

## Governing Employment Policies in the EU - Or how to be the Best Karaoke Singer

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## WORKING PAPER SERIES

### GOVERNING EMPLOYMENT POLICIES IN THE EU - OR HOW TO BE THE BEST KARAOKE SINGER

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### ***Abstract***

The paper examines the attempt of the European Employment Strategy (EES) to govern activation in the British, Danish and French employment policies. A particular 'political logic' of activation embedded in the EES is unravelled. While the EES does not make member state policies uniform, it normalizes national employment policies by contributing to making activation a compulsory element and cutting off interventions based on alternative political logics.

## **1 Introduction**

The notion of activation has become a key element in a wide array of political strategies and programmes over the last ten years or so. It is used both inside and outside European polities is increasingly part and parcel of the policy documents pouring out of Brussels. Activation then is not only an issue of national employment policies, but also a fundamental feature of the European Employment Strategy (EES) launched in 1997. This has been the object of quite extensive analyses by political scientists and sociologists. The bulk of it tends to revolve around one or two rather narrow questions: Are national employment policies being Europeanized and are they converging (or not)? Hence, while this research has produced many insights, the EES does seem to be in need of analysis based on other conceptual and methodological approaches.

Based on the notions of normalization and political logic, this paper examines the attempt of the European Employment Strategy (EES) to promote activation in the British, Danish and French employment policies. I argue that on the one hand the EES neither intends to nor actually produces uniform national policies. On the other hand, the governing mechanisms brought into play under the heading of EES do contribute to making member states adopt employment policies in which activation is a compulsory element and to exclude employment policies based on alternative political logics.

In order to pursue this argument, I first outline a conceptual and methodological framework allowing me to gauge the effects of the EES neither in terms of causality nor in terms of convergence, but in terms of normalization. I then analyse the main governing mechanisms of the EES through which activation is being promoted. Thirdly, I explore the political logic of activation supporting the employment policies of Denmark, France and Great Britain from the early 1990s to 2005 by exploring the various ways in which they seek to activate the unemployed and the entrepreneur. Finally, I sum up my analysis of the EES' effects on national employment policies and draw an analogy to karaoke!

## **2 Conceptual and methodological framework**

There is currently little agreement on the methods to be used in studying the significance of the EES for national employment policies (Barbier 2005). I will first provide a brief account of two dominant methodological approaches (causal and convergence analysis) and then outline the approach applied in the rest of the paper.

### ***What are the effects of the EES and how to analyze them?***

In this paper, I try to analyse the EES' contribution to the normalization of a political logic of activation. I will try to explicate this approach by demarcating it from two other dominating approaches in the EU policy literature. First, a very large part of the literature is taking a cause-effect approach. One such example is Börzel's and Risse's ambition of trying to measure the domestic effects of 'Europeanization' (Börzel and Risse 2000). Here EU as an organization or more broadly 'Europeanization' as a 'process of institution-building at the European level' (ibid. 3) is taken as the independent variable and domestic effects as the dependent one. In accordance with this approach, Goetschy postulates that 'the EU employment guidelines will induce a gradual Europeanization of certain elements in national employment policies' (Goetschy 1999: 134). But as Börzel and Risse, and many other scholars, are aware, it is extremely difficult to measure the Europeanization effect because the process of Europeanization is itself shaped by member states. Thus, member states use their seat in the Council and various access channels to the Commission in the attempt to shape Europeanization and EU and policies according to their (national) interests. Consequently it is very difficult if not outright impossible to uphold a clear distinction between Europeanization or EU policies as the independent variable and member state policies as the dependent variable.

A second dominating approach in the EU policy literature is to study effects in terms of convergence-difference. This approach, which may and often do overlap with the cause-effect approach, is perhaps the predominant mode of studying the effect of the EES. It is characterized by the question: To what extent is the EES managing to make employment policies converge? Principally, this question only allows two answers: Those who think that difference is still prevailing and those who think that convergence has taken place. In the first group we find for example Jean-Claude Barbier who argues that while the EES has effectively influenced the member states' employment policy in terms of procedures by creating a 'common language in the area of employment and social policy', it has done little if anything to change the 'substantive aspects' of these policies (Barbier and Ludwig-Mayerhofer 2004: 434). Henning Jørgensen, who shares this opinion, perceptively likens this to karaoke: the attempt to sing like others rarely succeeds (Jørgensen 2005: 36). Others have stressed the elements of convergence (e.g. Lindsay and Mailand 2004). In an attempt to nuance the answers provided within the difference/convergence approach, Amparo Serrano Pasqual makes a distinction between the methods of activation, which according to her still display national differences, and the ethic and ideological legitimation of policies, which are converging (Pasqual 2004). She goes on to argue that activation is associated with cross-national changes in the discourse on social protection, including both a reworking of what is seen as problematic and the type of subject invoked. I think Pasqual's approach is valuable in as much as it allows us to address the ways in which political procedures and language interrelates with and thereby enables certain types of political practices at the expense of others. However, I think we have to fully transcend the convergence approach in order to open an analytical space that may make visible the normalizing effects of the EES.

I propose then to study the effects of EES neither in terms of cause-effect nor in terms of convergence-difference, but in terms of normalization. This entails that we see political procedures and language, or political logic as I prefer, and political practices as intrinsically interrelated. *Political logic* is a name for the types of problematizations, academic reflections,

strategic calculations, and moral valuations informing political practices. By conceiving of this logic as one always already embedded in the political practices that it informs, it differs from for example March and Olsen's notion of logic (of appropriateness or of consequentiality), which is associated with rules external to the actions they shape.<sup>1</sup> These practices informed by a particular political logic may include political programs, policy-making procedures, calculative techniques, and evaluation standards. A political logic then is more than just talk, rhetoric or ideas. By informing particular political practices rather than others that are excluded, the political logic is no less important for the 'substantive aspects' of political practices than any other force.

*Normalization* in turn is a name for the process through which a specific political logic informs a political practice that refers to itself (Ewald 1990; Triantafillou 2004). It is a process where all have to refer to a particular political logic in order to develop, debate or even contest existing political practices. Normalization could for example refer to a process through which one may contest particular understandings of activation and/or suggest various reforms to improve activation, but in which one can neither morally be against activation nor factually dismiss activation as a key problem that any employment policy has to deal with. It is my argument that this is exactly the case for the EES. This paper then examines the normalizing effects of the EES with regard to activation in the Danish, French and British employment policies. These three countries have been chosen in order to show that normalizing effects may take place despite (continued) national differences in welfare regimes and employment policy approaches.

### ***What is 'activation' referring to?***

Analysts of 'activation' or 'active employment policies' encounter a landscape of conceptual confusion and disagreement. Many authors operate with a rather narrow definition that reduces the analysis of active employment policies to the ways in which the unemployed are being activated (e.g. Lødemel and Trickey 2001). Yet, such a narrow definition risks overlooking the many ways in which the political logic of activation is informing not only other parts of the employment policies, but also other policies such as social and tax policies (Barbier and Ludwig-Mayerhofer 2004: 423). Other authors suggest a much broader understanding. For instance, Halvorsen and Jensen characterize Danish and Norwegian labour market policies since the late 1950s as activist, because they persistently tried to expand the rate of labour market participation (Halvorsen and Jensen 2004). However, such a broad conception, which essentially equates activation with more or less extensive political interventions, risks overlooking the novelty of the employment policies emerging from around the late 1980s.

I take a path somewhere in between the two extremes by focusing on the measures seeking to activate the unemployed and the entrepreneur. I do so because I believe that they are very similar in terms of the type of subjectivity they seek to develop (Dean 1995), and because they are both part and parcel of the particular transformation of the employment policies and welfare regimes that in various forms and degrees has taken place in Western societies since the 1980s (Jessop 1993; Torfing 1999). This transformation has increasingly been informed by globalization discourses that effectively create an image of European societies as threatened by a lack of international competitiveness. If our societies are to avoid wholesale exodus of productive capital and thereby of workplaces, so the story goes, we have to create a highly

skilled workforce and an environment stimulating entrepreneurship and innovation. Labour market policies thus increasingly depend on a new activist subjectivity that had at least two key figures, the competent worker and the entrepreneur. Governments then promote not only 'employability' of the worker, but also the 'entrepreneurship' of the potential petty capitalist. Many analyses of the role of activation in employment policies, including the EES, tend to focus on the former and overlook the latter. In the following, I address the normalizing effects of the EES measures seeking to foster employable workers and the measures seeking to create entrepreneurship.

### **3 The European Employment Strategy and activation**

The speeding up of EU economic integration in the early 1990s through the completion of the internal market, the establishment of the Economic and Monetary Union and the adoption of the Stability Pact rendered some of the traditional employment policy tools obsolete (Goetschy 1999). Attempts to improve international competitiveness through devaluation or adjustments of national interest rates together with attempts to stimulate national demand through public deficit policies and state subsidies were more or less de-legitimized. By formulating a new link between economic growth and employment, the 1993 Delors White Paper 'Growth, Competition and Employment' contributed importantly for paving the way for the EES (CEC 1993). The White Paper thus regarded unemployment less a 'cyclical' (macro-economic) problem to be regulated through (expansive) fiscal and monetary policies and more as a 'structural' (micro-institutional) problem to be dealt with through interventions spurring on technological development, enhancing flexibility in labour markets, and improving the skills of labour through education and training.

The new political logic supporting a strategy tackling unemployment through micro-institutional interventions within a framework of macroeconomic stability was further developed over the next years. At the Essen summit in December 1994 the member states agreed on five broad priorities and a multilateral procedure to monitor the member states' progress on these (European\_Council 1994). Activation played a key role in three of the five priorities adopted. The Amsterdam Treaty of 1996 subsequently devoted an entire chapter to employment making "a high level of employment" an explicit priority to be dealt with through "a coordinated strategy for employment". In order to convert this goal into practical policy-making in the member states, the Amsterdam Treaty introduced four broad mechanisms:

1. Yearly guidelines envisaged to be the dynamo of the employment scheme
2. Annual assessment that could result in national specific policy recommendations
3. Creation of an Employment Committee with the task of monitoring the employment situation in dialogue with the social partners
4. Authorization to apply incentive measures, such as benchmarking and pilot projects

#### ***Developments of the EES***

This then was the background for introducing activation in 1997 in the first version of the EES. Activation of the unemployed played a particular important role in the first pillar 'increasing employability', whereas the stimulation of business starters played a key role in the second pillar 'developing entrepreneurship'.<sup>ii</sup> Subsequently, the idea that tax and social benefit systems

had to be reformed to increase employment and incentives to take jobs, which was added in 1999, gained impetus.

In 2002, the Commission presented an evaluation of the five years of experience with the EES (CEC 2002). It concluded that even if more jobs had been created and the policy process improved, Europe still faced major problems in terms of the demographic development, structural bottlenecks, long-term unemployment, regional disparities, eastward expansion and the impact of globalisation. Accordingly, the Commission suggested a reform of the EES, i.e. specifying goals in greater details, making the guidelines simpler, improving implementation through greater involvement of relevant non-state actors, and closer coordination with other relevant EU-policies. The reform of the EES, which came into effect in 2003, entailed that the four 'pillars' and 24 'guidelines' were replaced by ten new guidelines and three 'overarching and interrelated objectives'. The latter were: full employment, improved job quality and productivity, and social cohesion and inclusion. The ten guidelines, which were to remain constant for three years, contained little new. Five of them were directly targeted at enhancing activation by activating the unemployed, stimulating entrepreneurship, developing human capital, making people remain longer on the labour market, and making work pay (Guidelines 1, 2, 4, 5 and 8).

In order to consolidate the attempts to make member states promote activation, the EES guidelines were merged with the Broad Economic Policy Guidelines (BEPG) in 2005 (Council\_European\_Union 2005a). By the same token the EES guidelines were reduced from ten to eight. Four of these deal directly with activation of the unemployed by promoting a life cycle approach to work, making work pay, human capital development, and reforming education systems (GL 18, 19, 23, 24). The attempts to enhance entrepreneurship were transferred to the (sixteen) BEPGs (Council\_European\_Union 2005b). Two of the BEPGs deal directly with stimulating entrepreneurship (GL 14, 15) and four deal more broadly with 'microeconomic' reforms seeking to enhance job creation and productivity growth through competition, investment and innovation (GL 7-10).

### ***EES mechanisms for promoting activation***

Notwithstanding these developments, the EES' conception of activation and its way of making member states incorporate this in their employment policies have changed little since 1997/98. The EES thus continues dealing with activation along the two axes of employability and entrepreneurship through joint guidelines (as described above), common indicators, the annual national action plans, benchmarking, peer reviews and recommendations. In the following, I explore some of the ways in which the indicators, benchmarking and the peer review try to promote activation.

Comparable employment indicators are produced each year by Eurostat. These indicators may be divided into basic and more detailed employment policy indicators. The first set include: employment growth, employment rates, unemployment rates, youth unemployment rates, and long-term unemployment rates. The more detailed comparable employment policy indicators pertaining to each of the EES guidelines include: public expenditures in labour market policies (as percentage of GDP), public expenditures in active measures vs. passive labour support, and the number of unemployed persons participating in training or other activation programmes as

compared to the total number of unemployed. The indicators allow not only a variety of correlation analyses such the correlation between active labour market measure expenditures and unemployment rates, they also enable a variety of comparative analyses of member state policies and setting common goals. For example, in 1998 it was agreed that a minimum of 20% of the unemployed in every member state should participate in an activating programme (Council\_European\_Union 1999: 37). The point is not so much the exact figure recommended as the common goal or even that a goal is recommended at all. The point is rather that the production of comparable statistical figures enables not only the Commission, but also each and every member state to scrutinize and problematize their own employment policies by comparing themselves with the policies of the other states. These figures produce a tabulated space in which it became possible to distinguish the normal (average) from the deviant not only in 'substantive' terms (e.g. employment rates and unemployment rates), but also in 'procedural' terms (e.g. relative expenditures on activation measures and company taxation rates). The procedural indices may be the most important in as much as they enable a normalizing judgement of the appropriateness of the design of each and every national employment policy.

It is these comparative data that form the basis of benchmarking analyses found in the annual Joint Employment Reports (starting in 1998) by the Commission. The identification of 'best practices' or 'good practices' is essentially based on a comparison of two elements, namely the quantitative employment indicators and more qualitative evaluations of the member states policies' attempts to fulfil the guidelines (or the pillars). This two-fold benchmarking may give some rather contradictory results. For example, in 1998, the British 'New Deal' for young people was praised with regard to 'Employability' (Pillar I) (CEC 1999: 9, 38). However, British employment policies were simultaneously criticized for not fulfilling the ambition of having at least 20% of all unemployed participate in training or similar activating programmes (Council\_European\_Union 1999: 34). What is interesting here is neither the adequacy of these comparative data, nor their (lacking) consistency, but the fact that they define a particular space of political debate and action, mapped out by the guidelines and the indicators, for identifying problems and thereby the possible solutions that the member states' employment policies should adopt. Benchmarking of 'entrepreneurship' has received strong attention too, even if it has proved more difficult than benchmarking 'employability'. Apart from tax regimes, which lend themselves relatively easy to quantifiable evaluations, most other attempts to facilitate entrepreneurship have proved rather difficult to objectify. A predominant solution has been simply to record whether or not member states' have explicit policies with regard to the various entrepreneurship guidelines, such as teaching entrepreneurship skills, reducing burden for firms, providing business support services, and developing self-employment (e.g. CEC 2000: 52).

Perhaps most important effect of the space of action produced through the guidelines and the benchmarking analyses may not be the relative positioning of member states policies according to common defined indicators, but that the member states are induced to set their own activation targets. For example Guideline 6 from year 2000 not only urges Member States and the social partners to develop possibilities for lifelong learning, but also urges Member states to set their own targets for participants benefiting from such measures. Thus, after having judged the Danish measures for developing lifelong learning as 'adequate' and the French and British policies in this area as 'incomplete', the Joint Employment reports proceeds to evaluate how the



countries fared according to their own goals (CEC 2000: 42-43). Of course it could quite rightly be objected that by letting the member states set their own goals, these are bound to be lax in order to minimize changes of their employment policies. For example, just how ambitious is the French goal of increasing the workforce's access to training by 1-2% per year? (ibid.). Yet, I would argue that it is exactly by letting member states defining their own goals that they make the EES their own policy, i.e. that they subject themselves to the EES. Thus, no matter how lax the member states own goals may be they are nevertheless being formulated within the political logic defined by the guidelines on activation, not within some other political logic.

Finally, the peer reviews seek to identify and disseminate good practice pertaining to the implementation process or policy approaches and programmes (<http://www.mutual-learning-employment.net/peerreviews/>). The member states submit proposals of good practice examples to be the subjects for peer review meetings. As is the case with the benchmarking analyses, the peer reviews' identification of good practices takes place within the space delimited by the EES guidelines and pillars. Each peer review meeting is attended by a group of peer countries with a special interest in the experience, and in the potential transfer of the policy. The participants in an EES peer review session are government representatives, independent experts and representatives from the European Commission. The Danish, French and British policies' attempts to promote activation has been the object of several peer reviews as will be clear from the following.

#### **4 Active employment policies in Denmark, France and Great Britain**

This section unravels the political logic of activation supporting the employment policies of Denmark, France and Great Britain from the early 1990s to 2005 by exploring the various ways in which they seek to activate the unemployed and the entrepreneur. At the same time, I explore how this political logic of activation resonates with the one propagated through the EES.

##### ***Denmark***

Denmark has quite a long history of interventionist labour market policies. Since the early 1960s, Danish labour policies have relied on a high level of income compensation for the unemployed and educational and mobility enhancing policies (Lind 1992). Despite the persistent economic recession starting in the early 1970s, which soon made unemployment rates rise to high levels, employment policies only saw few changes. The changes that were made essentially sought to ameliorate the conditions of the unemployed. In 1977, a law was passed obliging municipalities and counties to subsidize employment in the private sector, training courses and more general education (Halvorsen and Jensen 2004: 468). Moreover, in order to prevent unemployed persons to become disconnected from the unemployment benefit system, a 'job-offer' or job-training scheme was introduced in 1978 offering a subsidized job at ordinary wage level. Until 1994, participation in these programmes was regarded as work and thereby qualified for the unemployment insurance schemes.

In 1989, the Liberal-Conservative government's proposal for a law on the activation of unemployed youth was adopted (Torfing 2004: 175). The law changed the voluntary job training offer into a precondition for young people's reception of social assistance. Despite

several criticisms of the law from the opposition (including the Social Democrats) and the labour movement, the idea of activation gained further impetus. In a key document by the Ministry of Social Affairs titled "There is a need for everyone", it is stated that the new social policy for both youth and adults assumes that "everybody who can should contribute to society in return for support" (Socialministeriet 1990: 1-2). The new policy seeks to "turn the passive income support into an active something-for-something approach" (ibid. 1-2). However, the real breakthrough for the activation approach in Danish employment policies came in January 1994 when the law on active labour market policy proposed by the new Social Democratic government came into effect (Torfing 2004: 204-206). The record high unemployment rate of more than 12% of the labour force together with a new understanding of unemployment couched in terms of "bottleneck" problems (the result of inadequate skills and mobility of the workforce) constituted an important backdrop for the reform.

The key change of the 1993/4 reform was to divide the seven year unemployment insurance period into two: in the first four years the unemployed receives voluntary job or training offers, in the last three years the unemployed must accept job or training offers in order to receive unemployment insurance payment. The law also introduced individual action plans, i.e. contracts between the public employment service and the unemployed person that form the basis of job identification and job training activities. Satisfactory participation in these activities is compulsory for receiving unemployment insurance benefits. Finally, the law reduced the unemployment insurance payment rate for young people to a level equal to student allowances. Over the next few years, the Social Democratic government successively shortened the period in which the unemployed were eligible for unemployment insurance (Torfing 2004: 34, 214). In 1998, the law on active social policy was adopted whereby compulsory activation was extended to all social benefit recipients (Torfing 2004: 238). In many ways the Danish and Swedish activation approach was a source of inspiration for the EES pillar 1 on enhancing employability (CHECK REFERENCE...Johansson 1999 or perhaps Lefresne 1999). Unsurprisingly then the peer reviews of the Danish activation policies for the unemployed have generally been very positive and resulted in discussions on how these policies could be transferred, in a more or less modified form, to other member states (e.g. CEC 2001a). Therefore, even if the Commission has issued recommendations for the improvement of the Danish policies on activation of the unemployed, including improved access to training (Ministry\_of\_Labour 2000: 25) and making work pay by lowering taxes for the lower income groups (Ministry\_of\_Labour 2001: 19-22), these recommendations have mainly served to reproduce and possibly update an already existing political logic.

During the 1990s, the question of Danish entrepreneurship was increasingly raised in debates about unemployment and job creation. Some opined that Denmark was dominated by a wage-work culture and had a lower level of entrepreneurship activities than other countries. One of the results of this debate was the publication of the report 'Entrepreneurs in the 1990s' issued by Ministry of Business and Industry (Erhvervsfremmestyrelsen 1999). Even if the report concluded that the rate of entrepreneurship in Denmark was at if not above the level of other countries, this did not imply that entrepreneurship was left to itself. On the contrary, in line with the various guidelines under the EES' entrepreneurship pillar II, the Danish government embarked on several measures seeking to provide sound framework for the setting up and development of new enterprises by reducing administrative burdens, providing counselling and

easier access to capital, and adjusting the taxation regime (Ministry\_of\_Labour 1999: 34-42; Ministry\_of\_Employment 2004: 25-27). Finally, the International Danish Entrepreneurship Academy was established by the Ministry of Science, Technology and Development in 2005 in order to strengthen the entrepreneurial competencies in Danish society (<http://www.idea-denmark.dk/index.php?id=144>).

### **France**

The activation element in French employment policies have been characterized by the continued reference to political participation. By drawing on rationalities of solidarity and Republican citizenship, activation has been regarded as a means to ensure social and political integration (Barbier and Théret 2001: 157-159). While citizenship here like elsewhere is associated with being active, this has more to do with being an active member of a social and political collectivity than having a job and/or being economic self-reliant. And if such membership requires a certain minimum economic income level, it is ultimately up to the collectivity, whether in the form of a social insurance scheme or the state, to ensure this, not the individual member itself. The various programmes introduced from 1975 under the heading of 'insertion' are an example of the role played by the ideal of political participation and social solidarity. They aimed at improving the integration of the disabled and young unskilled persons into society (Barbier and Fargion 2004: 442). The overall aim of these programmes was not to take them out of (welfare) dependency, but to ensure active, political citizenship (ibid.). In fact, one way of ensuring this entailed an expanded access to welfare services, rather than being pushed into work.

From the late 1980s an increasingly complex set of programmes involving both minimum income benefits, job creation and job training schemes have played a key role in French employment policies (Barbier and Théret 2001). Among these the RMI (*revenue minimum d'insertion*) emerged in 1988 as an entirely new benefit, namely a new universal minimum income for all those not entitled to any of the other benefit schemes (Barbier and Théret 2001: 161-162). Its main innovation lay in the introduction of a *contract d'insertion*, defining a plan that stressed the scheduling of actions the beneficiary was supposed to undertake. However, the conditions for eligibility do not include the obligation to actively seek work. Instead, both the 1988 and 1992 RMI Acts established RMI as an unconditional citizen right.

From its inception the ordinary French unemployment insurance scheme has included an obligation to seek work (Barbier and Fargion 2004: 444). Yet sanctions have until recently been limited and in the mid-1980s, the French insurance fund introduced the possibility - under the AFR (*allocation formation reclassement*) of extending the compensation period and additional support for training periods. Since then the general philosophy of the unemployment scheme has been to improve the employability of the unemployed through various training programmes. It is only from 2000 that sanctions for the unemployed are expanded more systematically (Barbier and Fargion 2004: 444). The introduction of the PARE (*plan d'aide au retour à l'emploi*), which was implemented from July 2001 after more than a year of labour market conflicts, not only included a reformed personal action plan for each unemployed person, but also a significant increase of sanctions for the unemployed (Ministère\_de\_l'Emploi 2001: 14-15). The new personal action plan received strong praises at the peer review session in

Noisy-Le-Grand (France) in October 2004 and was recommended for transferral to other member states (<http://www.mutual-learning-employment.net/peerreviews/2004/10/18-19>).

Finally, reforms have been introduced to change incentive structures leading to 'inactivity traps', especially for minimum income beneficiaries (Barbier and Fargion 2004: 454). While committed to accommodate the EES guideline 8 (Making work pay), the French government has at the same time persistently tried to reduce the group of working poor. Therefore, instead of making work pay by reducing social benefits, the French Government has since around 2000 relied on a combination of income tax reforms, which are in line with the Commission's recommendations (CEC 2001b: 55), social benefit restructuring and legally binding minimum level salaries (Ministère\_de\_l'Emploi 2003: 39).

France has embarked on several new measures for promoting entrepreneurship during the 1990s. The backdrop for these measures is a steady decline in relative number of entrepreneurs since the 1970s and an intensified discussion by French policy-makers spurred on by OECD reports on how to reverse this trend (Henriquez et al. 2001). The most notable of these measures is probably the gradual take over of employers' social contributions by the French state. While this reform was initiated some years before the emergence of the EES (Barbier and Fargion 2004: 451), the process of reducing employers' tax burden and social security costs was clearly in line with EES guideline (14) and seems to have been further encouraged by the Commission's recommendation (CEC 2000: 157). At least, the process was continued in the 2000s and in 2003 a new programme for reducing social security contributions came into effect (Ministère\_de\_l'Emploi 2003: 14). Several other micro-level measures seeking to stimulate the creation of new firms and jobs were introduced from the late 1990s such as a gradual elimination of wages from the business tax base, a tax credit for home maintenance, and an experiment with a reduced VAT rate on certain services (Ministère\_de\_l'Emploi 1999: 7).

Yet, the French entrepreneurship strategy is not only based on cost reductions for the employers. By the late 1990s, the French government increasingly recognized the importance of fostering an entrepreneurial subjectivity. Accordingly, the Observatory of Pedagogical Practices in entrepreneurship (OPPE) was established in 2001 in order to raise awareness of entrepreneurship among young people and provide them with training in business creation (Ministère\_de\_l'Emploi 2003: 15). OPPE's establishment was part of a larger project led by the Business Creating Agency (APCE) seeking to promote entrepreneurship within all levels of the educational system (<http://www.apce.com/index.php>). Finally, the French government has enhanced measures providing advice and access to financial capital for new companies and innovation of existing ones. In 2003, the French government embarked on the Innovation Plan seeking to create new and innovative firms creating new jobs (Ministère\_de\_l'Emploi 2003: 15). The same year saw the adoption of the Economic Initiative Act and the administrative simplification ordinances seeking to facilitate the creation of a million start-ups of firms through various reforms of the taxation system and the access to start-up capital (Ministère\_de\_l'Emploi 2004: 20).

### ***Great Britain***

Inspired by the Reagan administration's reform of US employment policies in the early 1980s, the British Conservative government embarked on several changes of British employment

policies. Most of these changes aimed at linking the receipt of welfare benefits to an individual's willingness to participate in a government financed job or training scheme (Dolowitz 1997). These changes culminated in the Social Security Act (1989), which linked the receipt of welfare payments to an individual's active job search and willingness to accept any officially recognized job. Yet, even if the punitive dimension played a fundamental role in the Conservative government's workfare policies, it is worth noting that education and training programmes and various job search assistance schemes were important elements as well (Gardiner 1997).

When it came into office in 1997, the New Labour government transformed the welfare benefits' rules and the Employment Service through the introduction of the 'New Deals'. They were applied to groups with a particular need, namely the young unemployed, lone parents, welfare recipients' partners, the disabled, the long-term unemployed and ex-offenders. Participation in the New Deals, which included an individually designed program for remedial education, vocational training, or job training, or another officially recognized activating labour market measures, is a precondition for receiving the basic form of unemployment benefit – the Job Seekers Allowance. On the one hand, the overall rationale of the New Deals do not differ from that introduced by the Conservative government, i.e. moving away from passive dependency on welfare assistance towards a system making every capable person work. On the other hand, by emphasising much more strongly the role of education, the New Deals do constitute a novelty. Together with the development of several other more general skills enhancing activities (DWP 2001: 13-14), the New Deals transgressed the Conservative government's rather narrow focus on economic incentive structures in favour of a strategy for securing the competitiveness of British economy by strengthening the nation's general educational level. In short, while the new emphasis on education and training as important forms of activation resonates very well with the EES' ambitions of improving employability, this shift clearly had more to do with the New Labour coming into office than with the launching of the EES the same year.

Apart from its emphasis on education and lifelong learning as a mode of activation, New Labour's employment policy also deviated from the Conservative government in its attempt of making work pay. In contrast to the Conservative government's preference for market solutions, which entailed attacking any collective agreements or laws distorting the free pricing of labour power, New Labour introduced a national minimum wage (National Minimum Wage Act 1998), reduced the starting rate of income tax and the threshold for national insurance contributions, and implemented the Working Families Tax Credit to ensure that salary gains would outweigh loss of social benefits (DWP 1998: 6; Judge 2001: 13).

It seems then that the EES has had very limited if any direct impact on the ways in which British employment policies seek to activate the unemployed. The EES seems mainly to have reinforced already existing efforts. For example, the Council has issued recurrent recommendations to the British government to strengthen its lifelong learning measures for both the employed and the unemployed (DWP 2001: 13; 2004: 14-16). To what extent the British government has actually accommodated these recommendations by pouring more public money into educational programmes is not entirely clear. The fact however remains that the British government has acknowledged the need for strengthening its efforts in this field and

goes at great pains in explaining exactly what it intends to do to improve the human capital factor (ibid.).

In an attempt to promote entrepreneurship, the New Labour has prompted significant changes in the policies supporting the creation of new businesses. In the early 1980s, the Conservative government launched an entrepreneurship policy seeking to maximize the number of business starts through a general subsidy programme, namely the Enterprise Allowance Scheme (Storey 1994). While the entrepreneurship policies in the 1990s were oriented more towards 'established business' with growth potential (Greene 2002), New Labour has recently returned to a more inclusive program seeking to ameliorate the 'enterprise gaps' in the so-called 'un-enterprising' areas (Small\_Business\_Service 2004). Moreover, in line with the EES guidelines, New Labour has continued the efforts started by the Conservative government of reducing the already very low non-wage labour costs through tax and debt relief reforms (DWP 2003: 12). Finally, it has adopted policies seeking to enhance the access to business advice and support through Business Links and other information services, and improving the access to investment capital. It is noteworthy that the EES benchmarking in 2000 designated the British government's provision of support services for business in order to make it easier to start up and run businesses as 'good practice' (CEC 2000: 54).

In sum, while the EES may have contributed to retaining British attention to the promotion of entrepreneurship, the New Labour's measures on this issue appear essentially to be a continuation of the policies initiated in the early 1980s by the Conservative government.

## **5 Conclusion**

Danish, French and British employment policies evidently differ significantly. Danish employment policies emphasise human capital development through a variety of training and educational measures, though sanctions and more recently economic incentives to making work pay are playing an increasingly strong role. These policies are supported by (still) relatively generous social benefits by the state. The French employment policies draw strongly on notions political citizenship and social solidarity ensured through a mixture of legal rights and social (but mainly non-state) insurance mechanisms. Especially the former has put an effective limit to the attempts of making activation mandatory. The last decade or so has witnessed a strategy of state takeover of the companies' costs for social insurance and various taxes. The British employment policies rely heavily on mandatory conditions for receiving social/unemployment benefits, economic incentives to make work pay (through a minimum salary) and increasingly human capital development.

Notwithstanding the persistence of significant differences between the Danish, French and British employment policies, it does seem possible to delineate the contours of a common political logic of activation. First, all three governments participate actively in the EES, a fact that should not be taken for granted. Thus, even if the member states are bound by the employment objectives of the Amsterdam Treaty, the latter contains no means of sanction. Moreover, instead of simply disregarding uncomfortable benchmarking analyses and recommendations, all three member states have provided detailed explanations to show how they already or in the future intend to accommodate these recommendations. Hence, even if it is

impossible to trace any causal relation between the EES measures and the adoption of new national employment policies, it does show that the member states take the EES serious and increasingly view and problematize their employment policies in the terms, guidelines and indicators propagated by the EES.

Second, in line with the EES guidelines, activation policies in all three countries include both measures seeking to enhance employability and measures promoting entrepreneurship. Thus, all three governments assume that it is a task for the state or other public authorities to deal with the unemployed and the entrepreneur. These two characters cannot be left to themselves, but must be subject to an extensive apparatus of policies, programs, techniques and expert knowledge to activate them. It is particularly worth noting that while the development of the employability of the unemployed in particular is regarded as fundamental, this is insufficient. For some reason most academic analyses of activation tend to disregard the fact that in order to secure competitiveness and employment, the Danish, French and British government all regard job creation through the development of entrepreneurship and the provision of an institutional environment facilitating the establishment and development of new businesses as fundamental. Thus the ideal of activation informs not only the subjectification of the worker, but also the subjectification of the petty capitalist.

Thirdly, and more generally, the political logic of activation found in the Danish, French and British employment policies seem to imply a shift from a problematization of employment in terms of the overall demand of the national economy, which could/should be regulated through fiscal and possibly monetary policies, to one in which employment is regarded as a problem of structural and institutional barriers within the economy. According to the latter understanding enhancement of the supply of labour (through employability and/or economic incentive structures) is seen as necessary, but insufficient measure. Thus, we are not simply moving from a Keynesian inspired demand-driven policy to a neo-classical inspired supply-driven policy. Demand management is still a fundamental part of employment policies, though now as an issue of micro-institutional settings not one of macro-economic conjunctures. Accordingly, in all three countries, the political logic of activation informs not only employment policies (in the narrow sense of that word), but also education, industrial and taxation policies, which in turn are recast and re-coordinated so as to promote the making of active and entrepreneurial subjects fit to serve the 'competitive society'.

A major effect then of the EES is to make member states question, scrutinize, plan and measure the ability of their employment policies to promote activation. The point is not that the EES invented an employment policy in which activation is a compulsory element among other ones. Clearly, all three member states in various ways and to various extent attributed importance to the activation of the unemployed and the entrepreneur before the EES was put into motion in 1997/98. Moreover, other forces, such as the OECD recommendations from the early 1990s onwards (Casey 2004) and more generally the dissemination of globalization discourses depicting European societies as facing a battle of competitiveness, have undoubtedly played an important role for the emergence of the political logic of activation in the Danish, French and British employment policies. However, the point remains that the EES, at the expense of other possible political logics, contributes to making these and perhaps other member states retain and further develop an employment policy in which activation plays a substantial role.

To pinpoint the normalizing effect of the EES, it may be worth developing Henning Jørgensen's karaoke analogy a bit (cf. above): The major point about karaoke is not only that the attempt to sing like others rarely succeeds, but that it makes you refrain from singing other songs! Or, in the context of EES, that it makes member states refrain from formulating employment policies based on a different political logic. The analogy may even be drawn a bit further: In the same way that karaoke did not invent the song that participants try to sing, the EES did not invent active employment policies. Thus, what is new about the EES is not that it deals with activation, but that it makes each and every member state reproduce and possibly update employment policies in which measures promoting activation in one way or another is compulsory. By implication, the major danger of the EES is that it tends to cut off any other political logic that could serve as the basis for governing employment issues differently.

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## Notes

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<sup>i</sup> My understanding of political logic is inspired by Michel Foucault's notion of (political) rationality (Foucault 1991: 79).

<sup>ii</sup> The third and fourth pillars of the EES dealt with 'Encouraging adaptability in businesses and their employees', and 'Strengthening the policies for equal opportunities' respectively.