

Effects of Europeanisation on social policies of Slovenia and Macedonia: convergence vs. disparity?

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The European Union has become entrenched as an important supranational player in social policy creation. Although it initially tread into this area cautiously and sporadically and is dependent on its economic policy, it now seems that the language used by Open Method of Coordination (OMC), Joint Inclusion Memorandum (JIM), National Action Plan for Employment (NAPE) and European Employment Strategy (EES), shake and lead the way in social policy creation in most European countries. But what do these mechanisms achieve? What do “hard” and “soft” mechanisms bring to national social policies? Can these mechanisms compete with the others that have been introduced by other internationals? In an effort to address these questions, this article intends to explore the applicative aspect of Europeanisation in social policies. In so doing, this article begins by outlining the possible effects of Europeanisation in the institutional, regulative and cognitive spheres, which may possibly lead to convergence, divergence and disparity as outcomes. This is followed by a brief exploration of EU influence on the social policies of the newer member states, which shows that the social policies of EU 10 seem to be more “Europeanised” than those of EU 15, primarily due to the need of the former to adapt and alter their previously ineffective welfare models. However, the main empirical evidence in this article is drawn from an analysis made of the social policies of Slovenia and Macedonia, where the influence of external factors and the decisiveness of the internal players indicate these to be the most prominent agents for welfare reform. The external factors are not only analysed through EU impact, but also through the actions of the Breton Woods institutions (World Bank and IMF), which in some cases have managed to substitute and outplay the EU in the field of social policy prescription. The concluding part of this article intends to demonstrate the various effects of Europeanisation in these two countries, thereby indicating the prevalence of convergence or disparity in the enlarged European Union. The abstract should be around 150-200 words and definitely fit in the first page of the paper. This document is a sample document that gives the authors of SRC 2006 a general overview of how their camera-ready paper should look like. This paper will be included in the Proceedings of the conference published by SEERC. The document is based on the styles created in the template available form the site of the conference.

Keywords

Europeanization, EU social policy, convergence, divergence, Slovenia, Macedonia

1. Possible Effects of EU Social Policy Dissemination

European social policy goals and standards have been conveyed through the dissemination of various instruments, which are directed at both member and candidate countries. These instruments are comprised of a limited number of ‘hard’ mechanisms (social *acquis*), as there has been general opposition for more of these social policy instruments and numerous ‘soft’ mechanisms (OMC, NAPE, NAPs etc.). The prevalence and unobtrusiveness of the “soft” social policy mechanisms have succeeded in achieving significant results. The outcomes of these mechanisms will be assessed through the innovations and modifications seen on the institutional, legislative and cognitive level, which may therefore contribute to the evidence of convergence and/or divergence and disparity among the EU and member or candidate countries.

1.1 Institutional and Regulative Europeanisation

Europeanisation can be observed both as a process and as an outcome in national social policies. According to Ioakimides, Europeanisation can influence the redefining of national political systems on four levels: institutional, regulative, functional and territorial [1]. Concerning the outcomes in national social policies, it can be argued that the most visible changes are those on the institutional and regulative level. Institutional changes are mainly visible through modifications made to the bodies who administer national social policy (renaming and/or creating new departments within Ministries of Social Affairs, changes in the Employment Bureaus/Agencies, etc), but they can also be observed through the creation of completely new institutions (i.e. Public Guarantee Fund, Office for Equal Opportunity, etc.), which complement and improve the administrative capacity of national social protection systems.

On the other hand, regulative Europeanisation has a more distinctly visible outcome. In some ways, it is a ‘must’ in the process of negotiating social *acquis* chapters, and therefore many of the ‘hard’ legislative criteria has become embedded in national social policy legislation. This mainly involves the need to incorporate numerous labour law directives, health and safety at work directives, as well as equal opportunity directives. Other, more ‘formal’ domains of social policy are regulated through ‘soft’ mechanisms, and it is also through input from these channels that has resulted in the creation of national action plans for employment, joint inclusion memorandum, etc.

A summary of possible institutional and regulative effects that are supported through various EU mechanisms are presented in Table 1. Although the institutional and regulative effects can differ among countries depending on their capacity and need to implement these changes, it can be argued that the EU favors an active social policy, accompanied by more direct public authority.

| Instruments | Effects | |
|-----------------------------|---|---|
| | Institutional Europeanisation | Regulative |
| Open Method of Coordination | Activation of local and regional levels in the coordination of national social policies | National Action Plan for employment; National Action Plan for social inclusion |
| Structural Funds (ESF) | Modernisation of systems for education, training and employment | Adoption and streamlining of European Employment Strategy priorities |
| Social Acquis | Creation of new institutions for | Adoption of European directives in |

| | | |
|---|--|--|
| | administration of social policy; Creation of separate sectors for coordination of European affairs within Ministries for Social Policy. | national legislation concerning: Free movement of workers and coordination of social security; Employment and social policy; Education, Training and Youth |
| Pre-accession programmes (PHARE, CARDS) | Transformation of local agencies for employment; Modernisation of local social services | Creation of new criteria for social assistance payments; Initial creation of national action plans for employment |

Table 1 Institutional and regulative Europeanisation of national social policies

1.2 Cognitive Europeanisation

Besides its direct effects, the EU influence in national social policies can be observed through indirect effects. According to Radaelli, indirect effects can be analysed through the process of cognitive Europeanisation, a process that affects both perception and attitude towards social problems, as well as the manner in which these are managed [2]. Measuring cognitive Europeanisation is much more difficult than measuring institutional or normative Europeanisation, but as Palier and Guillen note, the cognitive aspect is an important one when analysing changes in public debate, logic and discourse, because it facilitates the way for current and future political and institutional changes [3]. Similarly, Lendvai associates this process in social policy with the appearance of new terminology, new meanings, new agendas and discourse that become visible during the EU accession process [4].

However, if one attempts to analyse the effects of cognitive Europeanisation, it may be contended that those changes would be more visible in EU (member and candidate) countries where social policy does not have a long tradition (i.e. South-Eastern European countries, such as Portugal, Greece, Spain and Italy), as well as in those countries where social policies were under the auspices of autocratic regimes (such as the ex-socialist countries of Central and Eastern Europe). In this group of countries, the strife to promote the European Social Model and its goal of solidarity and efficiency can be seen more clearly because of the different values of the immanent social protection systems in the past.

1.3 Convergence

Convergence as an effect in social policies can be observed as a correlation of national social policies towards the EU preferred goals or that of the European Social Model. Within the given literature, the thesis of convergence among social policies finds a similar number of supporters and opponents. Neo-functionalist representatives within the Union argue that the creation of the Single European Market contributes to a convergence of social protection levels within the member states. According to Falkner [5], the economic integration will inevitably contribute to functional ‘spillover,’ especially in social policies. Bertozzi and Bonolli, on the other hand, indicate many factors that condition the convergence of national social policies, such as political and organisational culture/tradition, the empowerment of different players, as well as the learning process [6].

Measuring convergence in practice proves extremely difficult because, as was rightly pointed out by Börzel and Risse, what appears as a convergence on a macro level may show a significant degree of divergence on a micro level [7]. Therefore, in order to specify convergence in a more measurable manner, this article will analyse: a) convergence of policies; b) convergence of

instruments and c) convergence of effects. Table No. 2 indicates various dimensions and degrees for measuring convergence that will be used in the selected case studies.

| Dimensions | Degree of convergence | | |
|----------------------------|---|---|--|
| | High | Middle | Low |
| Convergence of policies | Applicative and normative compatibility with policy goals for: employment, social inclusion and pension | Presence of normative but an absence of applicative compatibility with policy goals for: employment, social inclusion and pension | Declarative efforts with no real evidence of applicative and normative compatibility with policy goals for: employment, social inclusion and pension |
| Convergence of instruments | Use of same mechanisms for realisation of social policies | Use of similar mechanisms for realisation of social policies | Use of alternative mechanisms for realisation of social policies |
| Convergence of effects | Compatibility of social transfer expenditures; employment/unemployment rate; poverty rate | Similarity of social transfer expenditures; employment/unemployment rate; poverty rate | Disparity of social transfer expenditures; employment/unemployment rate; poverty rate |

Table 2 Dimension and degree of convergence in national social policies

On the basis of this approach, an analysis of the social policies of Slovenia and Macedonia will be made in order to determine the level of their convergence with the EU social policy standards.

1.4 Divergence

Divergence supporters highlight many arguments which defend the prevalence of divergence among European national social policies. Firstly, they emphasize the existence of different traditions and diverse political preferences in the creation of social policy in Europe, which presents an important obstacle on the path to convergence. Furthermore, additional factors that contribute to the divergence scenario are the limited number of EU social policy domains, their subsidiary status and the limited capacity of supranational institutions to dictate the course of national social policy. Finally, as Kleinman notes, “increased top down pressures for convergence for the sake of the European project may provoke a centrifugal reaction, leading to demands for greater divergence and diversity in the future” [8].

On the basis of these arguments, it may be concluded that divergence is an obvious effect, and the dominance of national tradition over international influence in social policy is a prevalent feature. Yet, the supporters of divergence do not present any contra evidence on the ‘spillover’ arguments, which, accompanied with the effects of the economic monetary union and other ‘unintended’ and collateral consequences of European integration may describe the convergence scenario as a possible one.

Measuring divergence can be achieved by comparing the difference in the degree and level of social expenditure and public intervention, as well as the diversity of goals and its differing effects on social policies in EU (member and candidate) countries.

1.5 Disparity

Disparity as an effect is similar to convergence, but the emphasis here is not put on the non-compatibility of national social policies with those on the EU level, but rather on the lack of similarity and prevalence of totally different social policy solutions. As such, disparity is indicated when basic values and manners of social policy creation and administration are inconsistent with the European norms. The prevalence of disparity depends on various rooted values, such as tradition, national priorities and dominant political forces that contribute to the creation and provisions of social policies.

An analysis of disparity may be observed through the existence of various socio-economic conditions in the EU (member and candidate) countries, and hence, disparity can be analysed as both an effect, as well as a factor that influences the attainment of convergence in the social goals of the Union.

2. Influence of European Social Policy in the Newer EU Member States (EU 10)

One of the main challenges that the EU has been confronted with during its existence has been its enlargement to include the countries of Central and Eastern Europe. In regards to the social policy aspect, the EU 15 had been skeptical about these enlargement prospects for fear of: a) social dumping; b) social tourism and c) the take up of available jobs. However, these worries never materialised, as the EU 15 had undertaken certain preventive measures to protect their welfare systems from the 'Easterners'.

From the system perspective, however, an important attribute that these countries brought with them was a different social policy model. While all the new EU member states do not have one homogeneous model, there are certain characteristics which are shared by all of them and which are most likely to change due to the need for the social preferences of the Union. Some of these shared characteristics include:

- A bureaucratic welfare state, which provides social services in a centralized and non-transparent manner.
- Lack of experience in the private sector as a provider of social services.
- Ineffective social partnerships and social dialogue in the creation of national social strategies.
- Emphasized egalitarian expectations of the citizens in provisions of generous social benefits by the state.
- Ineffective and non-targeted social benefits.
- No correlation between social and economic policy.
- Immeasurable goals and an emphasis on declarative statements for social programmes.

Other social, economic and demographic characteristics of the new EU member states also indicated certain differences with those of EU 15.

| Country | 2001 | 2003 |
|-----------|------|------|
| EU 15 | 7.4 | 8.1 |
| Cyprys | 4.4 | 4.4 |
| Czech R. | 8.0 | 7.8 |
| Estonia | 11.8 | 10.1 |
| Hungary | 5.6 | 5.8 |
| Latvia | 12.9 | 10.5 |
| Lithuania | 16.1 | 12.7 |
| Poland | 18.5 | 19.2 |
| Slovenia | 5.8 | 6.5 |
| Slovakia | 19.5 | 17.1 |
| Malta | 6.7 | 8.2 |

Table 3 Unemployment rate (%) in the new EU member states (EU 10) Source: European commission, 2004

| Country | Before social transfer | After social transfer |
|------------------|------------------------------|--------------------------|
| EU 15 (2001) | 39 | 15 |
| Cyprus (1997) | 24 | 16 |
| Czech R. (2001) | 36 | 8 |
| Estonia (2002) | 42 | 18 |
| Hungary (2001) | 44 | 10 |
| Latvia (2002) | 43 | 16 |
| Lithuania (2001) | 41 | 17 |
| Poland (2001) | 48 | 15 |
| Slovenia (2002) | 37 | 11 |
| Slovakia (2002) | 43 | 21 |
| Malta (2000) | 30 | 15 |

Table 4 Share of Poverty Rate Source: Eurostat, Laeken indicators 2004

| Country | 2002 |
|------------------|------|
| EU 15 | 28.0 |
| Cyprus | 16.5 |
| Czech Republic | 19.9 |
| Estonia (2001) | 14.3 |
| Hungary | 20.9 |
| Latvia (2000) | 17.8 |
| Lithuania (2000) | 15.8 |
| Poland (2001) | 22.1 |
| Slovenia | 25.4 |
| Slovakia | 19.2 |
| Malta | 17.7 |

Table 5 Social expenditures as % of GDP Source: European Commission and Eurostat

From the figures given, it can be noted that there are principle differences in the area of unemployment, where only four countries (Cyprus, Czech Republic, Hungary and Slovenia) are lower or similar to the EU 15 rate of unemployment. This indicates the need to give priority to new approaches and solutions for the creation of employment policies in the countries of Central and Eastern Europe. In the remaining domains, the new member states do not lag behind significantly. In terms of poverty rates, those much higher than the EU 15 are only Slovakia, Estonia and Lithuania. The period of transition has obviously had a negative impact on social expenditure levels, where it can be comparatively seen that all new member states have had lower social expenditures than those of the EU 15.

During the period of negotiations with the European Union, the new member states were primarily faced with the necessity of adapting their social legislation with that of the European Union. The transposition of the social *acquis* has not created great problems, but in the area of the free movement of labour, where certain restrictions in the older member states apply, transitional periods have been formed (3+2) for utilizing the full capacity of labour markets in the European Union by the workers of the new member states. What has made a greater impact in terms of change and adaptation in national social policies has been the ‘soft mechanisms’ of the Union, which in the domains of employment and social inclusion have proven to be most effective.

Within the employment policy of the (then) candidate countries, initial steps were taken through the creation of the Joint Assessment of the Employment and Labour Market. These reports recognised the main challenges faced by the labour markets, which then contributed towards the creation of National Action Plans for Employment, where more practical steps were planned for the undertaking of necessary activities. According to the European Commission Report, national action plans have improved national policies in certain areas such as: incentives for making the work pay off; reforms in public agencies for employment; design and evaluation of strategies for life-long learning and facilitation and development of businesses [9].

Social inclusion policies have also been a part of the Europeanisation trend. Cooperation in this area was initiated through the creation of the Joint Memorandum for Social Inclusion (JIMs), which has had a positive impact on the adoption of quantitative indicators to determine poverty and social exclusion. For the first time, these countries embraced comparative and measurable standards, which in the future will enable the assessment of the effectiveness of their social inclusion policies. Further itemization of the JIMs came in the form of National Action Plans for

Social Inclusion (NAPs), which were based on the joint goals previously adopted by the European Union. The combination of joint goals and indicators in social inclusion policy, in conjunction with the process of continual monitoring and evaluation of applications, has had a positive effect on the newer EU member states, which did not have a tradition of separate social inclusion policies in the past. The contribution of the EU in this respect has been of great importance as it not only gives priority to the poverty issue in these countries, but also establishes a basis on which to coordinate its reduction.

Judging by the comprehensiveness, in conjunction with the continual monitoring and implementation of European Commission recommendations of national social agendas, it can be argued that the effects of the 'soft' social mechanisms in the newer member states are more visible than those in the EU 15. Reasons that support this argument include: the discontinuation (in most cases) of previous social policy models and the need to replace them with those more effective; the use of the open method of coordination to search for best social policy practices; the effective use of financial and expert support provided by the EU; and finally, the need for quicker closing of negotiating chapters, which prompted a more immediate acceptance of social strategies offered by the European Union.

3. Social Policy Changes in Slovenia and Macedonia: Different Roads to the EU

Slovenia and Macedonia used to be part of one country, part of one political and social welfare system and part of the same ideology until 1991. After their independence, both countries placed identical political and strategic goals on their agendas: transition from a socialist to a functional market economy and association with the European Union. Fifteen years later, these countries are on the opposite economic, social and political spectrum. Slovenia has successfully managed to accomplish its political and strategic goals, while Macedonia continues in its attempt to reach them.

This part of the article intends to explore the factors that have contributed to these differences, seen through the ways and means used for social policy creation. The social policy changes are explored through an analysis of institutional, legislative and cognitive modifications evident in the social welfare systems of both countries. This part of the paper will also analyse the Europeanisation effects and differences in these countries and endeavor to depict possible convergence or disparity with European social standards and norms. In presenting the evidence in the selected case studies, this article will use the macro level approach in its analysis of social policy changes.

3.1 Institutional Changes

An analysis of the institutional setup for social policy administration in Slovenia shows that the following factors have contributed to its current structure:

(i) Firstly, *historical heritage in social policy*, or path dependency, as defined by Pierson [10], had an important impact during the early years of Slovene independence (1991), when a few institutions were created and/or renewed because of the country's distant past corporatist tradition. The Agency for Pension Insurance, the Agency for Health Insurance and the Agency for Unemployment were formed in the early 90's, which indicated that 'schemes for compulsory social insurance are an important part of the Slovene social welfare system' [11]. These agencies,

while financed through the budget, are relatively autonomous, as they are not part of the public administration system.

(ii) *The EU* played another important role in influencing the institutional shape of social policy administration. Its directives and recommendations in the social sphere contributed to the following institutional innovations:

- Formation of the Public Guarantee Fund (1997) for workers in cases of employer insolvency. This Fund was formed in accordance with Council Directive 80/987/EEC, Article 5.
- Changes within the Ministry of Labour, Family and Social Affairs, which included: a) formation of a sector for the coordination of European Social Fund activities (2001); b) extension of the sector for international cooperation with the Sector for European Integration and c) the renaming of the Sectors into Directorates for easier coordination with the EU.
- Formation of a Central Unit within the Centre for Social Work for the purpose of coordinating social security schemes (family transfers, maternity leave, parental leave, etc.).
- Renaming the Sector for gender policy into the Sector for equal opportunity (2001), according to the EU directive addressing gender equality;
- Formation of the Agency for Invalids, although the activities of this body were transferred to the Ministries of Health and Labour as of 2004.

Institutionally speaking, changes in Macedonia show a rather different picture than that of Slovenia. The pace of institutional change has been relatively slow and initiated through different channels:

(i) *International financial organisations*, mainly the World Bank, are a major catalyst for institutional change. This was initiated in the late 90's and continues to the present day. Hence, certain World Bank projects in the social sector led to a number of institutional arrangements such as:

- Enhancement of technical equipment and human resources in the Agency for Employment (on the national and local level), in order to implement more active labour market policies (through technical assistance for institutional building to support employment policies);
- Enlargement of the institutional capacity in order to administer the new pension reform (through the SPIL-social protection implementation loan), which indirectly contributed to the formation of the new Agency for Supervision of Fully-Funded Pension Insurance (MAPAS). Through the initiation of pension reform, new private pension providers were established, whereby the responsibilities and pension contributions directed to the Public Fund for Pension and Disability Insurance were decreased.

(ii) *The EU* has only recently (2003-onwards) initiated projects which have had some impact in the social sphere, and their institutional impact has been indirect:

- The PHARE Project (Institutional capacity building and development for social protection) contributed to the practical initiation of the previously planned pluralism in the social service provision, through supporting the partnership between the Ministry and the NGO sector. It also involved support for improvement to the management techniques undertaken by the Ministry of Labour and Social Policy.
- The CARDS Project (Technical Assistance to Institution Building in Support of Employment Policy, 2003-2005) delivered training to staff of relevant ministries and social partners'

organisations on the carrying out of monitoring and evaluation activities on the implementation of NAP 2004-2005 measures and on employment policy development.

- In order to successfully coordinate EU issues, the Ministry of Labour and Social Policy enlarged its international department to include the Unit for European Integration.

In general, it can be argued that the institutional changes initiated in the two countries differ in terms of their direction and continuity of change. In Slovenia, there has been an overall preservation of the public institutions that existed in the past. Their restructuring complied with the overall socio-economic and political needs, and also with the requirements for European integration. In Macedonia, due to the more direct influence of international financial institutions and a limited budget, the public system of social welfare institutions that existed in the past is in a period of decline and its functions are slowly being transferred to the (as yet not developed) private and (fragile) non-governmental sector. European Union institutional requirements are at most, modestly present and their implementation would probably prove to be a time consuming and challenging process.

3.2 Legislative Changes

Through an analysis of the legislative changes in Slovenia since its independence, three different periods can be detected. The first period stretches from 1991-1996, when new laws were introduced which envisaged social policy be carried out through active measures, through cooperation with other sectors and also maintained a high standard of social security for its citizens. The second period, from 1996-2004 can be associated with the social policy changes that were undertaken as a necessary precondition for EU accession. The final period, from 2004 onwards, shows the creation and administration of social policy as both a result of national and European priorities and needs.

During the initial period, few legislative acts were created and adopted: the Law on Social Welfare in 1992 introduced the private and NGO sector as providers of services and also introduced an increase in social assistance benefits, the introduction of the guaranteed minimum wage (1995); active employment measures that included the implementation of Eurostat statistical standards, as well as the first analysis on the poverty issue. It is important to mention that it was this period that the first efforts to reform the social security system through legislative changes to the pension and health system (in 1992, 1993) were undertaken. Although legislative changes, especially in terms of the pension system, were not ambitious or radical, “the new government expected that they will contribute towards stabilization of the pension system” [12]. However, due to extensive and constructive public debate, the parametric reforms to the pension system did not occur until much later.

During the second period of social policy development in Slovenia, much legislative activity addressed EU requirements. Therefore, as a result of social *acquis* and the “soft” EU mechanisms, the following legislative changes and innovations took place:

- Changes to the Employment Relations Act (2002), which incorporated EU directives on labour law;
- Changes to Family Law and family benefits (2001), which incorporated a directive for parental leave and other complementary rights that regulate equality between gender.
- A new Law addressing health and safety at work (2001), which partially incorporated EU directives in this area
- Joint Assessment of the Employment Policy (2000)

- National Action Plan for Employment (1999)
- Joint Memorandum on Social Inclusion (2003)

Apart from the EU requirements, Slovenia expanded its social legislation through the creation and adoption of the National Strategy for Social Protection (2000) and the Programme for the Fight against Poverty and Social Exclusion (2001). Slovenia was assessed by the EU as to what level the criteria stipulated in these two documents had been fulfilled. What is particularly unique about this period is the adoption of pension reform (2001), whose final form came about as a result of a multitude of factors. Despite efforts by the World Bank to convey their preferred parametric reform offered in all other post-socialist countries, Slovenia accepted a fully-funded, modified pension model based on a voluntary second pillar. This was as a result of public pressure initiated by the trade unions, and was also supported by the EU PHARE project at the time. However, in 1996 there had been strong criticism expressed against the original reform suggested by the World Bank. The influence of this particular PHARE project was illustrated as being 'in the right place, at the right time' [12].

The third period of social policy development is a continuation of the previously undertaken steps. A new National Action Plan for Employment was created for the period of 2004-06, as well as the National Action Plan on Social Inclusion (2004). The change on the political scene as of October 2004 (when a right-oriented Slovene democratic party won the elections) may pose a potential danger to the previously undertaken reforms in social policy, as there is present fear among certain national players that the new government will 'strengthen the principle of subsidiarity and give a bigger role to the NGO sector [11], and that 'it will abandon its place in the tripartite dialogue, by providing more 'opportunity for dialogue between workers and employers' [13].

Macedonian legislative changes to social policy after 1991 were initiated rather late, and their pace was sporadic and ad hoc. The reasons for legislative changes, on the one hand, addressed the reform requirements conditioned by the international financial institutions (IFI's) but on the other, witnessed a discontinuation of the strategic goals when power shifted between the different political parties.

The first more concrete and important legislative modifications were undertaken as of 1996. They included: initiation of the Labour Force Survey (1996), changes to the Labour Law (1997), which abolished labour market restrictions, adoption of the Unemployment Insurance Act (1997), which introduced more active employment measures, the Social Protection Law (1997) which introduced but did not specify the inclusion of new principles, such as public-private partnership, decentralization, etc., the Poverty Reduction Strategy Programme (2002), an Act for compulsory fully-funded pensions (2002).

These acts were created and adopted on the basis of financial and expert support from the World Bank and the IMF. Recommended reforms were adopted without prior public debate and critical evaluation. Although the Union of Trade Unions in Macedonia opposed this recommended paradigmatic pension reform, their disagreement came 'too little, too late'. According to the trade union representative 'the government publicly announced that the acceptance for pension reform is an obligation imposed by the FESAL 2 arrangement and we have to accept it as such' [14]. This same trade union representative also noted that the 'government never takes any opposition from the trade union into serious consideration'.

Legislative changes introduced from 1996 until 2003 primarily focused on: (i) the introduction of selectivism and targeting in social service delivery; (ii) an emphasis on workfare instead of welfare; (iii) the introduction of private providers of social insurance; (iv) an increased emphasis on individual responsibility in place of solidarity as the main principle of social service delivery.

These reforms were not connected to either the social policy tradition of Macedonia, nor to the actual strengths and needs of the labour market. Social policy creation monopolized by the IFI's may jeopardize achieving EU social standards in a prompt and appropriate manner. Hence, the Macedonian example, at least for the period following up to 2003, exemplified the Vaughan-Whitehead remark, that some of the EU candidate countries "implement neo-liberal reforms in a much more radical way than could be expected from a European state, thereby risking the future of Social Europe in the newly enlarged European Union [15].

The lack of EU influence in Macedonia until 2003 can be attributed to both the strong presence of international financial institutions, but also to the fact that Macedonia applied to the EU in March 2004, after which period more concrete EU instruments were made available in the social sphere. The EU CARDS programme contributed to the creation of the first National Action Plan for Employment. This instrument also plans to support asylum and migration issues through the preparation of a Law on asylum and the set up of shelters for asylum seekers.

However, an analysis of the Macedonian National Strategy for EU Integration gives a worrying picture of the country's social policy priorities in terms of EU association. The main principles of social protection reform according to this strategy include limiting the egalitarianity of the social protection system and placing the responsibility for social protection on each individual and family. Plans for this subsidiary role of the state include a reduction in social transfers, the introduction of more rigid criteria for social protection and the limitations of social services to those most in need [16]. These principles are in sharp contrast with the EU general tendencies for maintaining high levels of social expenditure and universal access to social services.

3.3 Cognitive Changes

In regards to the changes in terminology, agendas and discourse within the social policy of the two countries, a different picture, once again, emerges. In Slovenia these changes are more visible, as they can be noted through the daily practice and activities of all parties involved in social policy administration. The increased use of national action plans in areas of employment and social inclusion, the logic of the European Employment Strategy and the practice of the open method of coordination have impacted on the behavior and language of the administrators, academics, trade unions and NGO representatives in Slovenia. There is very little evidence of such behaviour and language in Macedonia, where even on the ministry level, it is not evident, let alone the evidence of some knowledge of current European values and approaches that are used as a basis for discourse by the social players.

In order to make a more concrete comparison of Slovene and Macedonian social policy orientation towards EU preferred goals and standards, an assessment of their policy goals, instruments and effects will be shown to detect any possible trends towards convergence or disparity.

| Convergence of policies | EU goals | Slovenia | Macedonia |
|-------------------------|---|---|--|
| Employment | (1) Achievement of full employment (2) Improvement to quality and productivity of work (3) Strengthening of social cohesion and inclusion | (1) Balanced socio-economic development (2) Increase in employment; (3) Increase in the living standard | (1) Active labour market policy (2) Reduction in unemployment; (3) Reduction of disparities among unemployed |
| Social inclusion | (1) Facilitating participation in | Adoption of all EU | Declarative |

| | | | |
|----------|---|---|--|
| | employment (2) Prevention of social exclusion (3) Assistance to vulnerable groups; (4) Mobilisation of all relevant players | goals within the National action plan for social inclusion. | statements for social inclusion with no concrete action towards EU goals |
| Pensions | (1) Adequacy of pensions; (2) Financial sustainability of the pension systems; (3) Modernisation according to the needs of the economy, society and individuals | Reform of the pension system encompasses the EU goals in pension policy | Reform of the pension system is not compatible with the EU goals in pension policy |

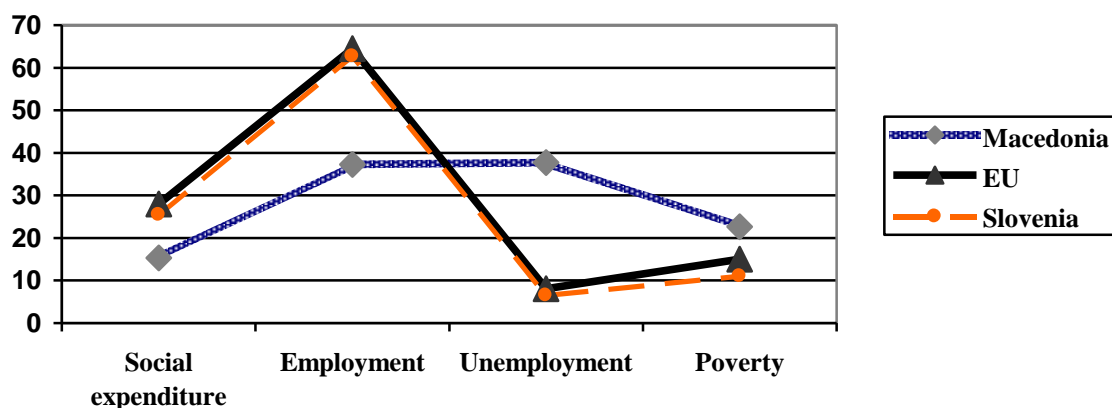
Table 6 Convergence of social policy goals

| | | |
|---|----------------------|--------------------------|
| EU instruments | Slovenia | Macedonia |
| Social Acquis | Adopted | Initiated |
| Open Method of Coordination | Participating in OMC | Not participating in OMC |
| Social (structural) indicators | Applied | Not applied |
| Joint Assessment of the Employment Policy | Adopted | Not prepared |
| National Action Plan for Employment | Adopted | Prepared |
| Joint Memorandums for Social Inclusion | Adopted | Not prepared |
| National Action Plan for Social Inclusion | Adopted | Not prepared |

Table 7 Convergence with the EU instruments

| | | | |
|---------------------------------|---------------|--------------|--------------|
| Indicators | EU 15 | Slovenia | Macedonia |
| Social expenditures as % of GDP | 28.0 % (2002) | 25.4% (2002) | 15.3% (2003) |
| Employment rate | 64.5% (2003) | 62.7% (2002) | 37.3% (2004) |
| Unemployment rate | 8.1% (2003) | 6.5 % (2003) | 37.7% (2004) |
| Poverty rate | 15 % (2001) | 11% (2002) | 22,6% (2000) |

Table 8: Convergence of effects in the social sphere



Graph 1 Degree of divergence (deviation) from the EU average in the social sphere

| Dimension | Slovenia | | | Macedonia | | |
|----------------------------|----------------------|--------|-----|----------------------|--------|-----|
| | Level of convergence | | | Level of convergence | | |
| | High | Middle | Low | High | Middle | Low |
| Convergence of policies | | √ | | | √ | |
| Convergence of instruments | √ | | | | | √ |
| Convergence of Effects | √ | | | | | √ |

Table 9 Level of convergence of national social policies, instruments and effects with the EU level

The table and graphs show that the two countries demonstrate a different pattern of adopted policies and instruments, as well as different outcomes in the social sphere. Slovenia clearly illustrates a significant level of convergence with the preferred EU standards, while Macedonia represents a case of obvious disparity with the EU norms. Despite the fact that Macedonia is only at the start of negotiations with the EU and has a very different economic potential than that of Slovenia, it may be argued that its prospective association with the EU may contribute to the diversity of social policy approaches and models existing within the EU. If that is the case, the prospects for a unified European Social Model will even be more hindered.

4. Conclusions

The assessment of the social policy changes in the two analysed case studies show different Europeanisation effects. In Slovenia, a higher degree of Europeanisation is found, which can not only be observed on the legislative, institutional and cognitive level, but also on the levels of output. However, the contribution made by the EU for social policy changes in Slovenia is only one of the factors for this.

Other important elements that affected the overall social policy trajectory and setup include: (i) a prompt but incremental approach towards social policy reforms; (ii) the preservice and continuation of past social policy experiences and achievements; (iii) the strong influence of the trade union accompanied by a cooperative and responsible role of the state; (iv) the lack of influence from international financial institutions because of high economic growth and capacity and finally, (v) the continued and strategic pace of reform. Hence, the EU contribution was only one of support for achievements previously initiated and the ongoing reforms.

In Macedonia, the Europeanisation effects are not that evident, but this is not only because the country has recently gained EU candidate status. It may be argued that because of the strong and wide impact of international financial organisations, social policy in Macedonia has been reformed according to the neo-liberal preferences, who are a minority within the EU. Apart from the enormous role IFIs have played in shaping social policy, in Macedonia there is also: (i) the absence of national opposition to recommended neo-liberal reforms; (ii) the absence of a national consensus on an ideological trajectory for social policy and minimum social standards; (iii) weak trade union organisation; (iv) the declarative, yet not formally inclusive and cooperative role of the state for working with social partners and (v) low economic growth and capacity of the country. All this, in conjunction with minimal EU presence in social policy reform in the past, has contributed to the creation of a model which can be described as a neo-liberal rudimentary one. Rudimentarity can be explained through the non-existence or the minimal capacity of the relevant elements required for the functioning of a neo-liberal model, such as a strong private sector, high economic capacity, a functioning tax system, etc. Thus, Macedonian social policy is in considerable disparity with the current EU social standards and preferences.

The inclusion of countries like Macedonia within the European Union will probably contribute to a greater diversity of social policy models, endangering the deepening role of the EU in social policy. Therefore, to preserve and enhance its social policy effects within the member and candidate countries, the EU has to root its role in social policy through a more direct and concrete social policy prescription based on its legislative and institutional requirements. In that way, the EU will be able to become a competitive player in the globalised environment, and consequently, indirectly improve future social policy convergence within its borders.

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