the two articulations have distinct similarities (the structural emphasis), unemployment as the main European problem, lifelong learning as a solution among others etc.), they oppose each other on the basic discursive distinction between regulation and free competition. At the same time, the discursive terrain in Sweden, where meaning is ascribed to EU social and labour market policy, is characterised by an ideological boundary. The social democratic Swedish government and the unions establish the regulation articulation, while the right-wing opposition and the employers' organisations support the competition articulation. Thus, within EU social and labour market policy in Sweden, the ideological question is, does one attend to the workers interests, or does one attend to the interests of industry? Does one endorse a 'socially acceptable' policy, or does one endorse 'the necessary and responsible' policy? The ideological boundary in the creation of meaning is the most important characteristic of the Swedish EU decision making process studied. Not only is it an important discursive boundary, it is also strongly institutionalised, and reproduced through the institutional practices of the agents. It cuts across the whole decision making process, and creates a core group of agents whose interactions are characterised by informal routines and personal relationships, and who are an integral part of each other's decision making processes. It establishes a community of fate<sup>6</sup> in the Swedish decision making process, between those who share the same understanding of EU social and labour market policy. The distinction between 'us' and 'them' in the Swedish EU decision making process is thus a distinction between labour and capital.

However, although not unusual in an international perspective, the ideological boundary in the Swedish discursive terrain is not self-evident. We cannot find the same discursive boundary in Denmark, for example, within the same policy area. On the contrary, the Danish discursive terrain, related to EU policy, is characterised by consensus, even though the basic discursive distinction between regulation and competition is exactly the same. In Denmark regulation is always articulated as the positive side of the distinction, and this applies to all the core agents in the Danish EU decision making process within EU social and labour market policy, regardless of national ideological differences. When it comes to EU social and labour market policy, Danish agents are characterised by a high level of pragmatism, which is almost unheard-of in the Swedish process. The Danish discursive and institutional arrangement and the creation of meaning concerning EU social and labour market policy are entirely different

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<sup>6</sup> A community of fate is established by the distinction between 'us' and 'them'. We, who share the same interests, and those who have other interests.

from that in Sweden (Faurbæk 2001). In Denmark the distinction between ‘us’ and ‘them’ in EU labour market policy is a distinction between Denmark and the EU, not between labour and capital within Denmark. There is also an institutionalised separation between EU policy and Danish policy. In the latter, more ideological polarisation is allowed, but in relation to the EU, consensus is the marked feature.

The Swedish creation of meaning in relation to EU labour market policy thus takes place in a highly ideologically divided discursive terrain. Traditionally, Sweden has been regarded a country characterised by pragmatism and consensus in labour market policy, but the ‘Saltsjöbad spirit’ (see Allvin in this volume) had already started to wither away by the early 1970s. The ideological polarisation has since the increased even further. For instance, in the early 1990s, the Swedish employers declared the ‘Swedish model’ dead and decided to withdraw from all tripartite cooperation in Sweden (Rothstein and Bergström 1999).

### **Articulating EU labour market discourse**

I will now discuss the relationship between the two creations of meaning in the Swedish EU decision making process with special emphasis on the question of employability and lifelong learning. Secondly, I discuss the relationship between the Swedish discursive terrain and the EU discourse.

#### *Comparing the two articulations*

The two articulations of EU labour market policy in the Swedish discursive terrain have a range of similarities, even though they are in opposition to each other with regard to the question of regulation. At first glance, their ‘diagnosis’ of the problems of the labour market seem almost identical. Both articulations are clearly a part of the structural political discourse, and use structural arguments for their understanding of problems and solutions within EU social and labour market policy. The key term is mismatch problems on the labour market. The balance between demand and supply in the labour market has been disrupted, and this makes it impossible to achieve full employment. So far the two articulations are in almost complete agreement. At the same time, there is a tendency to emphasise the supply-side of the labour market rather than the demand-side. Both articulations agree that at least one of the problems is that the qualifications of employees do not meet company requirements. Employees are neither ready to meet future change in the labour market or adapt to the demands of firms.

The main difference between the two articulations of EU social and labour market policy is that the employability of workers is either considered to be a problem for society at large or simply an individual problem. One of the solutions pointed out by both articulations, as we have seen, is lifelong learning and the upgrading of skills. But the two articulations differ in their argumentation about this solution to the structural problems of the labour market. In the regulation articulation workers can only engage in lifelong learning if they feel secure. Job security is a key aspect of the strategy within the regulation articulation. This is why the Swedish government is sceptical towards some recommendations of the Commission. It is more important within the regulation articulation to develop the quality of work, than to strengthen the structure of incentives in the labour market by lowering unemployment benefit. Thus, being employable is not just an individual problem for employees, it is also a social problem for society. People will not dare to upgrade their skills (and thereby become more employable) if there is no safety net in the form of a relatively generous social system. This is not the understanding of lifelong learning within the competition articulation. Lifelong learning and the upgrading of skills is obviously a societal problem, because it results in mismatch problems in the labour market. But it is ultimately an individual responsibility. Workers will have to meet the demands of industry in order to keep their jobs. The employers are very focused on the incentives to engage in lifelong learning and the incentive for

unemployed workers to upgrade their skills in order to get jobs. With high levels of unemployment benefits, the unemployed do not have incentives to become employable. Lower levels of unemployment benefits will increase the willingness to adapt to the needs of the labour market, and thereby effectively reduce the mismatch problems. Job security is not the first element of the equation. Job security is the end product – the result – of increased flexibility in the labour market. At the same time, lifelong learning and education is only one part of the solution within the competition articulation. As we have seen, it is equally important to lower taxes on labour, both the employers' tax and income tax. According to the employers, this will increase entrepreneurship and growth. The argumentation is that the differences in tax systems create unfair competition and create distortions in Europe. Within the regulation articulation, the tax issue is considered to be highly sensitive. The question of reducing unemployment benefits is not seen as a viable way of improving adaptability and upgrading qualifications. As for the de-regulation solution of the competition articulation, the regulation articulation is heavily sceptical. Its advocates warn that de-regulating the labour market will result in negative flexibility (lower labour standards, social dumping, lower health and safety standards etc.), while positive flexibility will be the result of the development of the quality of work (lifelong learning, being able to combine work and family, non-discrimination etc.). Hence, even though employability and lifelong learning are articulated as solutions in both articulations of EU social and labour market policy, the argumentation and the weight of the various elements are completely different between the two articulations. The Swedish discursive terrain is characterised by opposition and ideology, as we have seen, and this is also true with specific regard to the question of employability.

*Comparing the EU discourse and the national creation of meaning*

Can we identify a relationship between the EU discourse and the national creation of meaning, and if so how can we understand it? I use the term discursive couplings to describe the relationship between the EU discourse and the national discursive terrain. A discursive coupling means that there is reference to an identical or at least overlapping understanding of problems and solutions on the EU and national levels. It is not enough to use the same words. The articulation of problems and solutions has to be identical or overlapping to identify a discursive coupling.

I can identify a number of discursive couplings between Swedish articulations and the EU discourse on social and labour market policy. There are strong couplings between the Swedish articulations and the EU discourse if we look at the rationality of the creations of meaning. Unemployment is articulated as structural unemployment within both Swedish articulations and in the EU discourse in the second period. The articulation of unemployment is almost identical, and is by and large shared by the two articulations in Sweden. Generally there are more couplings between the regulation articulation and the EU discourse, than between the competition articulation and the EU discourse. The problem of over-regulation cannot be found in the EU discourse connected to DG V in any of the two periods. Neither can the solution of de-regulation.<sup>7</sup>

On the subject of employability, there is a strong coupling between both articulations and the EU discourse on employability (which was described in the previous chapter). However, there is a difference between the couplings of the two articulations and the EU discourse. The solution of lifelong learning and education is articulated almost identically at EU and national levels, indicating a strong coupling between the two levels. This is true in the case of the regulation articulation in particular. But the competition articulation also advocates other structural solutions (the tax and social systems), and thereby could be said to have a stronger

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<sup>7</sup> However it is likely, that we can find these problems and solutions in another area of the EU discourse, for example that connected to ECOFIN and the economic guidelines.

coupling to the EU discourse. In the light of the previous chapter, however, the question is whether the national creation of meaning represented by the competition articulation has more in common with the discourse of the OECD, rather than the EU discourse. Couplings to the OECD discourse can be seen by its emphasis on the incentive structure and the tax and unemployment benefits systems.

Social dumping is being articulated identically at national (within the regulation articulation) and EU levels. But this is a strong coupling between the Swedish creation of meaning as it looks today and the EU discourse as it looked in the first period. If we look at the definition of EU social and labour market policy the picture is the same. There are strong couplings between the national and the EU level on this point, but again the Swedish articulations (both the regulation and the competition articulations) couple to the first phase of the EU discourse.

### **Conclusions: the Swedish EU decision making process**

The purpose of this chapter was to show how meaning is created through articulation within EU social and labour market policy, and that there is not a simple one-to-one relationship between the national creation of meaning and the EU discourse within the same policy area. As we have seen, the Swedish articulations of EU social and labour market policy are not a mere reflection of the EU discourse. Some aspects are the same, and some are quite different. If we were to compare the Swedish creation of meaning to a creation of meaning in another member state, it would also be different. The creation of meaning is local, and thus dependent on the local discursive arrangements and institutional context in the member state concerned. The Swedish EU decision making process is relatively informal. It is not a hierarchical process, with many formal levels and institutions as that for example in Denmark. The Swedish process is characterised by relatively loose couplings between levels and processes. On the one hand, EU policy must be treated as ordinary national policy, but on the other hand there is a rather strong government prerogative within EU policy, because of the relatively weak position of the parliamentary EU council. The national interest in EU labour market policy is developed through the local creation of meaning in relation to different policy areas (labour market and social policy). The creation of meaning is then co-ordinated through loose couplings primarily between expert government officials and transformed into instructions. These are then anchored around the senior civil servants and the Minister who is being prepared. In this way, a negotiated and coherent Swedish position is secured in spite of the oppositional discursive terrain in Sweden. This could lead to the conclusion that in Sweden there is room for different political visions about EU labour market policy, especially on employability, as we have seen. However, in reality, a selection of interests occurs at a very early stage in the process. The selection of the dominant articulation happens in accordance with the ideological boundary, and is thus a result of the political 'colour' of the Swedish government. The other articulation is more or less repressed from the EU decision-making process, and this is reflected in the interaction patterns of the agents. A group of core agents is established consisting of the Swedish government and the trade union organisations in Sweden.

In Denmark this behaviour by a government would be heavily sanctioned, because the distinction is not based on ideology but on different policy areas. As the Danish agents say, 'ideology is important, but we all have the same goals' (author's translation). This is not the case in Sweden, and thus the Swedish creation of meaning concerning EU social and labour market policy is likely to change if a right-wing government wins the next election.

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