

# The European Employment policy: from ends to means?

by Gilles Raveaud

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[raveaud@idhe.ens-cachan.fr](mailto:raveaud@idhe.ens-cachan.fr)

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**THIS IS NOT NECESSARILY THE FINAL VERSION**

**COMMENTS WELCOME**

## **The European Employment policy: from ends to means?**

The greatest achievement of the European Union so far is quite obviously the creation of the Euro. But Europe is often pictured as a one-eyed man, only preoccupied by economic issues, and forgetful of the social aspects of life. The purpose of the European Employment Strategy was to counter this critic by showing that the UE could actively fight unemployment. Unfortunately, far from counter-balancing the excessive restrictions imposed on growth by stage three of the EMU, the EES on the contrary limits its action into this pre-defined framework. Having abandoned the possibility to have their say on crucial economic variables such as wages, all the actors implied in the EES can only try to make labour markets work better. It seems therefore that, due to the conditions that prevailed when it was first elaborated, the European employment policy is still largely dominated by this fight against a now disappeared ghost (inflation), when its true enemies (poverty and unemployment) are still well alive and kicking. We will successively look at the origins of the EES (Section 1), at how it works (Section 2) and how to evaluate it (Section 3) and, finally, at the future for Europe and the States it could open (Conclusion).

### **Section 1. Looking for the origins of the EES**

The European Employment Strategy (EES) was formally launched in November 1997. But it followed several previous attempts to create some form or another of a “European employment policy”. Recalling these first attempts to build a European employment policy will show us how it has evolved, from a complex and balanced policy, to a much narrower one, exclusively focused on the “structural reforms” of labour markets and leaving out all other dimensions, such as social dialogue or industrial policy.

#### ***1.1. The promises of the 1993 White Book***

The first main antecedent of the EES was the White Book on *Growth, Competitiveness, and Employment* directed by the Delors Commission in 1993. This first definition of a “European employment policy” rested on four policies: an active labour market policy; the diminution of “charges” on labour; an industrial policy (long-term competitiveness; building of European infrastructure networks; development of new activities) and a social and democratic policy (national consensus involving the social partners). Following Streeck (1995), it is possible to

classify these policies in two main categories: those that propose to “shape the market”, and those that wish to “make it work effectively”(see also Raveaud, 2001a). As we will see, the latter have since been given considerable priority over the former.

#### *1.1.1. Shaping the market in a liberal view?*

Part A of the *White Book*, called ‘*The challenges and ways forward into the 21<sup>st</sup> century*’, acknowledges the “responsibility of governments and of the Community to create as favourable an environment as possible for company competitiveness”, that is to construct and shape the product markets. This is why the *White Book* proposes three main ways of action: completion and simplification of the Community legal rules; easier creation and running of small- and medium-sized enterprises; and the “accelerated establishment of Trans-European infrastructure networks”.

But the prominent aspect of the White Book is undoubtedly the one which deals with “making the labour market work effectively”. The first line of argument follows the liberal critics of the Welfare State of the 1980s. First, its very rules are to be changed, since “the new model of European society calls for less passive and more active solidarity.” Second, the “heavy burden of statutory charges” (40% of GDP in the EU in 1991, compared to 34% in the US<sup>1</sup>) is to be reduced<sup>2</sup>. Third, legal rules are also to be adapted, as “(...) the inflexibility of the labour market is responsible for large parts of Europe’s structural unemployment.” But another legitimacy for the changes proposed stems from considerations for the worse off. A more flexible market could in this view serve them, as, for instance, undeclared people would turn to declared work (Northern countries), and precarious workers would get more stable positions (Southern countries). The fight against social exclusion is also mentioned, through “an active employment policy which attaches high priority to the search for an activity or training accessible to everyone rather than the registration and payment of the unemployed”<sup>3</sup>.

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<sup>1</sup> Even if the relevance of the comparison of gross figures is questionable. As acknowledged by the Communication of the Commission on the quality of work, “the European social model (...) is not distinguished from social systems in other countries by its levels of expenditure, but by its methods of funding. The main difference (...) between Europe and the US is that funding is public in Europe, and much more private in the US”. As a consequence, “the benefits appear to be much more evenly spread in Europe than they are in the US.” (EC, 2001a, p. 5).

<sup>2</sup> “Are we not to see this [the rise of statutory charges, which amounted to 34% in 1970 in the EU] as a cause of the economic slowdown and especially of the increase in unemployment?” asks the Book. First, the measure of these charges is questionable. What if it was the other way round?

<sup>3</sup> Still, in a “afterthought”, the authors note that “unemployment benefits are still essential (...)” And that “they can only be reduced so far before the poverty line is reached.”

### 1.1.2. *Solidarity between whom?*

The *Book* proposes several forms of solidarity which are to support “the new social contract”: between men and women, the young and the old, between regions, etc. But the main solidarity is to be found “ (...) between those who have jobs and those who do not.” In line with the “insider-outsider” theory, the Book identifies the “rents” possessed by those with regular jobs as the *main cause* of unemployment. As these incomes primarily consist in “excess” wages (in the sense that they are above the outcome of a perfectly competitive labour market), the Book proposes that, in the future, “(...) new gains in productivity [being] essentially be applied to forward-looking investments and to the creation of new jobs.” The idea of a redistribution between capital holders and employees is thus replaced by the idea of solidarity between the employed and the unemployed.

Of course, the authors are aware that the way wealth is shared is at the core of every social contract. This is why they do not hesitate to label this proposition “a sort of European social pact”. Part B of the Book, *The conditions of growth, competitiveness and more jobs* emphasises: “Attacking the sources of the present unemployment problems therefore requires a clear break with the past. This will be only possible if a large consensus on the necessary course of action to be followed can be achieved both within each country, between management and the labour force in industry, and among the members of the European Community.” The social partners are then called in to make these changes come true: “Existing collective bargaining and related taxation and labour cost arrangements have the effect of causing gains from economic growth to be absorbed mainly by those already in employment, rather than creating more jobs. To change this would mean seeking political and Social Partners agreement”, first and foremost on “keeping hourly wage increases below the growth of productivity; (...)”

Indeed, the social partners had already accepted such a view in their *Joint opinion on the co-operative growth strategy for more employment*, released in November 6<sup>th</sup>, 1986, where they indicate that in all countries, “ (...) moderate growth of real per capita wage costs below productivity gains should be maintained for some time”. But in their views, this was to be complemented by “job-creating investments”, through various public-private combinations. Thus, they laid down the two basic components of a true “co-operative growth strategy for more employment”: wage moderation and large investments.

### 1.1.3. *The “capability” dimension of the White Book*

Finally, the *White Book* proposed the dedication of effective means against unemployment. This

first implied an important increase in the spending by the public employment services, at 0.5% of GNP, so as to make the individual follow-up of the unemployed a reality. Financial targets have thus been proposed from the very beginning in the European employment policy, but none has been implemented. Second, the *White Book* also proposed to “establish a Community-wide guarantee that no young persons can be unemployed under the age of 18”. Last but not least, the *Book* proposed that unemployed people “should be involved” in the talks re-defining their rights and duties.

Besides, the *White Book* criticised the deregulation of the labour markets, as it contradicts with long-term development: “Pressure to increase labour market flexibility without countervailing action has, moreover, often reduced than increased the incentives for firms and individuals to invest in much needed training and retraining (...).” The liberal arguments of the Welfare State presented above are thus said here to contradict with “long-run competitiveness” which on the contrary requires “investing in people”. This is of course where initial and continuous training play a prominent role, involving the social partners.

## ***1.2. Towards the Luxembourg process***

The *White Book* was therefore a balanced and ambitious approach, which proposed a convincing ‘New Deal’ to Europeans. In particular, the construction of European telecommunication networks and the elaboration of an effective European social dialogue can be understood as truly “structural” policies, i.e. policies which were needed whatever the current fluctuations of the GDP. But it was written in the context of 1993 European recession, the worse since 1945 (and until now) and of the monetarist construction of the EMU and its exclusive priority —the fight against inflation through wage moderation (and unemployment). It is in this context that elements like the reduction of labour and non-labour costs are to be understood. What follow shows that only these last policies have had a posterity since, the really “structural” ones being ironically abandoned.

### *1.2.1. The Essen summit (9 – 10 December 1994)*

At the Essen summit, only the reduction of (direct and indirect) labour costs was to survive in its original form. In particular, the project of “European networks” is abandoned. Second, the social dialogue policy remains on the agenda, but in a weird way where it is both enlarged (the general responsibility of the social partners in the process is renewed) and constrained as the outcome of

the talks, notably on wages, is pre-determined. Last, the *employment* policy is re-dubbed *active labour market* policy (or ALMP). The variety of the initial tools is then sharply reduced, the remaining ones being articulated along the idea of creating, potentially through social dialogue, a more efficient labour market. The overall *level* of employment is then to be indirectly raised through these reforms, and no longer directly through public and private investments.

### 1.2.2. *The Growth and Stability Pact (Amsterdam Summit, 16-17 June 1997)*

In Amsterdam, in order to “keep employment firmly at the top of the political agenda of the Union”, a “separate Resolution on Growth and Employment” is adopted on top of the Resolution regarding the implementation of the Stability and Growth Pact<sup>4</sup>. This resolution, apart from restating the above recipes for fighting unemployment, validates a second shift in focus, namely from “employment” to “employability” policies. But what is most noticeable is, in the perspective of the coming monetary union, the stress on the *structural reforms of the labour market*. It is not by accident that the “labour market” is treated on an equal footing as other “markets”: “(...) special attention should be given to labour and product market efficiency (...) .” But for the whole economic tradition, even in its (modern) neo-classical side, the labour market is precisely not a market like the others, and cannot be so for many reasons, among which the uncertainty of the product and the benefits of cooperation (see for example Ch. 3 by Simon Deakin in Mückenberger et al. (1996)). Despite this, the authors precisely want not only to make this market work, but also to make it. This is why *structural* changes are necessary: they are structural in the precise sense that they aim at the creation of a new ‘structure’ of individual interaction – an ideal labour marketplace<sup>5</sup>.

Social actors are then mobilised in order to make this dream come true<sup>6</sup>. On the contrary, Member States have refused to set any binding target for themselves, even on *means*, as proposed in 1993 by the *White Book*<sup>7</sup>. That is, as is illustrated by the recommendation made on February 2001 to the Irish government for its excessive inflation, a country can be blamed for too much

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<sup>4</sup> The idea of potential conflicts between the requirements of the *Stability Pact* and those of employment and *Growth* are of course not discussed, as it should be obvious to all that “sound macro-economic and budget policies go hand in hand with strong and sustainable growth in output and employment.”

<sup>5</sup> The only possible way to understand this approach is to look for its intellectual origins, rooted in the NAIRU (Non accelerating inflation rate of unemployment), i.e. the minimum necessary rate of unemployment to fight inflation. The idea here is simply that the ‘better’ the labour market, the smaller the NAIRU. But the proper nature of work remains unquestioned in this monetarist approach.

<sup>6</sup> Even if their place is not limited to this role, as reference is also made to the possibilities offered by the Social Chapter.

<sup>7</sup> In a similar vein, Bosco (1998) mentions “the 1993 Belgian Presidency proposition [of] a monitoring mechanism which appeared far too binding as explicit reference was made to the ‘European social snake’ (...)”. It was of course not adopted.

inflation, but it cannot be blamed for too much unemployment. Member States thus accept to be accountable for their rates of public deficit and inflation, but not for their unemployment rates. This is coherent with the fact that, as stressed by Fitoussi (1995), in this period, the aim of public policies was not to fight unemployment, but inflation. Moreover, not only was the unemployment rate not a target, but it was even used as a means in the fight against inflation, through the permanent moderation on wages it allowed.

## **Section 2. The EES at work**

### ***2.1. The general indeterminacy of the EES***

#### *2.1.1. The Amsterdam Treaty (October 2<sup>nd</sup>, 1997)*

From a procedural point of view, the Essen summit had laid down the first foundations of the future EES, by defining a pluri-annual perspective and by proposing that national reports be made regularly. But it is the Amsterdam Treaty which defines the content and procedure of the EES (or “Luxembourg process”, as it was adopted at the extraordinary Luxembourg summit of November 1997), through the introduction of the new Title VIII Employment, which makes the promotion of employment “a matter of common concern” between Member States (Art. 126). The purpose of the EES is not to harmonise national employment policies, nor to make them converge. Co-operation is even not evoked, reference being only made to a form of “co-ordination”. In particular, the range of actions available to the Community is limited to “encouraging co-operation between Member States and by supporting and, if necessary, complementing their action. In doing so, the competencies of the Member States shall be respected.” (Art. 127).

Finally, the Title presents in its Art. 128 the procedure that is to be followed yearly: drawing of guidelines by the Council, acting by a qualified majority; annual reports by the Member States on the measures taken to implement their employment policy in the light of the guidelines for employment; potential recommendations from the Council to Member States following the examination of the national action plans (or NAPs). The EES is therefore an original procedure in the European landscape. Its daily functioning implies the comparison (and, potentially, confrontation) of different national employment policies, as the case of “employability” policies illustrates.

### 2.1.2. *One labour market policy, or many? The case of employability*

The Luxembourg process has defined “guidelines” which are to be followed by the Member States. These guidelines rely on four pillars : employability ; the promotion of entrepreneurship ; adaptability of firms and of their employees ; equal opportunities for men and women. In the National Action Plans submitted yearly by the Member states, the employability pillar is quantitatively the most important. More generally, it can then be argued that employability is “at the heart of the EES” (Lefresne, 1999). The employability guidelines are the following:

- activation of the unemployed (offering a ‘New start’ for every young and long-term unemployed persons and reaching a global rate of activation of 20%) ;
- reform of benefit and tax systems, in order to reduce poverty traps (introduced in 1999);
- reform of educational and training, through social dialogue;
- fight against discrimination and social exclusion (introduced in 2000).

In 2001, two guidelines have been introduced, one to “prevent bottlenecks” and the other one to give incentives for older workers to remain in the labour force as long as possible.

These guidelines therefore correspond to different logics. For instance, the “reform of tax and benefit systems” is clearly inspired by a liberal approach to the labour market; similarly, the reform of vocational systems through social dialogue is in line with the traditions of many “corporatist” countries (Esping-Andersen, 1990). But for most of the guidelines, the corresponding policies are fairly unpredictable. This is in particular the case with the prominent measure of the employability pillar, i.e. the “activation” of the unemployed. Activation can of course take the form of mere financial incentives. But it may also correspond to very varied measures, like the provision of training, job offers, etc. Moreover, the very definition of the “activation” policies may involve many actors (social partners, NGOs, municipalities, public employment services, or public employment service, etc.), which act at different levels (local, regional, national). It is therefore simply not possible to dismiss “activation” policies as *a priori* liberal and selective as they may also represent a valuable opportunity for the weakest.

To try to make some sense out of the observed plurality of “employability policies”, we propose below to distinguish policies according to the responsibilities they define. First, policies may imply a wide range of actors: in this case, we will talk of “collectively shared responsibilities”. On the contrary, policies can be defined so as to make the (employed or unemployed) person behave alone in a certain way, through incentives and constraints: such policies are labelled “individualised responsibilities”. One can distinguish further these two broad categories of

employability policies according to their scope. Looking for “whom is accountable for employability?” thus leads us to the following four (ideal-typical) policies:<sup>8</sup>

**Table 1 : Employability and responsibilities**

« Type » of responsibilities field of application	<b>Collectively shared responsibilities</b>	<b>Individualised responsibilities</b>
<b>General policy</b>	Public education General agreements between social partners (vocational education)  <i>“Educational employability”</i> <i>(responsibility of the State to provide a good initial education ; of the social partners for vocational training and matching between jobs and diplomas)</i>	Reform of tax and benefits in order to influence employers’ and employees’ (women and older workers in particular) decisions  <i>“Employability through incentives”</i> <i>(results of individual calculus)</i>
<b>Specific measures</b>	Specific agreements between social partners: work rotation; skills development, etc.  <i>“In work employability”</i>  Action of municipalities, of the PES, notably for the long-term unemployed, the young, etc.  <i>“Socially shared employability”</i> <i>(responsibility of the public employment services to help the most disadvantaged, and for them to seize these opportunities)</i>	Targeted incentives: older workers, long-term unemployed, etc.  Conditionality of benefits  <i>“Individual employability”</i> <i>(results of individual choices)</i>

<sup>8</sup> This typology was first constructed through a “textual analysis” of the first pillar of the NAPS for 1998, 1999 and 2000. See Raveaud (2001a) for more details.

In concrete policies, *individualised responsibilities* are best illustrated by the UK, where conditionality and incentives are combined to make people seek and accept work. This logic of individual responsibility even degenerates in what we propose to call *employability through incentives*, where the economic agent is to take his decisions according to monetary incentives only. Left alone with his resources and preferences, he has to decide what to do, particularly whether to enter the labour market or not (labour supply). Similarly the firm, apprehended as a single unit of calculus and decisions, has to decide whether to hire more employees or not (labour demand).

But the UK does not have the monopoly of this logic of individual responsibilities. It is followed for instance by the Netherlands, where “adequate financial stimulation for individual jobseekers to accept work or a training programme” have been put in place (1998 Netherlands NAP, p. 10). One of the main consequences of these policies is that they increase the differentiation between the unemployed, as noted by Abrahamson (2000, p. 2), who distinguishes “social control and management of marginalised segments of the population” on the one side and “real labour market integration (...) for the core working groups” on the other side. According to him, these distinctions not only deal with different categories of people but, more fundamentally, rest on different principles of public action, the “marginalised paupers” receiving only *provisions* when the others are *entitled* to what they get. And this is seemingly the direction towards which the policies of countries like Denmark, Sweden, Finland and Germany are evolving.<sup>9</sup>

Of course, these countries remain broadly typical of a system of *collectively shared responsibilities*. In these countries, employability can be collectively assured *in-work*, as the typical German system of vocational training, where social partners are “responsible for making sure there is a sufficient offer of training places in the companies” (Germany 1999 NAP, p. 17) illustrates. But it can be also more widely shared, to become a *socially shared employability*, as the responsibilities of the Swedish municipalities in the fight against unemployment<sup>10</sup> or the French programme “New Start” (*Nouveau Départ*) seem to illustrate (see below).

The expected liberal convergence of European countries does not therefore seem to be taking place : it is indeed a characteristic of traditionally “generous” Welfare States, where the balance

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<sup>9</sup> In Denmark, “a refusal to accept a reasonable training offer will mean that the young person forfeits the right to receive UB.” (1998 NAP, p. 35). In Finland, “The employment office offers designated employment to unemployed jobseekers within their own commuting area [which size was expanded and standardised], and unjustified refusal of such an offer leads to sanctions.” (2000 NAP, p. 12). In Sweden, “Unemployment insurance is being reformed with the aim of reinforcing its role as an adjustment insurance. The requirement that individuals make efforts to seek work will be clarified while there is an increase in requirements in terms of occupational and geographical mobility.” (2000 NAP, p. 14). In Germany, the idea was also to “strengthen the incentives to work, the help given to people to help themselves”, in a context where “tax-financed social benefits payments should be concentrated on those people really in need.” (1999 NAP, p. 28)

<sup>10</sup> “If the young person has not obtained meaningful employment within 90 days, responsibility then passes to the municipalities, which will offer suitable measures.” (1998 NAP, p. 11).

between rights and duties has clearly been redirected towards less rights and more duties, in particular for the unemployed. But this trend is not so general and such policies are sometimes simultaneous to more “positive” ones, like the modernisation/implementation of the PES through decentralisation, especially in Denmark and Germany, but also in France, Italy and Spain.

### *2.1.3. The EES and the dynamics of employment policies : the case of France*

According to the report submitted by the French ministry of Labour to the European Commission, the main effects of the EES in the definition of employment policies are three-fold. The first is the medium term perspective, which has been applied to the 1998 Law on Exclusions. The second is the “activation” turn, which is at the origin of the most important change in French employment policies that can be attributed to the EES, namely the creation of the French *Nouveau Départ* in 1998. However, the report stresses that this “preventive” logic remains less developed than the “curative” logic, i.e. the treatment of potentially excluded persons, which still represented roughly 70% of the beneficiaries in 2001.

The third major change in the way French employment policies are apprehended is the growing reference to “employment rates” instead of “unemployment rates”. As the Report goes, “the introduction by the EES of the reference to the employment rate not only creates a new object but also modifies the perception of many situations”, in particular the treatment of early retirement schemes. These schemes, whose legitimacy was partly grounded on the fight against unemployment, in a work sharing logic, now conflict with the objectives, introduced in Lisbon, of maximising employment rates. However, the report notes two problems with the European employment rate. First its coverage (15-64 year-olds), which contradicts at both ends with the present French situation of massive further education and early (60 years old) pensions<sup>11</sup>. Second its definition, as this rate does not differentiate between full-time and part-time jobs. The Report argues in favour of a “full-time adjusted employment rate”, which would be particularly relevant for the 4<sup>th</sup> pillar (equal opportunity between men and women), as part-time jobs are often devoted to women<sup>12</sup>.

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<sup>11</sup> In particular, one may wonder if it is coherent to wish at the same time to raise the overall competitiveness of the economy and to make people work that young, before they have had the possibility to complete higher education.

<sup>12</sup> This indicates that benchmarking is not and cannot be a neutral exercise: quite the contrary, the indicators chosen imply important normative choices, which, even if forgotten once the indicator is used, are nevertheless at its origin. See below.

## ***2.2. Role of the social partners***

### *2.2.1. The social partners and the EES: from action to evaluation?*

The place of the social partners is apparently growing in the EES since 1997. For instance, they are concerned by three out of the five “horizontal objectives” which supplement the guidelines since the Lisbon summit (March 2000): educational policies (objective B); the follow-up and evaluation of the EES (C); production of their own indicators (E) <sup>13</sup>. In particular, according to objective E, “The social partners are invited to develop appropriate indicators and benchmarks and supporting statistical databases to measure progress in the actions for which they are responsible.” Thus, social partners are no longer only (potential) *actors* of the EES, but also *evaluators* of its outcome. That is, they are both supposed to take actions and to evaluate them, without having had the possibility, at the European level, to express their views on the goals pursued and the ways and means to reach them. The work burden on the social partners is thus heavily increased, without them getting any voice in the process or means (including financial ones) to meet these requirements.

This emphasis on procedural and evaluation aspects, limited to labour market and work problems, contrasts with the wider view of the ETUC. For the ETUC, achieving full employment requires an expansionary budgetary policy, which “would assist in getting the EU’s annual growth rate back on to the 3 per cent path which the Lisbon and Stockholm European Councils agreed was necessary to achieve full employment (...)” (ETUC, 2001*a*). On the contrary, for the UNICE, “Our poor performance does not result from insufficient demand. It will not be cured by remedies of the past.” For the UNICE, the solutions are to be found in structural reforms of the labour markets: “Reversing this trend requires forward looking structural reforms on all markets: products, capital and labour.” Though it notes that “achieving greater labour market flexibility” will essentially involve national reforms, the UNICE indicates that “the European Union will also play a key role under the European employment guidelines. It should become the champion of structural reforms (...)”(UNICE, 2000, p. 2).

### *2.2.2. The French social partners and the EES*

In 2001, the participation of the social partners in France took place on five subjects, chosen in consultation between the state and the social partners: lifelong learning; bottlenecks; active ageing; territories and local development; the quality of jobs. For each of them, the social

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<sup>13</sup> The remaining two deal with the targets of employment rate (A) and several requirements on the Member States concerning the implementation of the EES (D).

partners were to collectively write a short common text to be included in the NAP. They were also consulted on the rest of the text, which led to minor changes. None of these themes led to *decisions*. Nonetheless, the “novelty” in the French landscape of the European subjects - the “quality of work”; “lifelong learning”; “active ageing”; etc.- somewhat facilitated the discussion of the qualitative, multi-actor and local aspects of the policies at stake. Even when these themes openly opposed well-established French consensus, like the use of early retirement schemes, a change of habits, through slow, was perceptible (see Raveaud, 2001b).

But apart from these insights, an interesting fact is the lack of clear stake for all social partners. For most of them, the talks were simply pointless. In fact, not only was there nothing to decide or negotiate but, moreover, the wishes of the French government to hold a firm hand on the whole process prevented their real involvement in it. Its purpose was to try to make allies of the social partners, in order to give more weight to its views on the Brussels “market for models”. But by strictly limiting their freedom of action, it also gave the social partners too easy an exit, as they could legitimately avoid their responsibilities by denouncing their instrumentalisation by the State. In our view, allowing a complete freedom of speech of the national social partners is not only possible<sup>14</sup>, it is a necessity in order to give good reasons to the national social partners to participate in the EES.

### **Section 3. Evaluating the EES: governance against the European social model?<sup>15</sup>**

#### **3.1. Who is accountable for the European employment policy?**

##### *3.1.1. The Employment Committee at the heart of the EES*

In the European architecture, the employment policy is conditioned by the economic and financial priorities summed up in the *Broad Economic Policy Guidelines*<sup>16</sup>. Concretely, this means that the Employment Committee (or EMCO), officially established by the Luxembourg Treaty, and which is constituted by representatives of national employment ministries, is in a competition with its economic counterpart, the Economic Policy Committee (EPC). In particular, the EPC

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<sup>14</sup> In 2001, in its annex to the Irish NAP, the Irish congress of trade unions explicitly pointed that “the Irish Government [was] in breach of the terms of the Directive” 97/81/EC on part-time work. The “Community and Voluntary Pillar” also harshly criticized the policy dealing with asylum seekers, who are “denied the right to work”.

<sup>15</sup> What follows presents some results of a study made by Salais, Raveaud and Grégoire for the French ministry of Employment (Salais, Raveaud, Grégoire, 2002).

<sup>16</sup> This is actually acknowledged by the Employment Title, when it states that employment policies should be “consistent with the broad guidelines of the economic policies” (Art. 126 §1)... and not the other way round.

fully prepares Ecofin summits, whereas the EMCO does not prepare alone employment summits. Besides, when there is a “natural” consensus between financial ministries of the different countries, diverging views are much more common on employment subjects. Finally, central questions for employment problems such as the determination of wages are the full responsibility of the EPC, the EMCO not having its word on the subject.

It is the Commission which holds the secretary of the Employment Committee. Being composed of high level experts, it is somewhat autonomous from strict national political lines. But these “experts” are precisely “experts”, with no public accountability. And they do not necessarily wish to “technically” solve problems which remain political.<sup>17</sup> But as, according to a member of the *Représentation française* in Brussels, it is part of their very *ethos* to find answers for all and every question, they try to find them, before the meeting of the Employment Committee actually takes place, which further reduces the possibility for discussion. As a “technical consensus” is then to be found *before* any political discussion takes place, it is not difficult for the Commission to gear conclusions on “consensual” themes, the conflicting ones being simply removed. The Commission therefore holds a discrete but firm hand on the whole process of the EES.

### 3.1.2. *The price for consensus*

As far as we can see, the EES is then an arena of talks between experts and technicians, national and European. It is not an arena of public discussion, where, in particular, the members of the European Parliament and employers and employees representatives could really have their say on the policies. The whole process – definition of the guidelines, review of the NAPs, elaboration of recommendations – results from an interplay between the Commission and the Member States. All this gives the impression that virtually no room is made for *reflection*, in a completely *decisional* process. Even original procedures such as the Cambridge process in which all Member States are reviewed by their peer do not bear fruits, as the participants do not have enough time to do their work seriously. And here as everywhere else, the process is held completely secret, not being open to European nor social actors, or to social scientists. True, a learning process is probably taking place between national representatives on policies and results, but this knowledge is not shared with all the actors involved in national employment policies.

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<sup>17</sup> As indicated by a member of the French delegation who said they were given “questions which should not be solved by us”.

## 3.2. The EES at the test of the “quality of jobs”

### 3.2.1. *What is the quality of jobs?*

Following the Lisbon summit (23-24 March 2000), which has put the stress on the “quality of jobs”, the Communication from the Commission advocates for a radical change: “social policies” are no longer to be thought as *costs*, but as “social investments”, as “in general there is a tendency to forget or overlook the ‘counter-factual’ alternative – the cost of *not* having such social policies in place.” (European Commission, 2001a, p. 7). The analysis made by the Commission is very rich in some respects, pointing for instance to the rise of “new risks and pressures” which may jeopardise workers’ health. More generally, it stresses that what finally defines the quality of a job is the choice individuals have to refuse it, thus echoing A. Sen, for whom “(...) individual claims are to be assessed not by the resources or primary goods the persons respectively hold, but by the freedoms they actually enjoy to choose between different ways of living that they can have reason to value.” (Sen, 1990, p. 114).

But for the ETUC, the fact that “societal and structural factors are behind the ‘individual’ choice (...) makes the issue of choice rather meaningless” (ETUC, 2001b). We disagree. Following both the Commission and Sen, we think that it is possible to look for “individual choices” even in these contexts, through *counter-factual enquiries*. As Sen stresses, in order to make relevant interpersonal comparisons, one frequently has to “(...) consider the person’s valuational activity (under actual or counterfactual circumstances), going beyond what the person is pleased or pained by (...)” (Sen, 1995, p. 22). Concretely, this implies for instance asking mothers presently working part-time if, having access to childcare (at a given cost), they would still work, and how many hours<sup>18</sup>.

On the contrary, the UNICE “warmly welcomes the debate launched by the Commission”, as it rightly notices that the very term of “quality” (as the one of “governance”) comes from the vocabulary and practices of firms. However, for the UNICE, “benchmarking the quality of jobs must not lead to the neglect of the need to increase the quantity of jobs” (UNICE, 2001). The UNICE therefore proposes a limited number of indicators, which range in four areas: intrinsic job quality (e.g.: number of fatal and serious accidents at work); skills; employment rate and productivity; access to the labour market. The indicators proposed by the Commission in its Communication are therefore apparently much richer, as they also include gender equality, work

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<sup>18</sup> This counterfactual approach is implicitly retained in some of the indicators adopted by the indicator group of the EMCO, like the absolute difference in employment rates between adults with and without the presence of a child aged 0-6, which can be understood as an indirect (and imperfect) measure of the effective possibility parents have to work.

organisation, social dialogue, non-discrimination, etc. But as the aim of the Commission is to “obtain more consensus on the main elements of quality in work”, the indicators proposed are quite disappointing: few of them propose a fixed threshold (like the level of pay in general), and some of them are fairly incomplete<sup>19</sup>. In particular, the question of the level of wages is not mentioned, thus confirming the fact that wages, as all “economic” problems belong to the responsibility of the Ecofin and of the European Central Bank, but not of the ministries of labour.

### 3.2.2. *What are the aims of the EES?*

Besides, one wonders if quality in work is sought for itself, or only as far as it can “by providing a better work-life balance, and by increasing the attractiveness of work, contribute to increasing the overall employment rate and the employment rate of women and older workers” (EC, 2001a, p. 8). Indeed, when reviewing the recommendations made to Member States since 1999, what is striking is that reforms dealing with the quality in work, understood broadly, are *never* justified for social or ethical reasons, but only for their instrumental value – raising employment rates. This is particularly explicit as far as the participation of women, notably through the creation and development of “affordable childcare facilities”<sup>20</sup> and immigrants, through the development of an “inclusive labour market”<sup>21</sup> is concerned. Such participation is not justified on the grounds of their *right* to be included in the labour market as everybody else. It is merely justified by the *necessity* to raise labour supply, in order in particular to avoid bottlenecks and wage increases.

One may think that even if valuing such rights only instrumentally is of course a problem, what matters at the end of the day is that they are taken into consideration, whatever the reasons. But this is only partly true. In fact, the lack of clear political aims can pave the way for exaggerated importance given to targets which are only *means*, and not *ends* in themselves. This can be shown by comparing the last recommendations made respectively to Sweden and UK. In the case of Sweden, the Council acknowledges that “at 73% and 71% respectively, Sweden exceeds the Lisbon targets and has among the highest overall and female employment rates in the EU” and that “overall unemployment fell to 5.9% in 2000”. Then, all is for the best, isn’t it? It is not. For the Council, “the tax burden is still high, and tax and benefit incentives to work could be further enhanced”. But what if it is precisely this “high” level of tax “burden” which allows employment rates to be so high? And what is the “good” level of taxes? How is it fixed? More profoundly,

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<sup>19</sup> There is, for example, no specific reference to trade union representation levels and collective bargaining coverage.

<sup>20</sup> Recommendation made to the Luxembourg, Germany, Ireland, Italy and the UK for 2002.

why does this level matter *in itself*, and not only the results achieved by Sweden as far as employment and unemployment is concerned?

Dealing with the UK, the Council notes that “inactivity, long-term unemployment and low employment rates are concentrated in households with no-one in work, certain regions and particular disadvantaged groups (single parents, certain ethnic minorities, etc.)”. Here, we are indeed dealing with the aims of the EES: increasing employment rates and diminishing unemployment rates *for all*. One would then expect the Council’s recommendations to be in line with such objectives. Unfortunately, the Council only recommends, among other interesting points (foster social partnership, reduce the gender pay gap, develop work-based training) to “reinforce active labour market policy for the adult unemployed before the 12<sup>th</sup> month point.” Even if it is stated that in such an action, “attention should be paid to groups facing particular problems in the labour market”, one has the feeling that the remedy proposed is out of proportion with the nature and magnitude of the problem.

This exclusive focus on *means* of the employment policies, and not on their outcome, has recently been made particularly clear in Spain’s Prime Minister speech before the Spanish Parliament on December 10<sup>th</sup>, 2001: “We must set our sights on more structural reforms, more flexibility, more competition and more employment.” Among the five priorities of the presidency, three deal with the “liberalisation” of markets: liberalisation and inter-connection of electricity and gas markets; integration of financial markets and construction of a “more flexible labour market”. Logically, the programme announced for the Barcelona Council was to “seek to place greater emphasis on the Employment Strategy in its analysis of the structural inflexibility of the labour markets, the fiscal and social protection systems and the market and labour institutions.” Thus, both products and labour markets are apprehended in the same move: the necessity to deregulate them, to make them more flexible.

## **Conclusion: the European employment policy as an utopia?**

The principle of action of the EES thus seems to be an “active self-destruction of the States”. Member states are to use their legislative powers to deregulate labour markets, reduce taxes, raise incentives to “create and take up jobs”, facilitate the matching between the supply and demand of labour – in a word, to make the labour market function. The legal powers of States are thus

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<sup>21</sup> Recommendation made to Denmark, Finland, Austria and Sweden for 2002.

recognised, but they are not to be used to promote an “active” budgetary, industrial, or social and democratic policy. On the contrary, the State is to devote itself to bettering the functioning of the labour market. This can indeed benefit to many, in particular the persons threatened by exclusion, if their employability is collectively guaranteed. Such policies can thus mark a progress with respect to the mere delivery of unemployment benefits. But more fundamentally, this line of thought raises three questions. First, the demonstration of the link between such reforms and the diminution of unemployment still remains to be made. Second, one wonders when these reforms will come to an end, since “making the labour market more flexible” seems to be an infinite task: there will always be some “rigidities” to diminish. Third, once this hypothetical situation has been reached (when?), what if unemployment is not crunched? Who will be given the task of fighting unemployment, once Member States have methodically suppressed their means of action, as required by the “structural reforms of the labour markets”?

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