

The Impact of 'Soft-Europeanization'
on Multi-Level Governance
and Domestic Balances of Power

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Abstract

Some authors argue that the process of European Integration and its effect on Member States empowered domestic sub-national levels of government. Others posit that Europeanization strengthens the national governments because they are the key players in the process of integration. These types of studies focus on the effect of legally bindingness agreements on domestic settings. Nowadays, the European Union increasingly creates a set of non-bindingness regulations, or what is referred as soft law, with the end of guiding component states and achieving a set of goals. Given that these schools of thought do not address the issue of 'bindingness, I ask-- what is the effect of soft law on domestic territorial configurations? Does soft Europeanization affect domestic balances power in MSs? If so, how and why? This paper seeks to answer the former questions by studying the case of the European Employment Strategy. I suggest that non-binding instruments built on collaborative mechanisms do informally affect the balance of power between national and sub-national levels. Nevertheless, we should not expect to observe the same type of outcome (e.g., weakening or strengthening of national governments) across member States because the effect of soft law on domestic balances of power is mediated by the configuration of domestic institutions. Mainly, this paper seeks to expand the debate on the multilevel governance by directly addressing whether 'lack of bindingness' furthers or reverses the increasingly important role of sub-national entities in decision-making and policy-making in multi-tiered systems. These propositions are explored empirically using data gathered at the national level in Spain, Belgium, and Sweden. To develop the argument about sub-national involvement, I include data gathered in Madrid and the Flemish Community in Brussels. I rely primarily on more than seventy interviews conducted in these countries and on official and unofficial documents.

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“It is a matter of 'soft' policy, because what we can do is to go and instruct the national government to take into consideration the local actors” (Interview, European Union, December 2003).

“The study of cross-national similarities and differences should not treat states (or nations) as unitary units. In this sense, we must include and acknowledge institutional complexities in studies of political phenomena, and stay away from a ‘single level approach’ ” (Rose, 1973).

Part I

1. Introduction

Sub-national entities and societal groups (e.g., non-governmental groups and organizations) have increasingly become key actors in contemporary discussions about ‘how to govern.’ For almost every issue area, lower levels of government can make the difference because they are mainly responsible for converting policies into tangible outcomes, organizations, practices, and norms. Putting into practice a set of regulations and norms is more relevant for members of a society and the international community than a bunch of promises written on paper. This means that weak or lack of involvement of sub-national entities into the policy-making process could be translated into tales of failure. For example, in debates about domestication of international regimes one of the factors that explain lack of compliance and unsuccessful implementation is the failure of national governments to involve key actors in the process.¹ Similarly, in federal systems, ineffective policies could be explained by unsuccessful or lack of implementation by sub-national governments (e.g., Pressman and Wildavsky, 1984). More recently, scholars have suggested that we should not view lower levels of governments as mere implementers of national policy because increasingly policy-making takes place across multiple levels of government.

This debate is especially relevant to contemporary Europe because policy-making and implementation processes take place within a complex web of relations and multiple levels of government (e.g., supranational, national, sub-national, local). Some authors, specifically those who have furthered the notion of multilevel governance, argue that the process of European Integration and its effect on Member States (hereafter MSs) empowered domestic sub-national levels of government, thus, these entities are extremely relevant and autonomous actors at both the domestic and supranational level (e.g., Hooghe and Marks, 2001). Others posit that Europeanization strengthens the national governments because they are the key players in the process of integration (e.g., Moravcsik, 1994). Studies on Europeanization of domestic configurations and the development of multilevel governance in the EU have focused on the

effect of legally bindingness agreements on domestic settings (Börzel, 2002). Nowadays, the European Union increasingly creates a set of non-bindingness regulations, or what is referred as soft law, with the end of guiding component states and achieving a set of goals. Given that these schools of thought do not address the issue of ‘bindingness,’ i.e. whether their findings and arguments are applicable to the policy areas ruled by soft law, I ask-- what is the effect of soft law on domestic territorial configurations? Does soft Europeanization affect domestic balance power in MSs? If so, how and why?

In policy areas ruled by soft law, implementation is not obligatory, there are no sanctions for disobedient entities, and no enforcement mechanisms (i.e., the Courts are not present in this scenarios).ⁱⁱ Soft law represents an institutional solution to hard law because member States do not want to cede power to higher levels of government still it allows component states to coordinate a set of goals. In the EU, national governments are the key actors because they are directly accountable to the supranational level through monitoring and representation in the European Council. Under soft law, we might not expect national governments to put much effort in the domestication of supranational guidelines given that implementation is not obligatory and there are no sanctions for disobedient states. Furthermore, we would anticipate that national governments will monopolize the process and they will not significantly implicate sub-national levels of government in the process of domestication of soft law. Now, what if supranational level advises national governments in MSs to implicate sub-national and societal actors in the process of complying with the reporting processes and the task of implementation—do national governments bring in sub-national levels? Or, do central governments remain the key actors in the process?

This paper seeks to answer the former questions by studying the effect of a non-bindingness regulation created by the European Union-- the European Employment Strategy (EES). The EES is an example of ‘coordination without enforcement’ that seeks to coordinate labor market reforms and employment policies across MSs. By studying the case of the EES, this paper seeks to contribute to a better understanding of how European legal frameworks, particularly soft law, could affect different levels of government in Europe. In the case of employment policy and labor market policy, this is a puzzling question since in most EU MSs the involvement of sub-national levels of government in the early stages of the policy-making process is very weak and policy-making and decision-making tends to be very centralized. Thus, does this soft collaborative governance instrument reinforce or diminish the central role of national government in labor market policy? Does it empower lower levels of government in the processes of policy-making and decision-making?

The paper suggests that non-binding instruments built on collaborative mechanisms do informally affect the balance of power between national and sub-national levels. Nevertheless, we should not expect to observe the same type of outcome (e.g., weakening or strengthening of national governments) across MSs because the effect of soft law on domestic balances of power is mediated by the configuration of domestic institutions. Domestic institutions provide sub-national actors within different scopes of access to influence domestic policy-making and decision-making processes at the national level. Mainly, this paper seeks to expand the debate on the multilevel governance (hereafter MLG) by directly addressing whether ‘lack of bindingness’ furthers or reverses the increasingly important role of sub-national entities in decision-making and policy-making in multi-tiered systems. In addition, by exploring how domestication of non-binding measures occurs via the national and sub-national levels, these findings engage the literature on the effect of supranational (i.e., Europeanization) or international non-binding measures on domestic settings.

I explore these propositions empirically using data gathered at the national level in Spain, Belgium, and Sweden. To develop the argument about sub-national involvement, I include data gathered in Madrid and the Flemish Community in Brussels. I rely primarily on more than seventy interviews conducted in these countries and on official and unofficial documents. This paper employs an in-depth comparative case study design. This approach is used to identify and explain general patterns, cross-national similarities, and variations on the level of sub-national involvement in the process of domestication of soft law.ⁱⁱⁱ These countries were chosen using a ‘most different system design methodology’ (Przeworski and Teune, 1970). The reasoning behind this selection is to analyze whether the EES affects domestic balances of power differently (or not), given the configuration of domestic institutions—Sweden represents a centralized state, Spain a regionalized unitary state where sub-national levels are consulted by the national level in policy-making, and Belgium a federal state where in which federated entities are considered equal to the federal level. I recognize that the sub-national cases researched by the author are not the most representative of sub-national involvement, but they allow me to theory build. The data, findings, and theoretical framework presented in this paper should be used as a guide to study: the effect of soft-law on other regional settings and the development of multilevel governance and the processes of devolution in other MSs, policy areas, and regions.

The rest of the paper proceeds as follows. The first part introduces background information to understand the creation of the European Employment Strategy and its regional and local dimensions. Then, I link a set of theoretical propositions with the literature on multilevel governance. The second part of this piece discusses the sub-national dimension of the EES in

Sweden, Belgium, and Spain. Next, in the third part, I summarize findings already presented and I compare and contrast the experiences of these three member States. This section highlights a set of theoretical propositions about elements for enhancing or hindering the effect of soft law on sub-national actors. Finally, I conclude with the theoretical and practical implications of my research to the studies of the effect of international/supranational regulations on component States, Europeanization, and multilevel governance.

2. Background

After the passage of the Single European Act (1986), the discussion about the need for a European social dimension grew steadily at the supranational level. The 1991 summit of the European Community (EC) at Maastricht resulted in a number of institutional changes, including the commitment to an economic and monetary union. In addition, eleven of twelve members also agreed to a Social Protocol. This agreement contained provisions for direct cooperation between national and supranational social partners (i.e., trade unions and employers' organizations), MSs, and the EU on social matters. The Treaty of Amsterdam (1997) restated the necessity for adopting "directives laying down minimum requirements in the social field and measures designed to encourage cooperation between MSs" (Treaty of Amsterdam, Article 137(2), ex Article 118). In addition, this Treaty included an Employment Chapter (Art. 125-130), which stated that the supranational institution and MSs should consider employment policy "as a matter of common concern." The Amsterdam Treaty and the Employment Summit in Luxembourg (1997) developed an annual procedure to develop a coordinated strategy for employment—the *European Employment Strategy* (EES).

The innovations established by the Luxembourg Summit, reached a climax at the Lisbon European Council (March 2000). The Summit launched the Lisbon process and set a new strategic goal—"to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion" (Conclusion of the Portuguese Presidency of the European Council). It gave the EES a new impetus by creating a ten-year plan to reach a set of policy objectives and targets, for example, a 70% employment rate by 2010. An important feature of the EES is that it incorporates a new system of governance—the 'Open Method of Coordination' (OMC). OMC is different from traditional regulation in that it proposes general standards and guidelines instead of detailed rules, and MSs have the option to implement supranational frameworks. This treaty-based soft regulative framework does not necessarily involve ratification or transposition, and

compliance is voluntary.^{iv} Therefore, this governance instrument allows for greater flexibility, variation, and voluntarism than other EU regulatory instruments.

2.1. The Sub-National Dimension of the European Employment Strategy

In 2000, after a broad consultation process with the Committee of the Regions and the Council of European Municipalities and regions the European Commission recognized the importance of involving the regional and the local levels in the implementation of the EES. They also identified the need to create employment at the local level. In the Communication “Acting Locally for Employment: A Local Dimension for the European Employment Strategy,” the Commission analyzed the potential for local job creation through cooperation between the local authorities, enterprises, and the social partners. Up to that point, the development of the European employment dimension relied primarily on national efforts (Commission of the European Communities, COM (2000)).^v The emphasis on the development of the local dimension was reflected in the 2000 Employment Guidelines, in the horizontal priorities of the European Structural Funds Regulations, as well as in other Community’s structural policies. More specifically, a special guideline on ‘regional and local action for employment’ was introduced under the second pillar of the EES. After much criticism of the sub-national governments, NGOs and the EU Parliament, MSs expressed their opposition to the development of the local dimension and agreed to include “relevant actors in the field of employment at national and regional level have important contributions to make” (Nauerz, 2003).

With the end of implementing the strategy and promoting the involvement of sub-national entities, the European Commission along with the European Structural Fund (ESF) funded local pilot programs with the end of promoting the creation of ‘Local Action Plans for Employment,’ and the diffusion and implementation of the European strategy at the regional and local level. The local dimension of employment became a priority in the 2000-2006 structural programming of the ESF. In this sense, the EU acknowledged that regional and local actors could increase the chances for successful implementation of soft supranational frameworks and reduce the implementation deficit in policy areas ruled by non-bindingness regulations.

3. Multilevel Governance and the Issue of Lack Bindingness

Traditionally, low levels (e.g., regional, sub-national, local) of governments are seen as mere implementers of policy created by higher levels of government. In many political systems, the gap between policy formulators and implementers is linked to implementation deficits, and

consequently to policy failure. Political systems, such as the European Union and the United States have pursued horizontal coordination mechanisms to reduce this lack of interconnection between higher and lower levels of government. The development of such collaborative mechanisms, “envisages shared decision making across territorial levels” (Hooghe and Marks, 2001, 114). In addition, this notion promotes bringing actors together to allow for joint-problem solving, innovation, and policy-making (Svensson and Östhol, 2001). The development of this type of governance mechanisms is grounded in the idea that empowering sub-national and non-governmental actors, and linking higher and lower levels of government in policy-making and decision-making processes, diminishes implementation deficits and/or compliance problems. These arguments were constructed under the expectation that member States engage in the implementation of binding regulations because if they do not so, they would be punished by the supranational level. Nevertheless, are these findings relevant when there is no obligation to implement supranational regulations and no sanctions for member States? With the growing development of soft law by the EU, the issue of lack of bindingness is central to the sustainability and further development of the project of European integration. With the end of addressing these matters, in this section, I connect the arguments and findings of the literature on multilevel governance with the issue of lack of bindingness of supranational regulations.^{vi}

The discussion regarding the involvement of sub-national levels in policy-making and decision-making is extremely relevant to debates regarding new forms of governance, dispersion of power away from central levels of government, regionalization and institutionalization of sub-national participation (e.g., Agranoff, 2004; Marks, Hooghe and Blanck, 1996; Keating and Loughlin, 1997; Schobben, 2000; Loughlin, 2000; Hooghe and Marks, 2001; Hooghe and Marks, 2003). Some argue that economic restructuring, globalization and the process of European integration have reinforced the process of devolution of power to sub-national and/or local governments and have empowered a range of sub-national and societal actors resulting in regionalization (Gren, 2002; Loughlin, 2000; Keating, 1998). Authors point out that regionalization has occurred both formally and informally. Regionalization has appeared formally in states through the transfer of authority and economic resources and other factors. These events give sub-national entities a formal voice and autonomy in relation to central governments. In addition, informally, territories have become more powerful as important independent economic actors in regional and global economies (Svensson and Östhol, 2001).

Scholars studying the phenomenon of devolution further the notion of ‘multi-level governance’ (hereafter MLG) to explain and describe a process in which the development and solidification of the European Integration project has challenged the central role of national

institutions, regional policies and domestic patterns of territorial interaction (e.g., Goldsmith, 2003; Hooghe and Marks, 2001; Schobben, 2000; Loughlin, 2000; Benz and Eberlein, 1999; Keating and Loughlin, 1997; Marks, Hooghe and Blanck, 1996). This line of research attempts to understand how the process of Europeanization has fortified the role of sub-national governments and societal actors; thus, “decision-making competencies are shared by actors at different levels rather than monopolized by national governments” (Hooghe and Marks, 2001, 3). In the process of Europeanization, inclusive strategies pushed by the supranational level have promoted multi-level governance and the development of partnerships between national levels of government, local levels and societal actors (e.g., trade unions, employers’ organizations and non-governmental organizations) because affected interests have had the ability to participate in decision-making processes (Hooghe and Marks, 2001, 12).^{vii}

With the increasing development of soft law by the EU, we must ask-- are the findings from the MLG school relevant to the current era of soft law? Theorists within the MLG traditions have not directly assessed whether the degree of bindingness furthers or reverses the development of MLG in MSs. Some scholars studying the Open Method Coordination have looked into whether soft law influences sub-national levels of government (Zeitlin, 2005; Hartwig, 2004; Nauerz, 2003; Smismans). In the policy areas ruled by soft law the puzzle is: if central levels of government are mainly responsible for reporting to the supranational level/international organizations and these entities do not have to implement these regulations at the domestic level, why national governments implicate sub-national levels of government in the process of domestication? While I am aware that those studying the development of multi-level governance have looked at both the ‘pressure from below’ and ‘pressure from the top’-- (i.e., pressure from the regional level to participate in bargaining and decision-making at the supranational level, and pressure from the supranational level looking for support from regional and territorial partners), I focus on how the latter factor (Benz and Eberlein, 1999).^{viii}

I argue that the degree of bindingness is not the determinant factor to understand variances in the empowerment of sub-national governments and societal actors through Europeanization. Rather, what matters for the further development of sub-national participation in national processes, I posit, is whether EU instruments provide collaborative spaces and opportunities for sub-national and societal empowerment. When referring to labor market policy, collaborative soft law could reinforce current models of decentralization of labor market policy in MSs.

With the end of making soft law more democratic, ‘open’ (as the label Open Method of Coordination suggests) and transparent many elements of the EES are grounded in horizontal

mechanisms of cooperation. More specifically, the EU asks national governments to develop domestic partnerships by including social partners, sub-national levels, and non-governmental organizations in the process of reporting, monitoring, and implementing the pillars of the strategy. The ESF and the European Commission have funded sub-national programs with the goal of implementing the European strategy and promoting partnerships. By looking at these elements of the strategy, I hypothesize that the process of implementing the EES has formally and informally empowered sub-national levels of governments and societal actors in many MSs. One of the consequences of this supranational process is that it has supported opened labor market policy to sub-national levels, thus, supporting the development of MLG in this policy area. Also, in some MSs, national governments are increasingly viewing sub-national actors as formulators of policy (as well as implementers) given that lower levels of government participated in the articulation of these European plans for employment. However, I hypothesize, the effect of the strategy is not uniform across countries because the institutional configuration of a MSs mediates the potential domestic influence of soft law. In the following section, I present a set of theoretical propositions about why and how domestic institutional configurations are important factors in the case of domestication of soft law.

4. The Differential Impact of Soft Law on Multilevel Governance: the Importance of Institutional Set Ups

This paper argues that the degree of (de)centralization and the nature of central-local relations are important variables to frame the potential impact of soft law on domestic settings. Specifically, we must account for whether a state is federal, regionalized unitary (pseudo-federalism), or decentralized unitary. The degree of centralization and the nature of intergovernmental relations within a MS are extremely relevant to understanding variances in how the process of domestication of soft law empowers sub-national levels of government because they determine to what degree and how central levels should implicate sub-national levels in the process of implementing soft law. Specifically, in this piece, I am concerned with the degree of sub-national participation and influence in national decision-making and domestic policy-making processes.

4.1. Federalized, Regionalized, and Decentralized Systems

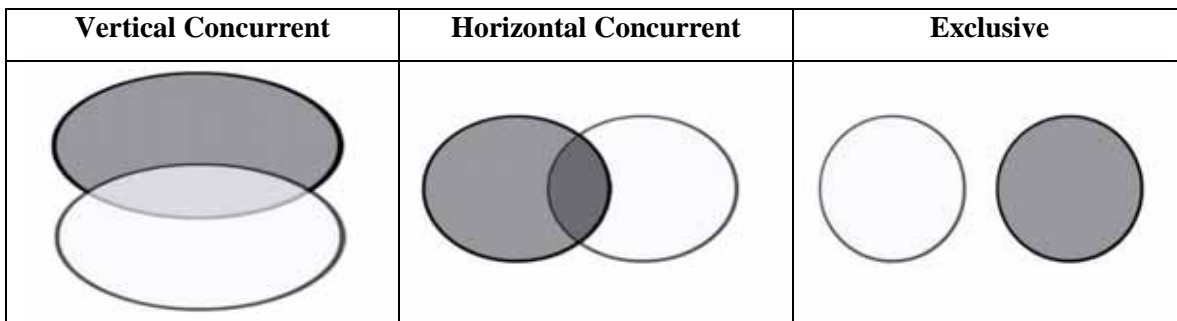
In federal entities, the powers of sub-national entities differ markedly along several dimension, e.g., exclusive/concurrent powers, horizontal/vertical balances of power. Yet, European federations (i.e., Belgium, Germany and Austria) share one characteristic—there is a

formal recognition of the levels below the federal entity (Loughlin, 2000). Federal levels of governments formally grant decision-making capacity to its sub-national entities in the policy-making process, and sub-national levels have exclusive power of their own.^{ix} In addition, on many occasions, sub-national governments are often regarded as independent actors in the supranational and international arenas.

The power of sub-national entities in federal systems is also determined by the nature of the division of power between the federal and the sub-national levels—is it horizontal or vertical? These two conceptions of federalism have enormous consequences for the ability of federal governments to act autonomously from sub-national levels and, consequently, on the degree of obligation to engage sub-national entities in policy-making processes. On the one hand, in federal systems where the balance of power is organized horizontally (e.g., Belgium), the federal and federated entities are considered equal entities and many competencies are a unique responsibility of the latter entities. Given that the federal level cannot create policy for federated entities,^x much coordination between both levels of government is necessary to achieve a common good and/or common goal. In addition, when playing the two level game, the federal government must coordinate with the federated entities at all times because the former entity cannot make agreements without the latter, unless the federal level has exclusive competence over a policy area (e.g., defense, monetary policy).

On the other hand, in states where vertical divisions of power are predominant, the relationship between higher and lower levels of government is organized in a hierarchical matter. Thus, ultimately, the federal level can overrule federated entities when powers are concurrent. This means that the federal level has many opportunities to create policy independently from sub-national levels. Figure 1 illustrates the differences between settings.

Figure 1. Federalism and Institutional Configurations



‘Horizontal federations’ and regionalized unitary states share many commonalities to the point that the latter are labeled by many as quasi-federations (e.g., Spain). Yet, the degree in

H.1. In federal systems, lower levels of government would be highly involved with soft law, specifically with the EES process.

H.2. In regionalized systems, lower levels would be involved with the EES, but the nature of their participation will be mostly limited to consultation.

H.3. In unitary systems lower levels would be rarely involved with soft law.

In this sense, I do not expect soft law to change the formal balance of power and division of responsibilities in MSs. Additionally, to understand the differential effect of soft law in federal entities, I argue, attention must be paid to the qualitative nature of the relationship between federal and federated levels in a policy area—does the federal level overruns the federated entities (i.e., vertical/hierarchical federalism), or are these entities on equal footing (horizontal federalism) in a given policy area? This is an important claim since it captures the idea that “a federal structure does not necessarily indicate the existence of autonomous regional policies” (Kaiser and Prange, 2004). In systems where horizontal arrangements are predominant, we should expect high levels of cooperation and activities between federal and federated entities with the end of complying with the reporting process and to implement the strategy. The reasoning behind this claim is that in this type of political system much coordination between both levels of government is needed in the policy-making and decision-making processes because federated entities cannot make decisions on their own. In this setting, the institutional configuration pushes for domestic cooperation even when it is not obligatory. In federal systems where vertical configurations prevail, we would observe that sub-national levels would be less involved than in their horizontal counterparts.

Although the former propositions might seem trivial, we should emphasize that most dimensions of labor market policy and employment policy have tended to be very centralized within MSs. The development of a sub-national dimension of European soft law challenges the logic of centralization because it emphasizes the importance of lower levels in labor market policy. In this way, soft law could promote the creation of partnerships and directly and indirectly inspire (or reinforce) logics of devolution by slowly transforming domestic opportunity structures. By opening new spaces for collaboration at the national and sub-national levels, soft law transforms the domestic division of responsibilities and balances of power between national and sub-national levels.

So far, I have put on the table a set of theoretical propositions about the factors that could influence whether non-bindingness measures built on collaborative mechanisms affect domestic multi-level relations and balances of power. In the following section, I present the cases of

Sweden, Belgium, and Spain. Each country represents a type of system—Sweden is a decentralized unitary system, Spain is a regionalized system that some consider a pseudo federal state where vertical arrangements are predominant, and Belgium is a federal state where horizontal principles rule. Readers who are not interested on the case studies should feel free to skip section II and read section III where I summarize the findings and link them with the theoretical propositions presented in this section.

Part II--Cases

Affecting the Balance of Power?--Tales of Three Countries—Sweden, Spain and Belgium

Since 1997, European MSs have formed part of the EES. At the domestic level, the process is built on the annual creation of National Action Plans (NAPs). NAPs are documents drafted by national administrations that describe how the Employment Guidelines are put into practice in a MS. National administrations should include social partners (i.e., trade unions and employers' organizations) in the process and other national interested parties (e.g., sub-national administrations, NGOs.). By participating in this interactive and iterative process, a MS is explicitly agreeing to bring the issues posed by the European Council (in the form of employment guidelines) back to their State. Moreover, to comply with the obligatory administrative process of creating the NAPs (i.e., reporting) a MS should consult lower levels of government and societal actors. The main goal of this process of consultation is gathering information about the practices and programs regarding employment policy. Yet, these interactions with the end of complying with what some have argued is a 'routinely' process without much content has led to some 'unintended' consequences. In the following section, I describe the implementation of the EES process in Sweden, Spain, and Belgium. I discuss the actors that are involved in the process at the domestic level and the nature of their participation.

1.Sweden

Sweden is a constitutional monarchy composed of three levels of government-- the national/central level, the county councils at the regional level, and the municipalities at the local level.^{xiii} Each level of government has different duties and areas of responsibilities.^{xiv} In this country, there is an noticeable organizational distinction between *political* and *administrative* matters and functions because different organizations and each level of government have distinctive roles through the policy-making process (Jacobsson and Vifell, 2004).^{xv} Executive Agencies (*ambetsverk*) are separated and relatively independent from ministers. These entities represented at all three levels of government are concentrated on the complicated task of carrying

out, managing and implementing most policy areas. Based on these characteristics, Sweden represents a decentralized unitary state.

1.1. Labor Market Policy in Sweden: Organizations and Institutional set up^{xvi}

Labor market policy in Sweden has been a prerogative of the Government at the national level and the social partners (i.e., the trade unions and employers' organizations). This country, a model of 'social democratic corporatism,' has had a long history of strong centralized consultation, coordination, and tripartite agreements in the field of labor market policies (for example, refer to Hecló and Madsen, 1987).^{xvii} The Ministry of Industry, Employment, and Communication (MILC), specifically the Division of Labor Market Policy, is the Government's institution responsible for labor market policies in Sweden. In addition, the three Swedish peak trade unions and the main employers' organization^{xviii} create and implement certain aspects of labor market policy through collective bargaining. In fact, many aspects of labor market policies are adopted through collective bargaining (e.g., training) and not through formal legislation.

The MILC delegates the implementation of labor market policies to the Swedish National Labor Market Administration (AMV), the executive agency responsible for management and implementation of these policies. The central authority of the AMV is the National Labor Market Board (AMS) "co-ordinates and develops labour market policy and sets of goals and guidelines for the regional labour market committees with which it has a large impact on the outcome of overall national policy" (Junestave, 146).

1.2. Reporting to the EU-- The 'Sveriges Handlingsplan för Sysselsättning' (NAPs)^{xix}

In Sweden, the MILC and the Ministry of Finance (MF) are responsible for the delivery of the National Action Plan (NAP) for Employment to the EU.^{xx} Moreover, the 'Ministry of Education' and the 'Ministry of Social Affairs' are also integrated in the consultative stage, but to a lesser degree than the ministries discussed above.^{xxi} Mainly, the representatives of these organizations and ministries provide background information to aid the MILC and the MF on the drafting of the NAP, but also some parties write some sections of this document.^{xxii}

An organization that has been virtually absent from the process is the AMS, the executive agency responsible for putting government's labor market policy into action. At some points, this organization was contacted by the coordinators of the NAP with the end of collecting data (figures) about labor market policy. However, they were not significantly consulted on the nature and/or the content of the NAP. In this way, the body in charge for implementing labor market policy in Sweden is not significantly involved in the process creation of the NAPs. In the

Swedish system, the lack of involvement of the AMS is significant since it means that the NAP process remains at the ministerial and national level and it does not directly involve the implementers of employment policy.

1.3. The Sub-National Levels

Even if Sweden is a unitary state, local entities are significant actors in the Swedish landscape--they are not only administrative structures, but also they are also the largest employer in Sweden and the primary provider of social services. As in other European countries, since the 1990s there has been a gradual process of devolution, or decentralization^{xxiii}, taking place in Sweden (Svensson and Östhol, 2002; Niklasson, 2004; Kaiser and Prange, 2004).^{xxiv} An important reform regarding welfare provisions was the devolution of program authority (e.g., education) to local levels (Cox, 2004) and the introduction of 'Regional Growth Agreements' (RGAs) in 1998. The Ministry of Trade and Industry invited county administrative boards to design RGAs with the end of experimenting with new forms of governments (Svensson and Östhol, 2002). The objective of these agreements was to stimulate economic growth and better coordination between the local entities and the central government (i.e., building partnership structures) by taking into account local contexts.^{xxv} In addition, integration between RGAs and the ESF was encouraged.

The regional and local levels are not involved in the process of drafting the NAPs and subsequent tasks related to the EES. These entities are seen primarily by the national ministries as the implementers of labor market policy that is created at the central level (ministries and the Parliament). With reference to labor market policy, it is considered that lower levels of government should not be involved in earlier stages (and scenarios) of the policy-making process, such as policy creation and formulation. Thus, it has been challenging to include the sub-national levels in the process given the institutional set up and division of responsibilities in Sweden.

Still, given the 'partnerships' promoted by the RGAs and the goal of promoting growth at lower levels, it is becoming increasingly important for the ministries to include lower levels in the process. For example, in one of the interviews, a high level civil servant commented that the EES and the NAP process have been influential in providing an additional 'injection' to the debate about devolution and the notion of partnership, and the recognition that in order to achieve further development lower levels of government must be involved. For this reason the peak organization representing sub-national governments-- Swedish Federation of County Councils (SFCC) and the Swedish Association of Local Authorities (SALA)-- have not been satisfied with their limited participation in the process.

In 2002, after the five-year evaluation of the strategy, it became apparent that the ministries were not involving the sub-national levels in the process of NAP drafting and its diffusion, and that policy-makers possessed little knowledge about the strategy. As a consequence, the MILC and MF developed an informational campaign to spread the message of the EES. These organizations developed pamphlets and a ‘magazine’ (called *Jobben*, or Jobs) to inform social partners, policy-makers, and civil servants in executive agencies and lower levels of government about the EES. In addition, civil servants from these two ministries developed a series of seminars, held at the sub-national levels with policy-makers, with the end of providing information about the strategy.^{xxvi} Interviewed policy-makers at the ministerial level believed that the responses to this initiative were very positive. For example, the responsible civil servants at the MILC and the MF stated that they received many electronic mails and phone calls asking for more information about the strategy.

The SFCC and SALA, as employers’ organization and representative of sub-national levels at the central level, have worked very closely with the social partners on the NAP process.^{xxvii} They saw the NAP as a valuable experience since they thought that it provided them with a tool for new and better interactions with other national and sub-national organizations and institutions. In addition, an interviewee contended that the NAP enabled them to develop a “system approach” to policy-making that allows them for linking and discussing issues that normally they would not connect. Moreover, this person saw the EES and the NAP process as an intellectual tool to assist policy-makers in understanding, solving and linking problems, as well as finding solutions (“you find solutions where you did not find them before”). The following citation illustrates the idea that the EES served as a tool for building partnerships at lower levels of government:

Now we have more links with other actors. We have started to discuss via the NAP process the linkages and lots of areas that are much more important than they used to think. Sweden has a very sectorial system and you try to solve a problem within its field of operation. Now we have some kind of instrument to discuss how to go about what is the link to what, and how to solve situations as a whole making the local parliament more important, to make them have a broader view of what is going on at the local area. And then you have better instruments to find out what is your sphere of interest and how to solve things. And that has had at least at the intellectual level a fairly big impact, we are not there, yet, on practical grounds. (Interviewee, Sweden, October 2003).

In addition to writing a pamphlet and designing a web-based training program to present the EES and its effect on lower levels of government, SALA carried out in 2001 a ‘Local Action Plan’ (LAP) project (initiated and partly financed by the European Commission.). Interviewees believed that the program was really successful since it allowed local authorities to: create local action plans, create partnerships (to coordinate and cooperate with other public and private

actors). Yet, as one interviewee put it “to build simple relations with people is not the easiest of task, to put it mildly. So, it takes time. (Interview, Sweden, September 2003).

At the national level, the LAP project allowed this peak-organization to claim the important role of the sub-national levels in labor market policy, and the need to include them in the formulation stage of policy-making. For instance, the final report of the LAP project^{xxviii} emphasized how it provided opportunities for civil servants at the local level to: a) develop partnerships (getting to know other people who work on the same policy issues and establish working relations); b) learn about ‘European labor market policy’, its practices and targets; and c) exchange knowledge and operational practices. This finding could be seen as a threat to the current centralized structure of labor market policy in Sweden because it provides sub-national levels the discursive tools to claim that they are not merely implementers of policy, but also key actors in labor market policy.^{xxix} The following citation illustrates this argument: “To make local action plans in local partnership faces some kind of legal challenge since our local partnerships are not really a legal responsible body, because the decision made by a local partnership is not really valid in the formal way” (Interview, Sweden, October 2003). This quote underlines the notion that the Local Action Plans represent a threat to the Swedish institutional set up and current division of power and responsibilities (i.e., who is responsible for what and why).

In sum, in Sweden, the national level is the key actor in the process of complying with the reporting process attached to the EES. Furthermore, labor market policy-making and decision-making remain an exclusive competence of the national level. This means that in this country soft law has not formally empowered sub-national levels of government and the national level remains a gatekeeper. Mostly, the lack of involvement of sub-national actors in Sweden was blamed on the institutional configurations in the labor policy area—the central level (mostly in conjunction with the social partners) plays a political role by deciding the main policy goals and creating policy, and the sub-national levels mainly administer and implement them. Informally, the EES has reinforced the process that seeks to make sub-national levels of government active actors in labor market policy. Manifestations of these attempts are the LAPs projects, the projects for diffusing the European strategy to lower levels of government, the claims made by representatives of SALA about the strategy being a good instrument to develop partnerships, and the notion that lower levels and societal actors should become more active in the process of policy-making and decision-making. Thus, in country the impact of the strategy on sub-national settings has been weak. Nevertheless, I believe that soft law could serve as a tool to promote MLG and decentralization if it is linked to the existing projects of regional partnerships. Thus, in the long run it could strengthen the existing dynamics of devolution.

2. Spain^{xxx}

“Policy-makers are educated to work within a very centralized country, now we need to re-educate ourselves to work within decentralization” (Interview, Spain, March 2003).

Spain--*El Estado de la Autonomías (State of Autonomies)*-- is a decentralized state composed of seventeen *Comunidades Autónomas* (Autonomous Regions, CCAAs) and two cities (Ceuta and Melilla). Scholars do not agree on a classification to describe the nature of intergovernmental relations in Spain, as some argue that it is a regionalized unitary system (e.g., Loughlin) and others believed that is oriented toward a model of vertical federalism (e.g., Börzel, 2002). In Spain, “sharing competencies does not necessarily entail joint action of the two levels of government. Rather, the central state authorizes the CCAA to ‘share’ its powers by developing and implementing its framework legislation (*legislación básica*). The central state legislates without the participation of Autonomous Communities. The CCAA implements central-state decisions without the central government being able to intervene. The constitution does not provide any mechanisms of coordination the exercise of shared competencies” (Börzel, 2002, 94). This dual process in the nature of federalism has resulted in an institutional culture of competitive regionalism.^{xxxi}

In the labor market policy area, Spain is slowly moving towards vertical federalism as the central level devolves power to the sub-national entities; yet, devolution has taken place within the institutional constraints of this country. Since 1996, the Spanish national government engaged intensively on a complex process of devolution of competences to the CCAAs (Adelantado et al, 2000). In the case of employment policy, the national level has transferred to the sub-national level the competencies for most active labor policies and training for workers. After 1997, the year the EES was launched, a series of agreements to decentralize active labor market policy and training were created. This means that, currently, the responsibility for labor market policies is concurrent or shared by both levels of government. Moreover, by the end of the 1990s, every Autonomous Community created *Pactos por el Empleo*^{xxxii} (Employment Pacts) (Adelantado et al, 2000)—a sub-national labor market plan. Thus, in Spain, sub-national governments have become increasingly powerful since they organize, manage, distribute and implement many aspects of active labor market policy. Yet, the national government retains the financial responsibility for the management of funds and subsidies, still defines the objectives and the goals of active labor market policy, and regulates most aspects of labor relations and the labor market.

2.1. Planes Nacionales de Acción para el Empleo (PNAEs or NAPs): national and sub-national levels

In Spain, the first stage of the National Action Plan drafting process is directed towards the collection of information from several ministries at the national level. The Ministry of Labor and Social Affairs is responsible for the delivery of the NAP to the EU. Moreover, the National Institute for Employment (INEM) is the governmental body responsible for creating the first draft of the NAP. Representatives of the Ministry of Labor, the Ministry of Economy, the Finance Ministry, the Ministry of Science and Technology, the Development Ministry, the Ministry of Agriculture and the Ministry of Education form part of an inter-ministerial commission that was created with the end of exchanging information related to the policy frameworks of the Employment Guidelines.^{xxxiii}

Concurrently, the INEM's working group consults the CCAAs. In this new space, both levels of government carry out discussions related to active labor market policy and other pertinent data and information regarding employment policy (e.g., how many people have been participating in unemployment and employment services and programs, tentative policy measures related to active labor policy to be developed by the CCAAs in the near future). CCAAs's contributions are formally gathered by *la Conferencia Sectorial* (Sectorial Conference)^{xxxiv}, a interministerial political institution for intergovernmental coordination that gathers the national Ministry of Labor and Social Affairs and the Ministers of Labor from each CCAA. In addition, the sub-national General Directors for employment, training and education, and social affairs meet informally to discuss the policies and contributions that will be included in the Spanish NAP. Members of the Sectorial Conference must approve the final draft of the NAP. In addition, the CCAAs are responsible for choosing 'best practices.' The representatives of the CCAAs, not the INEM, choose three examples of 'best practices' that are later presented to the European Commission. The importance of these scenarios becomes salient when we consider that the CCAAs implement and manage most active labor policies in Spain.

2.2. Other Groups and Organizations—sub-national level

An organization that has been consulted in the EES process is the *Federación Española de Municipios y Provincias* (FEMP) (The Spanish Federation for Municipalities and Provinces), an institution created at the beginning of the 1980s with the goal of coordinating and promoting the participation of local entities within the constitutional design of the *Estado de las Autonomías*. This organization is able to submit suggestions to the INEM about the role and the importance of local entities on the formulation and implementation of active labor market policy. The local

entities, per se, do not participate in the NAP process and they possess limited information about the EES process. The interviewee from FEMP contended that the model attached to the NAP is not efficient given that it is grounded on a ‘top-down’ approach. In order to be effective, he argued, the NAP should be based on a ‘bottom-up’ approach-- localities and the provinces must play a protagonist role.

As in the case of the LAPs in Sweden, the European Structural Fund and the Commission have funded pilot programs in Spain to emphasize the creation of specific labor market policies and approaches at the local level. For example,^{xxxv} *Proyecto Pléyade: Difusión e Implantación de la Estrategia Europea por el Empleo en el Ambito Local* (The Pléyade Project: The Diffusion and Implementation of the European Employment Strategy in the Local Ambit) was a project, organized by FEMP to develop the local dimension of the European strategy.^{xxxvi} Its main objective was to provide local entities with the tools to improve their employment institutions and programs, and to analyse and evaluate (instruments and methodologies) their employment situation, and their labor market policies. Each municipality that participated in the project drafted its own Local Action Plan that was modelled after the Employment Guidelines, the pillars, the indicators, and the recommendations of the EES. In addition, the project encouraged territorial concertation,^{xxxvii} administrative concertation, and social concertation. In other words, ‘Proyecto Pléyade’ was very much grounded in the idea of ‘partnerships’ because it promoted the participation and cooperation between different entities and organizations for the management and the creation of labor market policies at the local level (territories, administrations, and social partners).

2.3. The Added Value of the European Employment Strategy on Intergovernmental Relations

In Spain, there is a general sense among policy-makers at the national level that the EES has added cohesion, structure and clearness to the (re)formulation of employment policy. Many interviewees at the ministerial level argued that after the introduction of the EES, the majority of the actors have specialized forums to communicate and initiate the discussion about the future state of employment policy in their country. Thus, the EES was seen by policy-makers as a useful tool for coordinating labor market policy between levels of government as the Spanish constitution does not prescribe mechanisms for shared competencies.

However, this view is not shared by all actors. For example, interviewed trade union representatives expressed their dissatisfaction with their participation in the process and with the nature of the consultative space. However, even if they believed that the process has not particularly benefited them (referring to better and more frequent relations with the government,

more leverage to introduce and develop their positions and policies, and more developed and stable social concertation), they thought that the strategy has been a sort of ‘house keeping’ instrument for the government. The national government and many other actors (including the CCAAs and the social partners), they contended, have been able to ‘see’ what other actors, organizations, and institutions have been doing, and where progress has been made (or not).

There was a common understanding among all the interviewees about national actors ‘talking and understanding the same language’ because: a) they have a common point of reference, and b) they have become aware of each other’s positions. The fact that after 1997 different entities within a country have had to get together frequently to discuss their past, current and future policies and strategies with the end of drafting NAPs has imposed structure and clearness to future stages of decision-making and policy-making. The following quote illustrates this point, “The process of drafting the National Action Plans allow us to be aware of the actions taken by different ministries and different general organizations... they can be autonomous organizations [meaning CCAA’s organizations, my clarification], and even local (town councils). We are able then to see the coherences and incoherencies of the different actions, or, if there is an overlapping between some of them [...] then the government will be able to reconcile or add coherence to their policies” (Interview, Spain 2003, my translation). In a member States in which bilateral agreements between national and a sub-national government and strong competition among the CCAAs have tended to be the norm, the EES allows the national and sub-national levels to pursue a joint plan for employment.

In practical terms, increasing communication has helped the national and sub-national levels of government to reduce the duplication of programs because they have become aware of each other’s actions and inactions.^{xxxviii} In addition, interaction that is more frequent has reduced the chances of organizations developing conflicting and non-compatible courses of action, decreased the potentiality for conflict (at the governmental level and at the public sphere) and reduced the probability of bureaucratic overload. Thus, ultimately, available resources could be used more efficiently. In Spain, for the creation of NAPs, the national government must collect data from the CCAAs about the amount of money that the sub-national administrations spend on active labor policy from their own budgets. This exercise has allowed the national government to recognize that on many occasions both the national government and the CCAAs were spending a significant amount of money on the same programs and the same target groups. In this way, the exercise pushed by drafting the NAP, allowed the government to detect duplications and inefficient use of programs and money. Moreover, it showed and illustrated the inefficient coordination and communication between the national government and the CCAAs on active labor measures.

2.4. The Added Value of the European Employment Strategy on Sub-National Autonomy—the case of the Community of Madrid

2.4.1. A New Arena for Negotiation and Reformulation--

When attempting to understand how the EES has affected policy (re)formulation at the CCAAs we must note the role of the INEM in diffusing the European message. The INEM is the national space where sub-national levels gather to discuss the strategy. This institutional space represents a new forum where the CCAAs are able to communicate, bargain and/or cooperate with the national level, and with each other, relating employment policy. Interviewees mentioned that the creation of this space has enabled both levels of government to have better and more frequent communication and coordination. At this point in time, more communication between both the national and the sub-national levels is especially important since the launching of the EES has coincided with the process of devolution of active labor policies. In this way, by emphasizing the important role of sub-national levels in processes of policy-making, the EES has reinforced logic of devolution in labor market policy.

From the INEM's point of view, the EES has supported the process of devolution to the CCAAs since the strategy provides a common point of reference and 'a plan' about where the CCAAs should head to (e.g., targets, scope and shape of policy). "The process of devolution coincides with the EES. The EES has been an important instrument for the CCAAs and the national government since it allowed us to say 'we agree on transferring active labor policies to the CCAAs, but we must maintain a policy unity and a common strategy'" (Interview, Spain, March 2003). An interviewed civil servant at the national level echoed this claim by arguing that the NAP serves as a tool to organize policy objectives (and the norms attached to them) that provides a sense of 'togetherness' in terms of the desired actions and goals. Thus, the EES serves as an instrument for the national government to maintain a sense of unity and coherence, and a common point of reference about the shape and the scope of active labor policy.

From the Community of Madrid's point of view, the EES provides an extra tool to sub-national levels to further justify the process of decentralization and the key role of sub-national levels as formulators and managers of active labor policy. For them, since the Barcelona Summit, a new framework of action has been developed that underlines the importance of providing more power to the entities closer to the people. "At this point, there is a new framework that wants to provide more potential and more possibilities of action to the administrative organizations that are closer to citizens. In other words, it aspires to hand over to the bottom the responsibility for some of the managing competences, and foremost, for the funding of training programs" (Interview, Spain 2003, my translation). In this sense, the EES has aided civil servants in the Community of

Madrid to coordinate better with the national level and the other Communities, and has further legitimised their role as managers of active labor policy in Spain.

When analysing the power of the EES and the NAP process to shape sub-national policies, it is important to note that the impact has been very limited. The interviewees did not view the EES as a relevant force for their empowerment, mainly because they felt that the national level is the only entity responsible for the creation of the NAP and because they are mostly consulted. These policy-makers did not feel that the process directly affected their position because: a) the national government still formulates and establishes the general policy line; b) the national government dictates who are the main beneficiaries of the programs, c) the role of sub-national entities is to manage and implement this policy.

At this point, it is important to turn the discussion to the role of the European Social Fund (ESF) in the CCAAs. In Spain, the links between the EES, labor market policy, and the notion of MLG cannot be fully explored if we do not examine the role of the ESF (Hartwig, 2004). The ESF is the entity that has mostly empowered sub-national levels of government because these entities have the ability to create and submit their own policy proposals to this EU organization without intervention from the central level. This means that sub-national levels are directly accountable to the supranational level, not the central level. If we consider that the ESF is the financial arm of the EES^{xxxix}, then the EES reinforces the goals and objectives of promulgating autonomy and the development of partnerships at the sub-national level. Yet, it is not clear that policy-makers understand the overlap between the EES and the ESF.

Policy-makers and civil servants at the Community of Madrid barely saw or understood the connections between the EES (and the NAP), and the ESF (and the operative programme). For them, the EES is a national competence, while they are mainly concerned with the ESF. Moreover, the NAP represents the national programme regarding employment policy, and the operational programme of the ESF corresponds to CCAAs' plans, strategies and funds. Based on the evidence gathered in Spain, I claim that the NAP process lacks the structure and the force to successfully involve CCAAs in the process of policy reformulation with the goal of following European policy trends mostly because soft law does not force both levels of governments to fully overcome their competitive relations. This means that the central level controls the process and the sub-national levels claim their role in employment policy through the ESF. In order for the soft pressure from Europe to be felt at lower levels it needs to be accompanied by "a couple of bucks" (i.e. economic incentives and resources) provided by the EU.

In sum, in Spain the central level consults sub-national levels and organizations representing these units in the process of creating NAPs. By engaging and formally consulting

lower levels, the national level formally recognizes that the Regions are important actors to implement the goals of the EES in Spain. Furthermore, it acknowledges that to have coherent and global labor market policies, sub-national levels must be part of the arenas where policy-making and decision-making takes place. As many interviewees argued, these new opportunities available for sub-national entities reinforce the ongoing process of devolution of labor market policy in this country. Besides, the process has helped to overcome several policy deficiencies (e.g., duplications) that have resulted from the vertical nature of intergovernmental relations. The formal process of reporting to the supranational level reinforces MLG in Spain. Nevertheless, based on the experiences of the Community of Madrid, sub-national governments do not feel empowered by these tasks. Interviewed policy-makers believed that the EES is the ‘national plan’ as the central government has always been the key actor in processes of Europeanization^{xi} (for both hard and soft law), and that the policy proposals presented to the ESF are the ‘sub-national plans.’ From the perspective of the sub-national levels, the ESF is what promotes the idea that labor market policy should be more decentralized, not soft law. These findings are not surprising as we consider the vertical and conflictive nature of intergovernmental relations in Spain. Furthermore, these findings have big implications for EU policy-making because they show that in order to strengthen the effect soft law on domestic settings, specifically on lower levels of governments, the links between these non-bindingness regulations and available resources should be made explicit.

3. Belgium

To have a good grasp of Belgian policy-making processes, policies, and politics it is important to comprehend its institutional structure because this country has a very distinctive and complex dual federal structure that reflects its linguistic, ethnic and cultural composition.^{xii} In this MS, there are two major language/ethnic groups—Flemish and the Walloons. In addition, there is a small German-speaking community. The Flemish group occupies the Northern part of Belgium (better known as Flanders) while the Walloons live in the Southern part, named Wallonia. The different demands of these groups have pushed for decentralization and division of power.

During the 1970s and 1980s, Belgium underwent a progressive transformation from a unitary state to a complex federal one. The main consequence of this process was the creation of the *Federal level*, the *Regions*, and the *Communities*. The *Regional* governments are based on territorial divisions; thus, they are attached to a geographical area—Wallonia (Southern region), Flanders (Northern region), and Brussels-Capital (bilingual).^{xiii} The governments of these three *Regions* are mainly responsible for policy areas bounded to territory, such as regional economic development, environment, housing, water resources, energy policy, regional transportation,

agriculture and external trade. The other level of government, the *Community*, reflects Belgium's linguistic divisions-- Flemish-speaking, Francophones, and German-speaking. These entities do not exercise the power in a specific territory (Poirier, 2002). Communities are responsible for matters concerning the individual, such as education, culture, language policy, public health, and welfare (though not social security).^{xliii} In the Region of Brussels, a bilingual city, the Flemish and French Communities co-exist. This means that each language group has its own institutions (e.g., libraries, schools, hospitals, etc.).

Both the Communities and the Regions have exclusive and sovereign powers regarding their own affairs, including legislative powers. This means that the federal and the constituent units of the federation have the right to create, formulate, administer, and implement laws within their sphere of constitutional competences. Dual federalism entails a lack of hierarchy between all three levels of government. The 'horizontal' nature of this federations entails that: a) competences are exclusive, thus, the federal level cannot interfere with the federated entities and vice versa, b) there is a jurisdictional division of labor between the federal level and the federated entities, c) all units are equal to each other, as far as the equality of legal norms is concerned (Bursens, 2002), and d) the federal level cannot overrule the legislations of the federated entities. "The Belgian federation, which is meant to preclude hierarchies between the different linguistic communities, each entity— federal or federated—is equal and cannot be over-voted in the internal process of co-ordination either on the administrative or on the political level" (Kovziridze, 10). This triad of orders and lack of hierarchy entails that the creation of policies in most policy areas requires cooperation between all levels of government.

3.1.Labor Market Policy in Belgium—institutional set-up

Given the institutional set up of this country, different dimensions of the labor market, including employment policies and education policy, are distributed across all three levels of government. Therefore, the creation and implementation of policies are complicated tasks. This is especially true for the case of the implementation of European employment policies since many aspects cut across multiple institutions, multiple levels of government, and multiple actors, including the social partners. For example, the Federal level is responsible for social security and unemployment insurance; while vocational and continuous training is under the jurisdiction of the Communities. Finally, the Regions are in charge of placing workers and (re)inserting the fully unemployed into the workforce, and of applying employment rules to foreign workers (Basic Information Report).

3.2. Stratégie européenne pour l'emploi/Werkgelegenheidsstrategie (EES)

Given the complicated nature of the Belgian system, and the fact that employment and training policy is highly regionalized, drafting the NAPs is a complex task that involves a great deal of coordination and cooperation among the federal, federated entities and the social partners. The creation of the NAP has triggered a process of consultation and bargaining between various institutional and societal actors. As one high-ranking Belgian official interviewee put it, “It takes a lot of procedural action to get our act together when we have to present our Action Plans” (Interviewee, Belgium, December 2003).

In Belgium, the creation of the NAP is mainly a federal task. The Federal Ministry of Employment and Labor was entrusted with the task of producing and coordinating the creation of this document. The process is as follows; first, the Communities and the Regions cooperate with the federal level because, as I already explained, these federated entities are responsible for many aspects of employment policy. Second, these sub-national actors cooperate with other Federal ministries, such as the Ministry of Finance, the Ministry of Economic Affairs, and Public Health. Third, meetings are held with the social partners and National Labor Council. At the regional level, consultation with the regional social partners is also organized. The last step of the process entails a special Commission of the Federal Parliament approving the NAP, after the government accepts it.

3.3. The Federated entities

Representatives of the Regions and the Communities participate in meetings at the Federal Public Service for Employment, Labor, and Social Dialogue, the body that coordinates the whole NAP. For two to three months, they meet on a weekly basis to prepare the document. The Brussels-Capital Region and the Flemish Region then bring the process back to their Regions and draw up Regional Action Plans for Employment (RAP). Interviewed policy-makers at the federal level believed that the RAPs are an opportunity for regions to show their success to the federal level. For example, Flanders, a booming Region, was the first regional government to create a RAP. Furthermore, an interviewed official at the sub-national level viewed this process as necessary to increase transparency and accountability, since these entities are mainly responsible for creating and implementing many aspects of employment policy, and not the Federal government. Many argued that the Flemish Region has put more effort in the implementation of the NAP than the other Regions (Plasschaert and Pochet, 2004).^{xliv}

In the Brussels-Capital Region, policy-makers viewed the creation of the RAPs as an annual exercise to prepare for their participation in the process of drafting the NAP with the Federal government. The RAP of Brussels followed the structure of the EES, and in 2003, it was drafted

through social concertation. This regional government included in this document a contribution of the Economic and Social Council of the Brussels Capital Region-- the institution that represents the social partners in the Region of Brussels.^{xlv}

Another project indirectly related to the EES and the Regional Action Plans is the Social Pact in the Region of Brussels. In April 2002, this government and the trade unions from the Brussels Region created their first Social Pacts. These tripartite formal agreement set on paper policy guidelines and objectives to increase employment rates in the Region. Specifically, the main aims are: to involve the private sector in the recruitment of workers, to promote the equality of men and women in the workplace, and to combat discrimination. The 2002 Social Pact included commitments to promote the insertion of workers in the labor market, to provide training, and to create center for professional development. This Social Pact followed the structure of the European Employment Guidelines. For the social partners, the Social Pacts and the RAP constitute two different documents with different objectives. Yet, both projects form part of the same process as they contain multiple EES objectives and targets. The interviewee from one of the regional social partners commented that the social partners understand how the EES and the territorial Pacts are linked since: a) both projects underline the issue of employment, b) the Pact follow the format to the Employment guidelines, and c) they both, also, contain similar quantitative targets. This organization, the interviewee stated, visualized the Social Pact as a potential tool to implement the strategy because the social partners and the government have to bargain on how to implement the objectives of the Pact.

In addition to the RAPs, since 1998 the Brussels-Capital Region participates in an ESF project of Territorial Employment Pacts (TEPs).^{xlvi} This project, independent from the RAPs was proposed as pilot program by the European Commission in 1996 with the ultimate end of mobilizing important public and private actors to combat unemployment at the regional level. TEPs are a type of Social Contract that sustains informal concertation between the regional government (specifically the regional employment service), the trade unions, and the employers. The partners form part of this arena in a voluntary basis with the goal of sharing and exchanging information regarding their policies with the end of creating common, coherent, and optimal courses of action in the region of Brussels. In 2000, this program was officially integrated to the 20001-2206 ESF's programming.

3.4. The European Employment Strategy and Intergovernmental Relations

Given the horizontal nature of federalism and the exclusive powers of the regions, in Belgium the central government cannot oblige the federated entities to adopt or change a policy.

Thus, in the case of labor market policy, the federal government in this country is in a ‘difficult position’ because it is directly accountable to voters and to the supranational level. In the eyes of the EU, the federal government is responsible for Belgium’s labor market and policies, and the EES process. For example, the federal level presents the NAP, and it should accept the blame when it comes from the supranational level. But in reality, the federal level has little control over many aspects of the labor market policy. The social partners and the federated entities mostly act as independent actors and they have the ability to create legally bindingness agreements regarding the labor market policy without much intervention from the federal level. The issue for the federal government is—how can we make these actors accountable to us with the goal of increasing the legitimacy of our government at both the national and the supranational levels? This debate became very apparent through multiple interviews with governmental officials. A potential solution to this problem is increasing cooperation and coordination between the federal level, the federated entities, and the social partners. In this sense, the EES has been a positive tool for the Belgian government since it allows for cooperation between these actors.

The EU, specifically the ESF, has recognized that Belgium’s institutional set up hinders the Federal government from implementing the goals of the EES and the ESF. Therefore, the implementation deficit is directly linked to an internal coordination problem. In attempt to increase coordination between the levels of government, the ESF funded the ESF-NAP Impact Assessment Cell (ENIAC). The main objectives of this organization are: 1) analyzing the effect of the EES and the ESF on Belgian policy, 2) coordinating the contributions of the Regions and the Communities with the National Action Plans, and 3) showcasing the actions of the ESF on the NAPs. By spelling out the links between the ESF and the EES and by institutionalizing them, the EU seeks to increase the likelihood of implementing the EES through its ‘financial arm.’ An important contribution of ENIAC is the ‘informal’ institutionalization of coordination between all levels of governments. For example, members of ENIAC meet frequently to develop common labor market indicators so that they have the same evaluation methodology. Besides this, in an effort to share best practices, increase transparency, and allow monitoring of policies, ENIAC developed an online employment/vocational training database that contains the main policy measures on employment and vocational training put forward in the NAP.

In sum, in Belgium sub-national levels of government have been active actors in the process of compliance and implementation of the EES. In this country, the nature of federalism determines the active participation of the federated entities in the process of domestication of soft law. Given that several entities have exclusive powers over different aspects of employment policy, the federal level must coordinate and cooperate with sub-national entities before it presents

its position to the EU. With the exception of the Walloon Community, sub-national levels have created their own Regional Action Plans. In the case of the Region of Brussels, policy-makers and the social partners have utilized the policy framework of the EES and the ESF to create Social Pacts and to strengthen the Territorial Employment Pacts. The case of Belgium demonstrates how collaborative non-bindingness instruments reinforce MLG in a MS. This argument is illustrated by the creation of projects at the sub-national levels to manage problems of unemployment (i.e., Regional Action Plans, Social Pacts and Territorial Pacts). Not all developments were directly related to soft law, but the ESF is extremely important in these settings because the available resources materialized the policies and goals of the EES. I will further develop these arguments in the following section.

Part III--Discussion

In the last section, I presented an account of the relationship between national and sub-national levels of government and the nature of their participation in the process of complying with the reporting process and implementation of the EES in three MSs. These cases suggest that the EES has formally and informally reinforced the notions that labor market policy should be (further) decentralized and that sub-national entities should be significant actors in the process of policy-making and decision-making. An important element within this process is the development of partnerships between the central, sub-national governments, societal and local actors. For example, in these countries many interviewees referred to the idea that the EES improved internal domestic coordination in the policy area of employment by spreading the message that multiple private and public actors should collaborate with the goal of creating a global policy plan. As one interviewee in Spain put it,

There is just one State, and therefore, the central government must create spaces and coordination instruments to have a ‘global policy.’ Obviously, this entails a process of bargaining and dialogue with sub-national governments. In this sense, the EES is an instrument that help us realize that we need to work together” (Interview, Spain, March 2003).

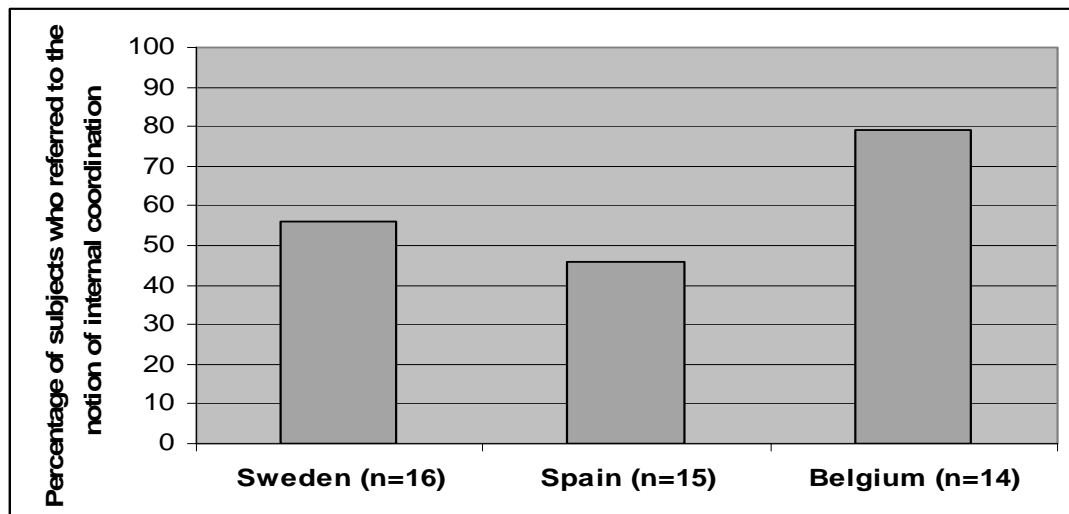
In the following section, I develop these arguments by linking them to the theoretical propositions presented in the first section of this paper.

1. Comparing and Contrasting Cases

As argued in part II, in the process of creating NAPs and implementing the strategy, national governments opened new spaces for coordinating labor market policy across levels of government and societal actors. In all three MSs, multiple interviewees considered that the

process of domesticating the EES increased the frequency of interactions with relevant actors, broadened the opportunity structures available for influencing the process of policy-making, and also tied spaces and actors that were not previously viewed as interconnected. Figure 3 illustrates these findings and presents the differences across MSs.^{xlvii} The reader should note that within the sample, many interviewees referred to the idea that the process attached to the EES improves domestic coordination in the policy area of employment, this finding is most salient in the case of Belgium.

Figure 3. Percentage of subjects who referred to the notion of internal coordination



In Belgium, policy-makers within the federal government were especially optimistic about these new opportunities, mostly because they felt that the EU policies provided all levels of government with common points of reference, policy framework and targets—an important matter in this country given the horizontal nature of federalism and exclusive powers of the regions. In the case of Spain, interviewees were not as optimistic about the development of internal coordination because, ultimately, the central level controlled the process and acted as gatekeeper. The process of domestication is shaped by the nature of intergovernmental relations. The Swedish and the Spanish cases are similar in the sense that the central level acted as a gatekeeper. Still, in Sweden, given that labor market policy has been extremely centralized (and mostly controlled by the Ministry of Labor), the European process opened new spaces for interministerial and societal collaboration. Therefore, many policy-makers in Sweden considered the former a very positive development because it challenged the prevalent logic of centralization.

As presented in the second section and further illustrated above, the experiences of sub-national participation and the opportunities created by the EES vary across countries. Table 1 presents a summary of these findings.

Table 1: Summary of domestic experiences: Domestic Structures and the EES

	DOMESTIC POLICYMAKING AND INSTITUTIONAL SET UP			EES PROCESS				
	Type of System	Configuration Of Labor Market Policy	Role of Sub-National Levels in Labor Market Policy	NAP Creation	Nature of Sub-National Involvement	Sub-National Initiatives Linked to the Strategy	Role of the ESF	Links between EES and ESF
Sweden	Decentralized Unitary	Centralized	Implementers	Highly Centralized	None, for the exception of data collection and peak organization	Local Action Plans	Weak	Very weak, almost none
Spain	Decentralized Regionalized Unitary (Many policy areas Pseudo-federal Vertical)	Process of Devolution (concurrent powers)	Implementers and enforcers, increasingly formulators and decision makers (through consultation)	Centralized, but open	Consulted	Local Action Plans and best practices	Very Strong	Weak
Belgium	Federal, horizontal	Highly decentralized (exclusive powers)	Main Actors, for the exception of Social Security	Inter governmental	Highly involved	Regional Action Plans, Social Pacts	Strong	Strong (ENIAC, Territorial Pacts)

At this point, it is appropriate to link the findings to the theoretical propositions. Table 1 should serve as a guide to the reader. As proposed, the case of Belgium suggests that in federal systems, especially where horizontal configurations are dominant, sub-national levels government would be highly involved with soft law. On the other end, in Sweden, a decentralized unitary state, sub-national levels of government do not formally participate in the process of domestication of soft law. The case of Spain could be evaluated as a decentralized regionalized unitary system or as pseudo-federation where vertical configurations are dominant. In this country, as expected, sub-national levels of government are mostly consulted. This means that the coordination and cooperation between levels of government is present, but not as powerful as in Belgium.

These findings suggest, first, the domestic institutional set up mediated the nature of the involvement of sub-national actors in the EES process, as I argue in the first section. This means that when evaluating the prospects of collaborative soft law for reinforcing multi-level governance in a MS, we have to examine whether the domestic institutional set up allows for the

participation of sub-national entities in the first place. In countries where those opportunities were already available, we see that soft law formally improved the chances of participation for sub-national entities.

Nonetheless, I found that collaborative soft law does not have the power to formally transform national logics of policy and decision-making in MSs where labor market policy is exclusively a prerogative of the national level. From this sample, the best example of reinforcement is the case of Belgium, where the horizontal nature of federalism requires sub-national levels to participate in the process of the EES. By being actively involved at the federal level, Belgian Regions transmitted a set of European policy principles to their region. These EU standards opened new spaces for collaboration between public and private actors (e.g., social pacts) and impacted the general content of regional employment policy. These findings and arguments have important implications for countries undergoing a process of devolution and decentralization of employment policy because, as I have shown, collaborative soft law reinforces MLG in these cases, even when it is not obligatory. For instance, in Spain the EES has strengthened the conception that the CCAAs must be actively involved in national processes of policy-making and decision-making if this country wants to develop a ‘global’ strategy for creating more and better jobs.

I have established that collaborative soft law could serve as an instrument for sub-national levels to claim their space as important actors in the process of national policy-making and decision-making (e.g., Sweden). Given that new spaces for negotiation are created, collaborative soft law has allowed policy-makers at lower levels to create and/or fortify partnerships with the national government, the social partners, and other lower entities. Thus, informally, the discourse of the EES reinforces processes of devolution, decentralization and development of governance in MSs, specifically in employment and labor market policy.

Based on the research, the effect of the strategy on sub-national levels and the development of partnerships are stronger when there are European resources (e.g., financial, technical) available. This finding is consistent with Marks’s (1993) argument about regional policy (the ESF is an important part of this EU policy) being the leading edge of MLG. In all three countries, sub-national entities transferred the logic of the national plans to the sub-national level. I contend that these developments were mainly possible because the EU provided resources to develop these programs. More specifically, I found that we cannot understand the links between collaborative soft law and MLG if we do not take into account the important role of the ESF in promoting partnerships. Disregarding this European institution would lead to

incorrect arguments about causality because we would overestimate the independent effect of soft law on domestic settings.

The data suggest that the soft law is more effective to promote MLG when the links between the goals attached to the obtainment of the ESF resources are directly linked to the EES process (Hartwig, 2004). This is most likely, I assert, because the national levels and the European level are working together to link both together. In the case of Spain, the interviewees at the Community of Madrid did not feel particularly empowered by the EES, but by the ESF. An explanation for this phenomenon is that the central level did a poor job at connecting both processes, mainly because it considered labor market policy as its responsibility. In the case of Belgium, the federal level and the EU, in conjunction with the federated entities, have put resources and effort into the task of clarifying, connecting, and materializing the connection between both processes for the Belgian Regions.

Why is this last finding relevant? It implies that to increase the likelihood of domestication and implementation, soft law should be accompanied by some type of financial and/or technical resources. This finding is consistent with the claims of the literature on multilevel governance about European regional policy and funds being an integral part of domestic policy-making (Conzelmann, 1998). Furthermore, I believe that soft law is most effective when practical and policy connections between non-bindingness regulations and the resources are actively linked by international/supranational organizations. This means that these links must be pushed by higher levels of government because they do not spontaneously flourish in MSs. Therefore, I propose that the likelihood of soft law being transferred to lower levels of government is at its highest when there are strong links between the policy principles and the available resources for its implementation. On the other hand, the likelihood is at its lowest when there are limited resources and weak links between policy principles and available resources. Figure 4 illustrates these principles and its implications on the likelihood of implementation.

Figure 4. Understanding the links between resources, non-bindingness measures and the likelihood of implementation

Resources	Links between policy principles and resources	Likelihood of transferring policy principle to sub-national levels
Scarce/None	Weak/none	Lowest
Abundant	Weak/none	Low/Medium
Medium/Abundant	Strong	Highest

I acknowledge that this paper does not provide a set of definitive answers, rather the insights established in this paper open the door for a research agenda on whether collaborative soft law leads to the Europeanization of local actors. The main theoretical propositions emerging out of this research are the following:

a) the likelihood of sub-national domestication is at its highest in federal systems where horizontal arrangements are predominant and resources are strongly linked to the policy principles supported by soft law.

b) the likelihood of sub-national domestication is at its lowest in centralized systems where resources are scarce and they are weakly linked to the policy principles supported by soft law.

In addition, based on this set of findings, I propose that the *strength of the links between the policy principles supported by soft law and the available resources* is an important variable especially for the cases where the sub-national levels have some power in the national policy-making and decision-making processes (e.g., vertical arrangements, regionalized unitary). For example, would CCAAs be more affected by soft law if the links between the ESF and the EES were stronger? Or, would the competitive and vertical nature of federalism would still determine the outcome? These are questions that remain on the table and that deserve further consideration. Based on these findings, I believe that by the EU making the links stronger between the EES and the ESF it opens a door of opportunity for sub-national levels to claim their role (that is institutionally backed up by the EU) as essential actors in labor market policy and Europeanization.

2. Theoretical Implications and Conclusions

What are the implications of these findings for studies about the effect of international non-bindingness measures on domestic settings, specifically for Europeanization, and for research on MLG? Elsewhere, I have argued that non-bindingness instruments highly influence policy-making in MSs because it affects early stages of the policy-making process, such as problem definition, agenda-setting, and policy (re)formulation (López-Santana, 2004). Now, if such instruments affect early stages of policy-making—what is the likelihood that EU regulations are implemented on the ground? Here is where the involvement of implementers and lower levels of government in decision-making and policy-making becomes extremely relevant to the process of domestication of non-bindingness supranational regulations because we can assume that if these actors are ‘on board’ the likelihood of implementation and domestication increases.

These findings shed light on the scholarly debate about the need for sanctions and coercion to achieve implementation-- if soft-law is constructed in a way that compels MSs to

involve lower levels of government, then these events increase the likelihood of domestication and implementation. Therefore, soft law should not be just considered “window dressing” (Abbott and Snidal, 2000), but a legal instrument that can trigger a process of domestic change. Furthermore, I propose that federations are more likely to include sub-national levels of government in the implementation of soft law. This raises a question, is the problem of compliance and implementation less likely to take place in federations than in centralized states? This question is relevant to international relations and international law scholars because it hints that they must account for the shape and structure of domestic institutions to thoroughly capture problems of compliance, specifically in the case of international/supranational non-bindingness regulations.

Regarding the prospects of ‘cooperation without enforcement’ to affect the behavior of MSs, an underlying finding is that these non-bindingness instruments do influence component states by softly pressuring states to follow a course of action. If this was not true, how could we explain that central governments, for the exception of Sweden, put effort in creating new spaces for coordination by including sub-national levels in the process of domestication, if it was not obligatory to do so? The information, structure, and resources provided by non-domestic organizations are highly important because they strengthen ‘cooperation without enforcement’ by informally empowering sub-national levels in the task of implementation. The research suggests that two elements increase the chances that labor market policy would become more integrated in a MLG structure: 1) a high level of involvement of sub-national participation at the national level, and b) the availability of resources to implement soft regulations on sub-national settings.

Finally, the paper shows that soft Europeanization does not formally change domestic balances of power. Thus, it does not lead to centralization or decentralization, rather the prevalent domestic balance of power remains. Nevertheless, I argue that collaborative soft law informally reinforces the process of devolution in MSs. The availability of information, structure, and resources strengthen the logic of multilevel governance in settings across member States because lower levels of governments are able to develop partnerships and to claim their role as key actors in decision-making and policy-making, as well as implementers.

ⁱ For example, in a study about compliance, Downs, Rocke, and Barsoom (1996) refer to the *managerial school*. Scholars within the managerial school understand problems of no compliance as “isolated administrative breakdowns” (Chayes and Chayes, 1993). In addition, in American politics, the classic work of Pressman and Wildavsky (1984) point at the gap between federal and local implementers as one possible explanation of failure to implement federal regulations and laws.

ⁱⁱ Hard law is different from soft law in the sense that Courts are responsible for enforcing regulatory instruments. Thus, under hard law, the Court has the ability to punish non-compliant states.

ⁱⁱⁱ Given that most of the interviewees were high-ranking civil servants and policy makers, the subjects and I decided not to disclose their names or identity.

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- ^{iv} For a detailed analysis of why international actors choose ‘softer forms of legalized governance,’ refer to Abbott and Snidal (2000).
- ^v In addition, refer to European Commission. (2001). Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions: Strengthening the local dimension of the EES. COM (2001) 629, Brussels, 06.11.2001.
- ^{vi} For a discussion of this topic in the policy area of research and innovation, refer to Kaiser and Prange (2004).
- ^{vii} To understand the relevance of this approach we must compare it with ‘state-centric models.’ For a detailed discussion of this debate refer, for example, to Nauerz (2003) and Hooghe and Marks (2001).
- ^{viii} For an account of ‘pressure from below,’ refer to Stijn.
- ^{ix} In addition, in many federations, sub-national levels are able to conclude foreign agreements. For example, in April 2005 the Flanders Region initiated an independent international dialogue on urbanism.
- ^x The only exception to this rule is when the federal level is uniquely responsible for a policy area. For example, in Belgium the federal level is responsible for defense policy.
- ^{xi} There is a fourth category—centralized unitary (e.g., Greece, Ireland, Luxembourg and Portugal). Yet, in this paper, I do not discuss these types of systems.
- ^{xii} In some of these countries, ethnic minorities have pushed for more autonomy (e.g., Friesland in the Netherlands).
- ^{xiii} For more information about the Swedish public sector refer to http://www.sverigedirekt.se/sprak/off_sekt_eng.asp (accessed on February 23, 2004). In addition, see Petersson (1994) and Larsson (1995).
- ^{xiv} For example, the municipalities are mainly responsible for the provision of school education, childcare, care of the elderly, social services, spatial planning and environmental health protection. The county councils are primarily responsible for health and medical services.
- ^{xv} This is a special feature of the Swedish administrative system known as ‘dual public administration’ (Jacobsson and Vifell, 2003). This dualism is not a de facto characteristic of the Swedish system because it is part of the constitution.
- ^{xvi} For an overview of Swedish labor market institutions, procedures and employment measures, refer to “Basic Information Report: Sweden 2002.”
- ^{xvii} However, in the 1980s there was a decline in centralized, corporatist wage bargaining. At this time, the employers abandoned most of the institutions based on social partnership. Refer to, for example, Junestav (2002); Iversen (1996) and Thelen (1993).
- ^{xviii} LO (Swedish Trade Confederation), SACO (Swedish Confederation of Professional Associations), TCO (Swedish Confederation of Professional Employees), SN (the Confederation of Swedish Enterprises).
- ^{xix} The information presented in the following sections comes from interviews conducted with policy-makers, representative of the main social partners and other organizations in Sweden in the Fall of 2003.
- ^{xx} An interviewee at the ministerial level argued that new type of working relationship between the Ministry of Industry, Labor and Communication and the Ministry of Finance (also with other ministries). The person contended that in other issues the relationship tends to be difficult since it mostly involves ‘money issues.’
- ^{xxi} I found that in Sweden there was an overall understanding that the ‘policy strategies’ organized by the EU have increased the interaction, collaboration and consultation between Swedish ministries.
- ^{xxii} For example, the Ministry of Education writes the section on Lifelong Learning (guideline four).
- ^{xxiii} Still, this process is far from being a regional division.
- ^{xxiv} The process of devolution and creation of ‘regions’ has been linked to the accession of Sweden into the EU, specifically to the notion of partnership promoted by the Structural Funds. For example, refer to Svensson and Östhol (2002).
- ^{xxv} Svensson (2001) argues that the RGAs signified the birth of regional industrial policy in Sweden.
- ^{xxvi} The MILC send letters to the sub-national levels to offer informational meetings. The sub-national levels decided if they want to participate in this reunion (or not). Thus, the sub-national levels decided if they wanted to invite these civil servants. Some sub-national levels did not participate in these meetings.
- ^{xxvii} As I have explained above, these organizations represent the local level because in addition they are an employers’ organization (they are the biggest employer in Sweden).
- ^{xxviii} Refer to “Final Project Report: With LAP within NAP. Ett EU-finansierat Projekt. Eskilstuna, Kungsbacka, Sundbyberg, Söderhamn Sundsvall, Örnsköldsvik. Svenska Kommunförbundet.”

^{xxix} For example, an interviewee argued that the government is not interested in developing the local dimension of the labor market policy.

^{xxx} For an overview of the Spanish labor market institutions, procedures and employment policy measures refer to “National Labour Market Policy in Spain: Basic Information Report on Institutions, Procedures and Employment Policy Measures,” MISEP, General Secretariat for Employment, Sub-directorate-General for Employment Studies, 2002.

^{xxxi} Börzel (2002) characterizes problem-solving strategies and intergovernmental relations in Spain as conflictive (*vis-à-vis* consensus-seeking) and based on bilateral bargaining (rather than multilateral cooperation).

^{xxxii} The Autonomous Government and the social partners signed these Pacts. The País Vasco was the only exception, since this government did not sign a Pact.

^{xxxiii} In addition, each ministry created their internal group for the discussion, drafting, and development of the NAP.

^{xxxiv} The Inter-sectoral Conference has also been very active in the process of devolution of jurisdictions to the CCAAs. The main objective of this body is to discuss the budget destined to active labor market policies in the CCAAs and to propose modification to the policies already in place.

^{xxxv} In Spain, the European Structural Fund (ESF) has funded many projects for the promotion and creation of local strategies for employment. For other examples of current projects for the promotion and creation of local employment strategies, refer to www.granadadesarollo.com/proyectos/art6fse.index.asp. Currently there are projects under Article 6 of the ESF in Cádiz, Cuenca, Cantabria, Granada, Extremadura, Navarra, Huelva, Cataluña, Castilla y León, and Pontevedra.

^{xxxvi} The municipalities that participated in the Pléyade Project were Valladolid, Albacete, Plasencia, Conil de la Frontera, and Castuera. For more information about this Project, refer to “Guía para la Actuación Local a favor del Empleo: Los Planes Locales de Acción para el Empleo,” Difusión e Implantación de la Estrategia Europea por el Empleo en el Ambito Local. Proyecto Pléyade.

^{xxxvii} The project defined ‘territorial concertation’ as the result of cooperation between different divided territories (referring to different jurisprudence) that forms a single area of the labor market in the design and the implementation of local employment policies.

^{xxxviii} For example, Börzel (2002) argues that duplications and overlapping is a common problem in Spain that resulted from the institutional separation of the two levels of government.

^{xxxix} Interviewees at the European Commission commented that even if there was not an initial overlapping between the EES and the ESF programming period, the ESF at the EU level has been strongly emphasizing and clarifying the connections between the European funds and the EES process on MSs.

^{xl} For example, since Spain became a full member of the EU, the central state has transposed virtually all European policies—even those that fell within the competencies of the CCAAs (Börzel, 2002).

^{xli} For an historical account of the Belgian process of federalization, refer to Hooghe, mimeo, and Poirier, 2002.

^{xlii} Brussels is a predominantly French-speaking city, and an enclave in Flanders. The difficulty of uniting Brussels with any other federated entity legitimized the creation of the Brussels Capital Region.

^{xliii} The Communities and the Regions have the power to conclude international treaties and conduct foreign policy (within the scope of their competencies) (Bursens, 2002; Hooghe, mimeo).

^{xliv} Plasschaert and Pochet (2004) argue that a possible explanation for Flemish involvement in the implementation of the EES is that: a) the coalition government in this Region is dominated by the liberal party and b) Flevoland has been emphasizing the Active Welfare State. Moreover, “the Walloon region traditionally has more socialist orientation with some leaders assessing the EES as being too liberal.” The Brussels Capital region is seen as somewhere in the middle (p. 18).

^{xlv} Each level of government participated in their own regional Social and Economic Council. In the Brussels region the social partners are consulted by the Conseil économique et social de la région de Bruxelles-Capitale/Economische en Sociale Raad van het Brussels Hoofdstedelijk Geweest. In the Flemish region, the social partners participated actively within the Sociaal Economische Raad van Vlaanderen. Moreover, in the Walloon region the partners were consulted via the Conseil économique et social de la Région Wallone. Finally, in the German-speaking Community the partners were involved through the Wirtschafts-und Sozialrat.

^{xlvi} For an overview of the Territorial Employment Pacts, refer to http://www.pactbru.irisnet.be/EN/histo_en.htm#origin (accessed on February 3, 2005). In addition, refer to <http://www.eiro.eurofound.ie/2000/05/Feature/BE0005313F.html> (accessed on February 3, 2005).

^{xlvii} There are some points that should be clarified about the analysis. First, the interviews conducted at the EU were not included in this analysis. The reasoning behind this choice is that policy-makers at the supranational level only speculated about the influence of the EES at the national level, because they do not participate in the process of policy-making at the national level. Second, for my interviews, I used an open-ended format. As a consequence, many interviewees did not assess the question of the influence of the EES. For this reason, I am reporting the interviews that made direct reference to the effect of the EES at the national level.

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