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## Europe and the Deconstruction of the Category of »Unemployment«\*

»Governments, managers and men of affairs have usually considered that work is too important to be left to the workers. Great efforts have been made down the ages to change their attitude towards it and towards the managers who organise and direct it.«<sup>1</sup>

### I. INTRODUCTION

This article deals with the social construction of knowledge and how it informs and guides the creation and evolution of the social state. It focuses on knowledge relating to »work« and, more precisely, on qualification, categorisation and quantification designed to define what (or who) should and should not be classified as work (or as a worker); what are the forms of work that should be recognised, (and in what way) and what are not at the level of society as a whole. These activities form the foundation of the modern social state; they are likewise one of the principal constructs of its past and its future. Specifically, I shall concentrate on the category known as »unemployment« and how it is currently being deconstructed in Europe. This particular category sheds light, in my view, on how the social state is evolving as influenced by the development of Europe. Indeed, since 1997 (launching of the European Employment Strategy at the Luxemburg Summit and of other initiatives for modernising social protection in Europe), the reform promoted by the European Union for the social state aims at aligning the set of social and labour market institutions in each European country on maximising the rate of employment. Such target that is fixed to the social state represents a crucial shift from the model of full employment, as it historically emerged after the Second World War, to a new political and normative framework. The category »unemployment« had played a key role in the model of full employment; public policies in several domains focused on reducing unemployment. In the new political narrative promoted by the European authorities, this is no longer the case.

To what extent it will lead to in-depth evolution of national institutions remains, however, uncertain. As I will argue, we are observing, above all, the beginning of a process of deconstruction of the category »unemployment«. This process is favoured by the specific political approach by which the European authorities intend to coordinate the evolution of the national social welfare systems. This political approach is more and more driven by what is called the Open Method of Coordination (OMC). Its repertoire is mostly borrowed and adapted from corporate management tools and new public management (monitoring through guidelines, key performance indicators, benchmarking). It is part of what I will call social technologies of knowledge. For it intends to modify the social conventions about what has to be considered (and measured) as being employed or unemployed. In each country these conventions on employment and unemployment are to be found in public statistics (surveys, censuses, administrative data, their categories,

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\* I would like to thank the WIKO (fellowship in 2005–2006) and the WZB for their outstanding and invaluable welcome and support for my research.

<sup>1</sup> Alan Fox, *History and Heritage. The Social Origins of the British Industrial Relations System*, London 1985, S. XII.

questionnaires and methodologies), but also in a series of social technologies of knowledge. Amongst these technologies we must include not only public statistics, but all forms of public and private accounting, laws for its instrumental purpose, organisation and management techniques, models for structuring and preparing decision (for example, for investment purposes, for appraising options or for public expenditure) and, last but not least, the creation of informational bases which, in social welfare institutions, determine who has rights to which benefits.

It is essential to apprehend that these are not simply technical tools. They are not merely registering a pre-existing social reality: they are also informing this reality, they influence the ways people think about it and act on and within it. The description of the social state of affairs, for example, of a particular person or group of people in terms of employment or poverty, is never just a simple factual description. It is a construction process that creates approval to a certain way of describing things. When this description is universally accepted, it is legitimised and becomes commonly accepted as fact. In other words, it becomes common knowledge which is not put into question any more.<sup>2</sup> Therefore, this description contains also an evaluation: Once it becomes public, once it underlines and guides the daily functioning of social life, any descriptive framework informs how each individual should interpret any given situation and what claims and rights derive from that situation. It also informs and guides social and labour market institutions. It allows individuals and actors to coordinate in the economic and social spheres, for they attribute the same meaning to the facts they are dealing with.

From this analytical starting point it ensues that what is deemed »social« could also be regarded as a joint invention of statistics, law, public policy, management technology and social sciences, which are constantly interacting as part of the historical process. But this joint invention only establishes itself insofar as it creates a cognitive background which feeds into a material machinery of technical objects, rules, organisations, which render it, to some extent, invisible. The history of the social state should be seen, in my view, primarily as the history of the social activities of knowledge of work and non-work and as the history of the processes by means of which the categories and descriptive methodologies relating to work have been produced, disseminated, incorporated and become part of common knowledge. Obviously, histories such as these have an important political and institutional dimension, but it is to some extent »equipped« behind the scene with cognitive technologies which force agreement on the corresponding realities, construct the social correlations, set the boundaries for debate by defining how to quantify and qualify socially-legitimate issues. One must shift what is taking place backstage to centre stage because it provides the setting for the play.

In doing so, I am departing from structural and causal explanations of the crisis in the social state based on external factors<sup>3</sup> such as globalisation, deindustrialisation, stagnation

2 The theoretical framework of the economics of conventions is well fitted to deal with such issues. It defines convention as a system of mutual expectations backed by common knowledge which allows individuals and actors to coordinate in the economic and social spheres. See *Revue économique* (Hrsg.), *L'économie des conventions*, special issue, 40, 2, March 1989; *André Orléan* (Hrsg.), *L'analyse économique des conventions*, Paris 1994 (2nd edition 2004); *Robert Salais*, *A la recherche des fondements conventionnels des institutions*, in: *Robert Salais/Elisabeth Chatel/Dorothee Rivaud-Danset* (Hrsg.), *Institutions et conventions. La réflexivité de l'action économique*, Paris 1998, S. 255–291; *François Eymard-Duvernay* (Hrsg.), *L'économie des conventions, quinze ans après*, Paris 2006; *Robert Salais*, *Die »Ökonomie der Konventionen«*. Eine Einführung mit Anwendung auf die Arbeitswelt, in: *Jens Beckert/Rainer Diaz-Bone/Heiner Ganssmann* (Hrsg.), *Märkte als soziale Strukturen*, Frankfurt/Main 2007, S. 95–112 (forthcoming).

3 Most of the literature on welfare states is concerned with such external and predominantly macro-economic approach. See, among others, *Fritz Scharpf/Viviane Schmidt* (Hrsg.), *Welfare and Work in the Open Economy*, Oxford 2000.

population trends, new forms of organisation of work and firm management, etc. I am not ignoring these factors, but I would like to focus on some neglected and, in my view, crucial facets of the process of dealing with this crisis. Empirical evidence (and especially comparison through time and space) suggests that for a same problem there always exist several ways of framing and solving it. Thus, I rather start from the position that the impact of structural factors is filtered and moderated through the models of thought, the cognitive frameworks and tools for action in which actors have faith and conform to. These models, frameworks and tools align the social processes with specific paths and guide the actors.

As techniques, cognitive tools have been the subject of considerable historical research<sup>4</sup>; as social technologies of evaluation they only begin to receive more and more attention.<sup>5</sup> Fortunately the history of the category »unemployment« has been the object of research in some European countries (mostly France, Germany and the UK) more or less along the same lines. This research shows the key role of social technologies of knowledge, especially in statistics, law and public policies for defining and dealing with that »social problem«, though in national specific ways. The following part II of this article focuses on its lessons. It introduces the concepts of common knowledge and cognitive hegemony. Part III describes the shift from »unemployment« as a category to »employment« as a rate in European politics. Some properties of reducing the knowledgeable to the quantifiable are discussed by taking the case of the OMC. This part explores how it is possible to act politically through statistical tables and to introduce the convention of »employment without quality«. Part IV returns to the history of unemployment as a category and uses it as a benchmark to shed light on some political and structural difficulties faced by the rational constructivist approach to the reforms as strived for by the European authorities. Is the deconstruction of the category paving the way to new models of economic development? Or does it represent a way to get rid of »unemployment« as genuine political problem and to build a cognitive denial of the underlying realities? The conclusion emphasizes the need to reframe issues about information in terms of format, deliberative democracy and the building of informational basis for public decision in Europe.

## II. QUALIFICATION, CATEGORISATION, EVALUATION OF WORK: THE CASE OF UNEMPLOYMENT

What makes, generally speaking, the social technologies of knowledge so effective? I will first take the example of the history of the category »unemployment« and then briefly consider some theoretical issues addressed by this example. Unemployment is an enlightening example, because it has not always existed as a category. There were, of course, in any society and at any time, periods in which people did not work for various reasons (lack of work, slack season, incapacities, etc.). But these periods were not con-

4 Among the main references: Public statistics and its tools: *Alain Desrosières*, *Die Politik der großen Zahlen. Eine Geschichte der statistischen Denkweise*, Berlin 2005 [German translation of: *La politique des grands nombres*, Paris 1993]; Accounting and audit: *Michael Power* (Hrsg.), *Accounting and Science. Natural Inquiry and Commercial Reason*, Cambridge 1994; *Michael Power*, *The Audit Society. Rituals of Verification*, Oxford 1997; *Anthony Hopwood/Peter Miller* (Hrsg.), *Accounting as Social Institutional Practices*, Cambridge, 1994. One must not forget that most of them follow from the seminal works in sociology of knowledge of Bruno Latour, Michel Callon, Dominique Pestre and others.

5 *Desrosières*, *Die Politik der großen Zahlen*, tackles this issue, as do some contributions in: *Power*, *Accounting and Science*, or in: *Pierre Lascaumes/Patrick Le Galès* (Hrsg.), *Gouverner par les instruments*, Paris 2004.

sidered as »unemployment« in the modern sense, i. e. as periods deserving some help from the community and, more and more, as periods supporting individual and collective claims for full employment. In those countries for which research<sup>6</sup> is available the invention of unemployment as a social category happened around the same time, at the beginning of the twentieth century in the period from approximately 1875 to the First World War.

Until after the Second World War, the emergence of the modern conception of unemployment has been a long and complex historical process, which has gone through times of violent conflict, has involved material and organisational change within companies, a transformation of work, and sweeping changes in the way in which the State intervenes and in the individual expectations about it. The process of categorisation has mobilised several tools of measurement, of abstraction and evaluation. It has led to the development of new parts of labour law, to the creation of institutions using criteria to define who is unemployed. Furthermore, it has taken on specific national characteristics: public statistics and legal codification of employment fluctuations (the sharing of responsibilities in the labour relationship and, more particularly, when this relationship is terminated or comes to an end) in France; the development of social welfare within local or professional communities in Germany and the problematic construction of a German political unit at this time (these are issues relating to identity at work and the concept of a »work community«, as developed during the Weimar Republic<sup>7</sup>); the struggle in the United Kingdom for control over the labour market between the trade unions and the social reformers (who were advocating a moral rationalisation of the labour market: creating and selecting »regular« workers and building a labour market that sought to bypass union control). In the interwar period and after the Second World War, the cognitive and material changes to the labour market and the management of employment paved the way, and later laid solid foundations for economic growth in Europe and for the development of modern, large-scale industry (Taylorism, standardisation, mass production, wage levels based on abstract job classifications), at least until the seventies. History also shows that different constellations emerge in each country in terms of social sciences or institutions. Even today employment and unemployment categories still bear the hallmarks of national idiosyncrasy.

The main features of the emergence of the category unemployment are well documented in the available literature. For periods of non work (and more generally, for any »social« category) to emerge and to be the site for institutions and public policies, work activities have to be separated from the workers performing them. Historically, this has been the purpose of the rationalisation process in big firms. The Taylor or Bedaux systems of scientific organisation, for instance, consist of a set of cognitive instruments. They introduced a management of collective work time which split it in precisely defined posts and standardized it in elementary and abstract tasks. Thus, in case of market hardship it

6 G. Phillips/N. Whiteside, *Casual Labour. The Unemployment Question in the Port Transport Industry 1880–1970*, Oxford 1985; Alexander Keyssar, *Out of Work. The First Century of Unemployment in Massachusetts*, Cambridge/Mass. 1986; Robert Salais/Nicolas Baverez/Bénédicte Reynaud, *L'invention du chômage*, Paris 1999 [first edition 1986]; Malcolm Mansfield/Robert Salais/Noel Whiteside (Hrsg.), *Aux sources du chômage 1880–1914. Une comparaison interdisciplinaire entre la France et la Grande-Bretagne*, Paris 1994; Christian Topalov, *Naissance du chômeur 1880–1910*, Paris 1994; Bénédicte Zimmermann, *Arbeitslosigkeit in Deutschland. Zur Entstehung einer Sozialen Kategorie*, Frankfurt/Main 2006 [German translation of *La constitution du chômage en Allemagne. Entre professions et territoires*, Paris 2001]; Noel Whiteside, *Unemployment Revisited in Comparative Perspective*, in: *International Review of Social History*, 2007, 52, H. 1, S. 35–56.

7 See Bénédicte Zimmermann, *Arbeitslosigkeit in Deutschland*, S. 181–185.

became possible for the firm to define and to locate the quantity of work to expulse out of its organisation. As one of the many handbooks published in the 1920s<sup>8</sup> explains, »forecast« should replace the old model of management characterised by »instability in the production pace«, which is left »to circumstances and the fantasy of the workers«. Rational management needs precise and relevant data. Such possibility to standardise and forecast the work requirements historically appears as one of the prerequisites for the emergence of the social category »unemployment«.

Another prerequisite is the development of social procedures of registration (today's employment, placement or welfare agencies) in which people fired off from previous work can register to gain some support (in exchange of social control). In that way, unemployment becomes socially visible under the shape of identifiable individuals. Such a process occurred in all countries under review, although through different schemes. Germany and the UK created schemes of insurance against unemployment (or extended existing schemes towards unemployment hazards). Others, like France, had mere »unemployment funds«, opened locally at the discretion of trades, unions, municipalities, these funds were more or less subsidized by the state. Some countries, like Germany, had both. Another characteristic which proved difficult to achieve was the social differentiation of non work into different categories: illness, old age, handicap, etc. The frontiers between employment, unemployment and other categories of non work took a long time to be well established and understood in daily practices of people, of firms, and of institutions, too. For instance, in France, it occurred only in the 1950s with the creation of the »Sécurité sociale«. These frontiers are now blurring, partly due to the pressure of the reforms of the social state advocated by Europe.

#### *Common knowledge, cognitive hegemony and legitimacy*

Two concepts need to be quickly presented, common knowledge and cognitive hegemony. The concept of common knowledge<sup>9</sup> is usually taken as a speculative concept in formal logic and, more generally, in theories on rational action. It helps to explain how rational actors belonging to the same population take on some regularity within a recurrent situation as a common rule which allows them to solve a problem of coordination. Several individuals are, by definition, implied in a coordination (for instance, on the market or in a firm). But in a world of pervasive uncertainty (as is generally the case), each actor needs to be sure enough about the fact that the regularity he/she elicits as the adequate rule to follow (in other terms, a convention) is also the same one that other actors will choose. If not, coordination fails and there is no market exchange or no product achieved by the firm. Institutions alone (even the threat of dire penalties) are not enough to enforce cooperation, for every rational actor has some reason to suspect that others could attempt, if not observed, not to follow the rule in order to take an undue advantage; so he has some incentives not to follow the rule himself. In this theoretical framework, coordination can only be achieved with the support of common knowledge. In such a situation through mechanisms of mutual expectations everybody knows the convention and knows that others know that he knows and consequently will follow the convention, etc.

However, the process by which the members of the population are discovering the emergence of some regular pattern and its salience within a recurrent situation is not addressed by this literature. One has to turn back to history. In the specific case of the unemployment category, the last lesson from history is that the creation of this social cate-

8 Charles Thompson *u. a.*, *La réorganisation des usines, suivant les méthodes Taylor-Thompson. Réorganisation administrative, réorganisation à l'atelier*, Paris 1926, S. 30–33.

9 David Lewis, *Convention*, Cambridge/Mass. 1969. See also the works on the economics of convention, quoted in the footnote 3.

gory is a multifaceted process. This process implies not only institutional building and implementing, but also (and perhaps, above all) the achievement of an adequate environment with regards to material and organisational investments in firms, as well as an adequate language and the formation of common knowledge about it. Effective social categorisation requires from all actors a long process of learning: What they have to learn is how to use institutional devices and public policies' rules as resources for their actions and expectations. If it is not the case, even the best politically designed institutions remain ineffective. If it is the case, actors develop systems of mutual expectations which allow them a convergence of the meanings attributed to the category, and, as a consequence, a spontaneous coordination of their expectations and actions. In other terms they have formed, within the community, a common knowledge vis-à-vis of the category.

Imagine for instance a country where a generalised system of insurance against unemployment has existed for a long time. Its basic rules can be said as common knowledge. When a worker is at risk to be dismissed, he knows in advance that he will be secured, which helps him to prepare his mobility or to support his state. But the impact goes further. The employers are also aware of this system of insurance. Thus, they can plan job redundancies and hope that their workers would accept it with less difficulty than in case that no insurance mechanism exists. Due to the converging expectations and actions of both sides, the category of unemployment is, to some extent, self-fulfilling. Even the state is confirmed into its intervention to struggle against unemployment.

The concept of cognitive hegemony comes into play at this point. Classically, the concept refers to political alliances between social groups that create a hegemonic regime in which power and satisfaction of interests are fairly distributed between these groups. Such regime proves to be stable and internally producing its legitimacy. To speak of cognitive hegemony adds in my view something new to the analysis of methods of »governance« based on the rational use of technologies of knowledge. Through the Open Method of Coordination (OMC), such methods are applied, no matter whether it is intentional or not, by the EU for promoting the reform of the social state. As I will show in parts III and IV, unemployment as a category is being deconstructed with the help of trivial matters, simple knowledge tools such as rates, ratios, indicators, statistical tables, together with innovative political use of these basic instruments. Political ends become more or less pre-determined without democratic deliberation; their norms are embedded and conveyed through these tools, especially the indicators of performance. The ostensible technicality and apparent political neutrality of these tools favour the manipulation of the common knowledge within a political community. This apparent neutrality supports the strive for gaining acceptance of policies which are in no way related to those that have preceded them – except in name.

The novelty introduced by such methods is that, in politically controlling what is the relevant information and in which formats, governance mechanisms create a strong line of division between the publicly known and the rest (which becomes the »unknown«). The known gives to dispossession and domination an objective form. It is justified by technical instruments that make it difficult to mount a political challenge (and, even more so, a credible alternative), because »the facts are there«, aren't they? Conversely, the not known – i. e. all phenomena and circumstances which have not been subjected to cognitive elaboration and passed into common knowledge – either lack basis or any legitimacy in society: A claim to be heard and recognised cannot be founded on the not known.

Thus, statistical data are placed today under a new and hard strain. It is increasingly acknowledged that statistical data are not simply empirical data which may serve as a basis for description. Consequently, the relationship between the figures derived from the quantification operations and the social reality it attempts to reflect – in other words, what it signifies – is not a foregone conclusion. It needs to be carefully studied and clari-

fied. Usually the issue of data is discussed in relation to their veracity as opposed to whether they are fudged or manipulated. This is not the point when facing rational use of technologies of knowledge. The point is how far political action can develop through the choice of cognitive categories, hence through the rational formatting of social and economic information.

As far as I can tell, the possibility for such a cognitive hegemony to emerge has not yet been fully considered by the social sciences. This issue overlaps with others addressed as »scientification of social life« (*Verwissenschaftlichung des Sozialen*).<sup>10</sup> Cognitive hegemony mobilises experts, networks, committees, technical and professional knowledge, theories as discourses of justification. However, the technicalities at work derive from a specific set of sciences (mostly statistics, law, public and private management). They go beyond expertise (or justification) and address operational objectives: producing statistics, devising or revising the rules of law, implementing management rules, evaluating strategies and policies. They become indispensable parts of the administrative and organisational machinery leading to private and public decision. Admittedly, any public decision always harbours a degree of dissension. But as the issues, variables and informational bases considered legitimate in the public debate already have their structures, any dissent has to construct its legitimacy. If it is to be perceived and deemed appropriate, if it is to replace the current regime, it must structure itself not only as an alternative narrative, but also as a new way of understanding the ongoing social and economic realities. In other words, it must lay the foundations for a new cognitive regime based on its own instruments and social procedures of knowledge. This remark would lead us to research about deliberative democracy. I shall turn to it in the conclusion of the article.

### III. FROM UNEMPLOYMENT AS A CATEGORY TO EMPLOYMENT AS A RATE

Let me first sum up the argument of this part: In the Keynesian model of full employment especially – and, in more general terms, since the emergence of the category of »unemployment« –, the aim of the social state has been to maintain the level of employment as close as possible to full employment, along with guaranteeing income in the case of loss of employment. The social state needs to have a constant look about unemployment as an economic and social phenomenon. However, such a basic aim was much wider than reducing the number of unemployed people or simply increasing the number of jobs. There were political conflicts about the legitimate values, on how to define the common good and on what was needed to be known. To overcome political controversies, the state developed surveys and economic and social statistics. The creation of informational bases helped to develop relevant economic and social policies and to achieve full em-

10 See for general thoughts on that field: *Lutz Raphael*, Die Verwissenschaftlichung des Sozialen als methodische und konzeptionelle Herausforderung für eine Sozialgeschichte des 20. Jahrhunderts, in: GG 22, 1996, S. 165–193. See, for different fields of research, especially on experts and the role of the state: *Stefan Fisch/Wilfried Rudloff* (Hrsg.), Experten und Politik. Wissenschaftliche Politikberatung in geschichtlicher Perspektive, Berlin 2004; *Alexander Nützenadel*, Stunde der Ökonomen. Wissenschaft, Politik und Expertenkultur in der Bundesrepublik 1949–1974, Göttingen 2005; *Anja Kruke*, Demoskopie in der Bundesrepublik. Meinungsforschung, Politik und Medien 1949–1990, Düsseldorf 2007; *Sybilla Nikolow*, Die Nation als statistisches Kollektiv. Bevölkerungskonstruktionen im Kaiserreich und in der Weimarer Republik, in: *Ralph Jessen/Jakob Vogel* (Hrsg.), Wissenschaft und Nation in der europäischen Geschichte, Frankfurt/Main 2002, S. 235–259; *Peter Wagner*, Sozialwissenschaften und Staat. Frankreich, Italien und Deutschland 1870–1980, Frankfurt/Main 1990; *ders. u. a.* (Hrsg.), Arbeit und Nationalstaat. Frankreich und Deutschland in europäischer Perspektive, Frankfurt/Main etc. 2000 (in French 1999).

ployment. So it is not surprising that social inquiry as a procedure of knowledge has historically preceded the genesis of the welfare state or has occurred concomitant to it.

Now the aim assigned to the social state and to its reform by Europe is the reverse: not to truly improve the situation of employment, but to perform quantitatively better, i. e., maximising the rate of employment.<sup>11</sup> Behind this apparently rational shift lurks a change in the meaning of concepts, a different model of social action, different values, and not the least of all, a potential manipulation of the category of unemployment as it has been historically constructed. I would particularly like to draw attention to the decline in conceptual thinking. We are going from the qualitative evaluation – which, of course, can make use of data – of a state of affairs to quantitative measurement. Discourses and political debate can continue to use the same formal registers when they argue their case, but the practical meaning of the actions which have been set in motion is radically different, for it is no longer a question of improving the state of the society but rather of increasing a rate. As part of a self-referential loop, knowledge about society is put in the service of performance. The relevant issue, now, is to discover what works in terms of performance and, in an iterative process, to move public policy schemes more towards increasing performance.<sup>12</sup> Such an iterative process tends to produce evidence of its own effectiveness. Knowledge about society is less and less the exclusive domain of research in social sciences; it now becomes recognised, within this new paradigm, as belonging to the field of expertise, which is, as it becomes part of the decision-making process, mostly framed by the needs expressed by the decision-makers.

There are two issues which are intimately interlinked and should be simultaneously considered. The first is the mode of governance, the Open Method of Coordination (OMC). The second is the choice of the rate of employment in aligning the reform of the social state. There are multiple steps taken in the reform process that combines disseminating new conventions about what employment is, creating at the centre a bureaucratic »epistemic community« and pushing governments toward performance-based politics. Let us start the analysis of the process with a look at the impact of choosing the rate of employment as the main political target.

#### *Making unemployment illegitimate*

As an analytic tool, the »employment rate« allows those who advocate its use to denounce the social state on the grounds that it acts as a brake to what is considered a priori a desirable development, i. e., a rise in this employment rate. How legitimate it is to make people live without working has always been, to some extent, a problematic issue – »as we all know, of course they could be working, if they only wanted to, isn't it their own fault?« is a stereotype complaint heard throughout history. And the current justifications for reforming the social state revolve precisely around this issue. They contrast passivity

11 European Commission, A Concerted Strategy for Modernising Social Protection COM (1999) 347 final, Brussels 14 July 1999; European Commission, Supporting National Strategies for Fair and Sustainable Pensions through an Integrated Approach COM (2001) 362 final, Brussels 3 July 2001; European Commission, Taking Stock of Five Years of the European Employment Strategy COM (2002) 416 final, Brussels 17 July 2002; European Commission, Joint Employment Report 2004/2005 COM (2005) 13 final, Brussels 2005. For an evaluation of the developments of social Europe, *Robert Salais/Robert Villeneuve* (Hrsg.), *Europe and the Politics of Capabilities*, Cambridge 2004.

12 *Robert Salais*, Reforming the European Social Model and the Politics of Indicators. From the Unemployment Rate to the Employment Rate in the European Employment Strategy, in: *Maria Jepsen/Amparo Serrano* (Hrsg.), Bristol 2006, S. 189–212; *Robert Salais*, On the Correct (and Incorrect) Use of Indicators in Public Action, in: *Comparative Labor Law & Policy Journal* 27, 2006, H. 2 (Winter), S. 237–256.



(the discourse of social dependency) and activity (those who benefit from social spending have to be *activated*). One should keep in mind that this focus stems from neoclassical economics. Its domination in the field of public decision-making is nothing new<sup>13</sup> but had grown in strength recently. Indeed, in terms of neo-classical economic theory and the model of the perfect market, unemployment only means that the market is sub-optimal. It reveals rigidities between supply and demand equilibrium, which prevent wages from adjusting especially downwards. To be unemployed is seen as pathological behaviour of people who prefer not to work or not to adjust their reservation wage, a behaviour which needs to be corrected.

Basically, this approach means that to be unemployed is not legitimate. The normative ideal defines that everybody has to work – this being understood as having a task regardless of what it may be. If this is the case, the individual would no longer have any legitimate claim against society, except in case of residual, extreme and unavoidable contingencies. This logic implies further consequences: If he or she does not want to work, he/she is responsible for his/her own income through savings or individual insurance. Whatever the discursive justifications are (including those which can be supported by data), one can observe the diffusion of this normative ideal, even with regards to people who claim pensions or sickness benefits, for instance. What was once public, aggregated, defined, measured and dealt with on a collective scale should, to the greatest extent possible, go back to being private, local or even internalised by individuals themselves. It should take on a new meaning.

#### *The case of the OMC*

Since 1997, the European Union has been implementing a new political strategy: the Open Method of Coordination (OMC). The panoply of European tools is of course wider, including laws, social dialogue, non-binding recommendations, communication from the Commission, reports and so forth. However, this method finds application in the area of employment and social affairs in particular; more widely it is applied to domains in which Europe has no (or limited) competencies. It is part of a more general reflection on the »governance« of Europe.<sup>14</sup> The European Employment Strategy (EES) is the most advanced application of the OMC. But pensions<sup>15</sup> and, generally, social expenditure as a whole are submitted to the same global process, as, since the beginning, they have been taken into account when deciding whether Member States are in line or are not with the Maastricht convergence criteria (especially the rate of public debt).

Basically, the OMC draws its characteristics from the repertoire of the so-called New Public Management: establishing guidelines, selecting sets of indicators of performance, monitoring by benchmarking and comparing »best practices« and opening the competition to alternatives strategies (here between national social models). There are also quali-

13 *Michael Piore*, Historical Perspectives and the Interpretation of Unemployment, in: *Journal of Economic Literature* XXV, December 1987, S. 1834–1850.

14 See the White Book on European Governance and the reports of the working groups, for instance: European Commission, *Involving Experts in the Process of National Policy Convergence*. Report of Group 4a, White Book on European Governance, Brussels June 2001. This also comes from the constitutional asymmetry between policies promoting market efficiencies and those promoting social protection and equality, *Fritz Scharpf*, The European Social Model: Coping with the Challenges of Diversity, in: *Journal of Common Market Studies* 40, 4, 2002, S. 645–670.

15 Regarding pensions, the OMC has made little progress, but there are other methods such the deregulation of insurance markets. Social exclusion is the other social domain in which the method is well advanced. Note that the Lisbon strategy, as well as the structural reform agenda, uses sets of indicators.

tative dimensions and objectives, but the core of the method is about indicators and benchmarking performance. The official arguments in favour of the OMC are as follows:

»The new method offers a means of spreading best practices and achieving greater convergence towards the main EU goals. This method, which is designed to help Member States progressively develop their own policies, involves: fixing guidelines for the Union combined with specific time-tables for achieving the goals which they set in the short, medium and long terms; establishing, where appropriate, quantitative and qualitative indicators and benchmarks against the best in the world and tailored to the needs of the different Member States and sectors as a means of comparing good practice; translating these European guidelines into national and regional policies by setting different targets and adopting measures, taking into account national and regional differences; periodic monitoring, evaluation and peer review. The OMC is a flexible instrument that leaves it to the Member States to implement coordination defined at European level. Hence, it respects the diversity of national systems whilst introducing some degree of continuity between Community and national arrangements.«<sup>16</sup>

In practice, its objectives are far from modest, especially as the Commission is clearly aware of entering »into fields of activity that are far more political and go closer to the heart of national sovereignty.«

The European Commission expects the coordination of national policies to lead to an improvement in their quantitative performances in terms of a range of benchmarking indicators (and, indirectly, to a reformulation of these policies). Thus, the Commission has set up an extensive array of procedures, guidelines, objectives with both, qualitative descriptors and quantitative indicators, compiled in statistical tables. Each year national administrations are asked to enter the required information in these tables. The Commission uses these data as the main instrument, outside national justification, to evaluate the National Action Plans for Employment (NAPE), any improvements, stagnation or drop in the statistics, and to send each Member State a series of recommendations (a mixture of reprimands and suggestions). Exchanges of »good practices« are organised on a periodical basis.

#### *Reducing the knowledgeable to the quantifiable*

The basic issue with the OMC is neither strategic action nor ideology, but that in this »new« paradigm (maximising the rate of employment) the knowledgeable (i. e. what is worth to know) is reduced to the quantifiable.<sup>17</sup> In the »old« paradigm, to be valuable public policies must refer to achievements on common goods like full employment and the long-term inclusion into social and economic life. Improvements searched for the situation of employment had to relate, above all, to qualitative aspects of life and work, for instance, that people have jobs which offer them enough security to plan for the future – founding a family, having children, enjoying career advancement, etc. It was therefore essential to produce informational bases and data that do not primarily focus on the quantitative performance of public schemes, but on whether or not the situation of their recipients has improved with regards to common goods.

In the »new« paradigm, the performance at given (or even decreasing) costs, for the public administration and policy as well as for social institutions, receives a key role. Increasing performance becomes a good thing in itself, an end in itself. Hence what has to be known is reduced to what is quantifiable. By its very nature, performance is quantitative and global. One only needs to know the quantities (ratios, indicators). The quality of

<sup>16</sup> European Commission, *Involving Experts*, S. 11.

<sup>17</sup> Great pressures are also placed in this manner on law and fundamental standards. See *Alain Supiot*, *Le droit du travail bradé sur le marché des normes*, in: *Droit social*, 12, December 2005, S. 1087–1096.

jobs, or of the life and work situations, does not matter any more. Quantity can be easily put into monetary terms, i. e. costs and benefits. Such possibilities to convert numbers into money (and vice versa) favour the development of monitoring systems which can steer public policies from global financial targets in direction of the implementation of micro rules of management that facilitate local adjustments to these targets. This opens the way to strategic change of the rules in order, not primarily to improve the situations, but to increase their performance ratings (see a chapter further down).

The OMC also illustrates the systematic shift towards the use of statistical data formatted as aggregated indicators by the European authorities. As seen on the EUROPA website (where people find out about Europe and what it does), the only publicly accessible information is contained in sets of selected indicators, distributed along the key areas of European policy.<sup>18</sup> As I will discuss further below in the case of the EES, beyond their apparent comparability and transparency the meaning of these data is in fact opaque. The detailed conditions of their production are neither available to the users, nor, in fact, to the Commission. To be understood until now, they would need to be put in their national context. Furthermore, indicators are selected and constructed in accordance with the selected policies, which means that they state a normative background and impede access to any alternative data and norms, or likewise to independent analysis. These sets of indicators are also placed in sectional and separate domains, which make it increasingly difficult to discover the qualitative dynamics of economic and social processes.

#### *Acting through tables*

The fact that the OMC is by no ways binding creates major problems from an analytical standpoint.<sup>19</sup> The field of political science, for example, is both fascinated by it (which leads exaggerations of the impact and the results of the method) and opposed to it (with the conclusion that it is ineffective). Political scientists view the OMC as a procedure, and fail to see what it is used for and ignore its historical roots. However, this method has to be analysed by examining its goal (the reform of the social state) together with its background in the monetary and macro-economic policies of Europe. Moreover, political science ignores the technical instruments – tables, indicators, etc. – i. e. the social technology of knowledge it uses. This imposes a huge problem, because these tools are at the very core of the method. The tables and their periodical completion ensure that national policies are coordinated in achieving these objectives. To a large extent, this forms the core of the coordination activities between Member States. The paradox to explain is that the political efficiency of benchmarking based on indicators lies precisely in the fact that these indicators compare that which cannot be compared. There are a number of issues to be considered which will be illustrated by the analysis of the EES in the following chapters.

#### *What is a table and what purpose does it serve? Introducing conventions of equivalence*

One tends to think of tables as a collection of figures (one in each box, for example, as in a double-entry table). There are figures which are higher and figures which are lower.

18 See the site of the European Union, URL: <<http://www.epp.eurostat.ec.europa.eu>> [26.6.2007].

19 For a survey of the existing research and a study that achieves a delicate balance between the pros and the cons, see *Jonathan Zeitlin/Philippe Pochet* (Hrsg.), *The Open Method of Coordination. The European Employment and Social Inclusion Strategies*, Brussels 2005. By contrast, breaking with the dominant trend in political science, *Isabelle Bruno* focuses her research on benchmarking techniques and the role they play in reorganizing political deliberation and the process of European integration: *Isabelle Bruno*, *Déchiffrer l'Europe compétitive. Étude du benchmarking comme technique de coordination intergouvernementale dans le cadre de la Stratégie de Lisbonne*, Thèse, Paris 2006, Institut d'Études Politiques.

We compare them and generally draw conclusions based on them. However, this perspective is false and misleading. A table is a procedure for aggregating individual situations, for instance relating to employment and the person's position in the labour market. All situations compiled in the table which are considered as identical are placed in the same box, as if they were equivalent according to a given criterion or property (characteristic). By this logic, all women assigned by the compiler to the box of those »who have employment« will be considered equivalent in terms of the »having employment«. In more general terms, in order to fill a table one needs to put everybody in one box and one box only.<sup>20</sup>

In other words, filling a table by combining individual data requires conventions of equivalence, which decide about what should be considered as similar or equivalent. And establishing equivalences is a complicated affair. On the one hand, one might find a 25 year-old woman with a poorly paid part-time job next to another who is 40 years old in senior management at a bank in the same box. On the other hand, the exercise involves declaring all those (admittedly highly diverse) characteristics which do not match the general description »woman in work« irrelevant. And where does the description of what constitutes a »woman in work« start or, for that matter, end? These conventions govern what we select, what we exclude and what we construct. Thus, the description is not far removed from evaluation. If we want to understand a table, we need to analyse the underlying methodology, i. e. the conventions of equivalence which have been used. These are not obvious to the person reading the table. To be more precise, the very intelligibility of the table – its conventional truth – is to be found in the definition and the procedure of observation of the tasks that the compiler has considered in that particular case as constituting employment. If the users are unaware of them or do not understand them, which is most often the case – for example, for users of the EUROPA website-, they will interpret the table with their own categories.<sup>21</sup> If the employment rate of women is lower than that of men, they will conclude that »women in that particular country work less than men« or »less than in the United Kingdom«. But this conclusion may simply be based on the fact that the table is based on the convention that housework by a married woman is not included in the category of work (i. e. these women are classified as out of work) or has a different definition of part-time work.

However, workable statistical conventions should not be arbitrary in the sense that the way categories are labelled would equate merely to a naming of social reality. The conventions' effectiveness derives from the fact that they succeed in creating a common knowledge within the population under review. This is a step forward from the measurement conventions used in the »exact« sciences. Temperature is a conventional measurement in the sense it only depends on the scale which is used. In the social sciences, there is one more dimension: how people interpret and view their own life and work situation. When questioned in a survey or census (the main source of data) about their personal situation, one is only classified as unemployed if one gives answers that match the criteria selected and the questions asked. The determination an individual makes between the questions asked and the answer he or she gives about his or her situation should lead to the most accurate classification according to the conventions used. Hence the relationship between indigenous perception and statistical categories cannot be taken as a given. It implies a historic and social process which creates common knowledge within the community. In such a process, on the one hand, scientific knowledge moves towards indigenous categories, trying to make them general (this first branch of the heuristic process is

20 Jack Goody, *La raison graphique*, Paris 1979; for an illuminating presentation see *Desrosières, Die Politik der großen Zahlen; Alain Desrosières/Laurent Thévenot, Les catégories socio-professionnelles*, Paris 1988.

21 See the website of the European Union, URL: <<http://www.epp.eurostat.ec.europa.eu>>.

generally accepted). On the other, individuals are led progressively to consider their own situations in terms compatible with the scientific categories (notably those of the statistical and operational categories employed by public institutions and in public policy). As they are not scientists, individuals of course will not use the same semantic fields, but nevertheless, in a process which creates common knowledge in a community, they will tend to refer to the same realities. I will discuss this issue in part IV, as it is one of the main topics for the future of the reform of the social state as advocated by the EU.

Returning to the »acting through tables« which supports EU policies, one should be aware of the fact that the significance contained in a table resides in the validity of the equivalence conventions employed to produce it. The conventions which lend meaning to the figures are invisible in ordinary life, and the possibility that they can be instrumentalised for political ends starts here. In effect, under the veil of ignorance (that of tacit and unquestioned agreement on the meaning of concepts and data), other meanings can be rationally introduced and, to some extent and for a certain period of time, they can remain compatible with the existing common knowledge. If, for example, the employment rate rises, the average citizen will conclude that his chances to find a job along his expectations about a good job will improve, too. But it is possible – and is indeed the case – that the European authorities assign a totally different meaning to the idea of employment, a meaning in harmony with the policy of deregulation of the labour market, which will run counter to a citizen's expectations. In this way, a situation of cognitive ambiguity is created. As it is difficult to test general categories with only individual and local experience, such a situation of cognitive ambiguity can persist. It paves the way for political action, which seeks to change the conventions of what has to be considered a job.

#### *How can political action be undertaken through statistics? Changing the conventions*

Recast in these terms, the European authorities' use of the OMC in the social field means trying to impose new conventions of equivalence on Member States and setting into motion, artificially at the beginning, the process of building a new common knowledge. This action will logically require pushing national policies to compete with each other in terms of statistical performance in the tables, which in turn involves national administrations working together to improve performance, and finally, at a national level, implementing reforms that resemble the new conventions. It is crucial to remember that this was neither premeditated, nor seen as such at its conception. When launching the OMC, the overarching concern for the European authorities was to find some strategic way to enter into fields in which they have, in their views, insufficient competencies. The extent to which these authorities are now aware of the implications of their strategy is open to debate. At this stage in the process it is, furthermore, hard to say who, among the national administrations and the European authorities, shares the responsibility for what issues (see next section). One must also remember that the NPM technologies have »a life of their own« in national administrations. Nevertheless, they gain legitimacy by the fact that European authorities favour their use.

Table 1 is taken from the EUROPA website. It relates to a prime indicator, the employment rate for women aged between 15 and 64 in the Member States from 1994 to 2005.<sup>22</sup> The statistical convention underlying the table is provided at the bottom, although its actual meaning is not explained: »Employed persons consist of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent.«<sup>23</sup> Statistically speaking, applying this definition means to simply follow the ILO definition. But it takes on a very different

22 European Commission, Joint Employment Report 2004–2005.

23 See note at Table 1.

meaning when it is translated into political action. It means that, whatever the task is in terms of quality (wage, working conditions, duration, type of labour contract), it can be considered a job if it lasts at least one hour a week. One should call it »the convention of employment without quality«. This convention is far from trivial. Formulated in social terms, employment without quality is a task stripped of all legislative guarantees (in terms of recruitment, protection against unfair dismissal, minimum starting wage) and social provisions (social and economic rights). All these unique characteristics are deemed irrelevant when creating the tables. By removing quality features when comparing and placing in direct competition their national social systems by means of a single quantitative scale, the Member States are encouraged to water down the quality of their employment conventions<sup>24</sup> in order to improve their quantitative performance. This process involves several steps: First, the dissemination of a new convention of equivalence, whereby a task is considered to be a job if it lasts at least one hour a week, regardless of its characteristics; second, the incorporation of a specific normative approach through the structuring and selection of indicators; and third, the involvement of national administrations in a cooperative game so as to build alliances which, on the ground, push reform of national models in the desired direction (creation of an »epistemic community«, restricted to a set of senior civil servants involved in European affairs).

Table 1: Female rate of employment (age 15–64) in Europe, 1994–2005

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EU (27 countries)	:	:	:	51.4	52.0	53.0	53.7	54.3	54.4	54.8	55.4	56.0
EU (25 countries)	:	:	:	51.1	51.8	52.9	53.6	54.3	54.7	55.0	55.7	56.3
EU (15 countries)	9.3	49.7	50.2	50.8	51.6	53.0	54.1	55.0	55.6	56.0	56.8	57.4
European Union	48.5	49.7	50.2	50.8	51.6	53.0	54.1	55.0	55.6	56.0	56.8	56.3
Euro area	46.5	46.9	47.4	48.0	48.9	50.4	51.7	52.4	53.1	53.6	54.5	55.2
Belgium	44.6	45.0	45.4	46.5	47.6	50.4	51.5	51.0	51.4	51.8	52.6	53.8
Denmark	66.9	66.7	67.4	69.1	70.2	71.1	71.6	72.0	71.7	70.5	71.6	71.9
Germany (including ex-GDR from 1991)	55.1	55.3	55.3	55.3	55.8	57.4	58.1	58.7	58.9	58.9	59.2	59.6 (b)
Ireland	40.1	41.6	43.2	45.9	49.0	52.0	53.9	54.9	55.4	55.7	56.5	58.3
Greece	37.3	38.1	38.7	39.3	40.5	41.0	41.7	41.5	42.9	44.3	45.2	46.1
Spain	30.7	31.7	33.1	34.6	35.8	38.5	41.3	43.1	44.4	46.3	48.3	51.2 (b)
France	51.6	52.1	52.2	52.4	53.1	54.0	55.2	56.0	56.7	57.3	57.4	57.6
Italy	35.4	35.4	36.0	36.4	37.3	38.3	39.6	41.1	42.0	42.7	45.2 (b)	45.3
Luxembourg (Grand-Duché)	44.4	42.6	43.8	45.3	46.2	48.6	50.1	50.9	51.6	50.9	51.9	53.7
Netherlands	53.2	53.8	55.8	58.0	60.1	62.3	63.5	65.2	66.2	66.0	65.8	66.4
Austria	58.9	59.0	58.4	58.6	58.8	59.6	59.6	60.7	61.3	61.6	60.7	62.0

24 In social policies and law, as well as, indirectly, favouring their dissemination into management practices.

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
											(b)	
Portugal	54.4	54.4	54.9	56.5	58.2 (b)	59.4	60.5	61.3	61.4	61.4	61.7	61.7
Finland	58.7	59.0	59.4	60.3	61.2	63.4	64.2	65.4	66.2	65.7	65.6	66.5
Sweden	68.5	68.8	68.1	67.2	67.9	69.4	70.9	72.3	72.2	71.5	70.5	70.4 (b)
United Kingdom	61.2	61.7	62.5	63.1	63.6	64.2	64.7 (b)	65.0	65.2	65.3	65.6	65.9
Norway	:	:	:	:	:	:	73.6	73.6	73.7	72.6	72.2	71.7
Switzerland	:	:	67.1 (i)	67.8 (i)	68.8 (i)	69.6 (i)	69.3 (i)	70.6 (i)	71.5 (i)	70.7 (i)	70.3 (i)	70.4 (i)

(b): Break in series.

Source: EUROSTAT, the webpage providing indicators for the European Employment Strategy, URL: <<http://www.epp.eurostat.ec.europa.eu>> [26.6.2007].

Note: The female employment rate is calculated by dividing the number of women aged 15 to 64 in employment by the total female population of the same age group. The indicator is based on the EU Labour Force Survey. The survey covers the entire population living in private households and excludes those in collective households such as boarding houses, halls of residence and hospitals. Employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent.

The following stages would be influenced by the logic of quantitative performance incorporated into the tables. Each of these stages helps to improve the statistical performance: Public agencies and institutions are reformed, according to management by results<sup>25</sup>, especially at local level where agents and agencies are rated by their performance (how many unemployed returned to work, job placements, individual action plans) (stage 4). Additionally (5), an activation logic is implemented: Job seekers are encouraged (or even obliged) to accept the first job offer or opportunity. Thereby, a carrot and stick approach is used – like the shortening of the period in which they receive benefits and a reduction in benefits; redefinition of what is considered suitable employment, stricter regulations to remove people from the register. Then, potentially marketable activities which can be classified as work are defined, for example, personal services, a new form of domestic labour, or simply making undeclared work declarable (6). Finally legal and social guarantees which are considered to be rigidities impeding adjustment to market forces get softened.

This stage logic becomes apparent when we examine the specific details of the measures taken like the Hartz reform programme in Germany (particularly Hartz IV); the employment policy in France is developed along the same lines. The governments in these countries are implementing stages 4 and 5 and, in some case, stage 6, as we can see in France's Borloo Plan which aims at developing personal services along market lines. A closer look would reveal national differences. Germany has focused on reforming public schemes

<sup>25</sup> Also by combining their reforms with some degree of privatization or linkage with private agencies (temporary jobs for instance). These are also part of the reforms advocated and implemented by the NPM.

and agencies for the unemployed.<sup>26</sup> France has developed a more global policy which consists of jobs paid at or close to the minimal wage<sup>27</sup> with the state paying the social security contributions directly from the budget (hence lowering the labour cost for firms). However, the process has not yet been completed.

*How to gain allies? Developing a cooperative game within a professional Europeanised bureaucracy*

The specific features of the OMC can be explained by taking the view that it operates as if it was a cooperative game among rational actors. The point is that benchmarking based on these indicators serves to monitor the reform of the social state politically and does not intend to evaluate its impact economically or socially. The rule of this ›game‹, familiar to economic theory, would somehow look like this: The Commission and the Member States are the players. The aim of the game is to maximise the key indicators, intended to evaluate the policies under review. Actors are given notice of the structure of the future evaluation of their actions in advance. Insofar as any learning takes place, it is rational in appearance and likely to affect the procedure. Cooperation consists, for each Member State, in changing the rules of its own measures and their implementation to meet the requirements of European indicators. It is not a collective action aimed at improving employment or social equity in Europe. For instance, due to the limited competences given at a European level, Member States are not held responsible for a substantial improvement in European employment, nor are they accountable for such improvements when they define their employment policy actions and coordinate them with the other states within the EES framework. The only agreed constraint – and this commitment derives from management by the objectives of the OMC – is to be accountable vis-à-vis the Commission with regard to their scores across the whole set of indicators.

In the case of the EES, all actors (the Commission included) have – albeit for differing reasons – a political interest in arguing and publicly declaring that the EES is a valuable European achievement. Each party behaves in a manner designed to exhibit measurable progress. The behaviour in question has to be described to others (›exchange of good practice‹) and made public (this being the purpose of the Joint Annual Reports). Some conditions are required for the game to be played at all and this largely corresponds with what can be observed. The Member States display a willingness to play this game, even though in measured doses in order to avoid any irreversible commitment. There are several levels of complex interaction between the Commission, the national experts/civil servants, and the national politicians. The Commission, for its part, neither interferes in the choice of policies nor verifies the figures submitted for the key indicators, except in cases of excessive abuse. One of the unexpected, but predictable consequences is that the Member States have incentive to instrumentalise measures and programs in order to maximise their statistical results. This dimension was obvious to the statisticians questioned in the debates on the choice of the employment policy objectives in advance of Lisbon.<sup>28</sup> for

26 Janine Leschke/Günther Schmid/Dorit Griga, On the Marriage of Flexibility and Security: Lessons from the Hartz Reforms in Germany, WZB Working Paper, Berlin April 2006.

27 Up to 1.6–1.8 times the minimum wage which means at least 50 percent of the manpower. Each year it costs the French national budget around 24 billion Euro (of a total public subsidy to enterprises of 65 billion Euro). (For reference, the French public deficit in 2006 was about € 42 billion.) Source: Report from the Inspection of Finance, Social Affairs and Administration, January 2007, unpublished, quoted by the newspaper *Le Figaro* (23 January 2007).

28 See Robert Salais/Gilles Raveaud/Mathieu Grégoire, L'évaluation de l'impact de la Stratégie Européenne pour l'Emploi – Thème 10: Élaboration des politiques, Étude pour la DARES, IDHE, Paris 2002.



instance by classifying as employment social positions which are no ›real‹ jobs or which provide no opportunity to enhance employability. Also the Member States can change the rules for registering or deleting job searchers from agencies' files. Signs of such behaviour are beginning to appear in countries like Belgium, France, Sweden, and the UK. For example, concerning the employment rate of 55–64 year olds, one could enumerate the different cases: »There is hypocrisy: the Dutch have their invalids; the French and Germans their early retired. If in France public funding of early retirement has diminished, it has been offset by the development of collective agreements (ARPE). The British make full use of ›spontaneous‹ labour market withdrawal«. »In short, everyone is instrumentally using European indicators, every country pushing the definition which is most favourable for it.«<sup>29</sup>

However, this tends to create a small circle of experts and senior officials from the different member states who develop into an »epistemic community«. This does not mean that they agree on each issue; there are indeed debates and conflicts, clashes between competing national interests reformulated in the language of the new game and between national interests and between the interests of the different European bodies party to the debate. Rather, it means that they become part of a process which develops what I have indicated in part II as a system of cognitive hegemony. Until now, this emerging cognitive hegemony appeared to remain local in scope and restricted to that sphere. Will it spread to the European citizens and, if so, how?

#### IV. FOCUSING ON THE RATE OF EMPLOYMENT AND THE DECONSTRUCTION OF UNEMPLOYMENT

The choice to take the maximisation of the employment rate as the core pillar of reform within the welfare state constitutes a major political decision. It is increasingly considered as such by the European authorities. The employment rate has become the pivotal indicator, linking the European Employment Strategy and, more generally, social reform to the European monetary and macroeconomic policies. Several factors prove this to be the case. These authorities, when calculating the global employment rate, refuse to take into account in any way factors relating to the quality of work. Nevertheless, something as (apparently) simple as the full time equivalent (FTE) employment rate leads to a very different ranking of national performances, highlighting the relative success in terms of quality of employment of countries like Scandinavia and France. However, the FTE rate does not exist in political terms, because it is not a monitoring indicator. The Kok report<sup>30</sup> also concentrated on the rate of employment as a key element of the Lisbon strategy. There was indeed a battle between quantity and quality of jobs within the European arena in the first years of the new millennium. It was a matter of developing quality indicators for employment to set against the quantity logic.<sup>31</sup> A great deal of excellent research was conducted and the data is published and commented on in annual European reports, but is not really used in the decision-making processes on an economic and monetary level.

29 See ebd., S. 41.

30 *Wim Kok u. a.*, Jobs, jobs, jobs. Creating More Employment in Europe. Report of the Employment Task Force, Office for Official Publications of the European Communities, Luxemburg 2004.

31 European Commission, Employment and social policies. A Framework for Investing in Quality COM (2001) 313 final, Brussels 20 June 2001; *Lucie Davoine*, Are Quantity and Quality of Jobs Correlated? Using, Interpreting and Discussing the Laeken Indicators, Working Paper, 69, Centre d'Études de l'Emploi, Paris April 2006.

*Is there some normative dimension ›behind‹ the tables?*

Basically, the interpretation of the employment rate (and of employability at an individual level) which is dominant in terms of power within European authorities is provided by the framework laid out in European monetary and macroeconomic policies. In this framework, below a certain unemployment rate, the so-called natural unemployment rate or its abbreviated variant, the NAIRU, any increase in the money supply translates exclusively into inflation. The NAIRU is thus the unemployment rate that is compatible with an absence of inflationary pressure in the short term. A gap (the »output gap«) is, however, to be observed between the real GDP and the potential GDP which could be achieved in the absence of inflationary pressure. Maximising the employment rate means reducing the output gap while respecting price stability. This should be achieved firstly by adequate monetary policy and secondly by making the labour market more flexible, in European parlance, developing ›employment-friendly‹ regulations. The social state as a whole is affected by the flexibility requirement and its implications (as reducing the social costs and lessening social and legal protection). The reform of the social state is also required to assume responsibility for areas that the monetary policy is unable to deal with, namely the structural reduction of the NAIRU. The stakes are far from small, for the estimated NAIRU is much higher in Europe than in the United States. Refocusing the operation of labour markets on improving individual employability is regarded as facilitating market adjustments.<sup>32</sup> These tendencies do not relate to Keynesian monetary and economic policy dedicated to full employment. Even if one approves that, in terms of the rate of growth of the money supply, the policy seems to be in tune with the underlying economic situation, the relevant fact is the theoretical and cognitive model which supports the policy.

Thus, the set of indicators, used to pilot the coordination of national policies and centred on the global rate of employment, possesses a strong normative charge (see Insert 1). This aspect has been neither explained nor publicly debated.<sup>33</sup> For instance, two aspects of labour market dynamics should be considered: employability (speed of return to employment) and vulnerability (risk of losing a job and becoming unemployed). According to the concept of the labour market validated by the European indicators, the return-to-employment rate is acquiring target status in connection with policies specifically designed to enhance individual employability. Only the »employability« factor is taken into account. The vulnerability to unemployment experienced by those currently in work is not covered by any of the indicators. Yet, analysis of probability differentials of becoming unemployed has been a pillar of labour economics since 1970.

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32 Sabine Rudischhauser/Bénédicte Zimmermann, De la critique à l'expertise. La ›modernisation‹ de l'action publique: Le cas du chômage en France et en Allemagne, in: Bénédicte Zimmermann (Hrsg.), Les sciences sociales à l'épreuve de l'action. Le savant, le politique et l'Europe, Paris 2004, S. 247–285. These authors focus on the concept of employability and show the different reactions it elicits in France and Germany.

33 Employment Committee (EMCO), Indicators Group Report to EMCO on Progress Made in the Field of Indicators to Monitor the Employment Guidelines, 22, Brussels 13 July 2004. More details in: Robert Salais, La politique des indicateurs. Du taux de chômage au taux d'emploi dans la stratégie européenne pour l'emploi, in: Zimmermann, Les sciences sociales, S. 287–331; and in: Salais, Reforming the European Social Model.

### Insert 1: Indicators in the European Employment Strategy

Several sets of guidelines and indicators have evolved since 1997, the year in which the European Employment Strategy was adopted. However, some constants remain:

In 2006, there were seven guidelines related to the EES. For each one, two types of indicators were selected: monitoring indicators (i. e. performance indicators used to assess national strategies) and analysing indicators (i. e. which help to detail the analysis, but are not performance targets for national governments, hence are irrelevant to the European political process). For instance (see part 2), the full-time equivalent rate of employment is only an analytical indicator. The global rate of employment, by contrast, is the key monitoring indicator.

By order of appearance, the official designations for the Guidelines are as follows:

- Implement employment policies aimed at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion (6 monitoring indicators, or m-indicators)
- Promote a lifecycle approach to work (7 m-indicators)
- Ensure inclusive labour markets, enhance work attractiveness and make work pay for jobseekers, including disadvantaged people and the inactive (7 m-indicators)
- Improve matching of labour needs (no m-indicator)
- Ensure employment-friendly labour cost development and wage-setting mechanisms (2 m-indicators)
- Expand and improve investment in human capital (4 m-indicators)
- Adapt education and training systems in response to new competences requirements (no m-indicator).

The three first Guidelines are the most important and, in one respect, have been in place since 1997. The sixth one, relating to employment-friendly costs and wage-setting, was added after 2002 and signals the increasing submission of the employment agenda to the monetary and macroeconomic agenda.

The two first Guidelines (Implement employment policies, Promote a lifecycle approach) share common core monitoring indicators: by order of presentation, employment rate, employment growth, unemployment rate, activity rate and growth of labour productivity. The third one (Ensure inclusive labour markets) implements the activation logic: both for the unemployed (accelerating their exit from unemployment) and for local agencies (reforming them along management lines by results). These are the so-called New Start and Preventative Approaches. The corresponding monitoring indicators (whose data come from national administrations) are the most sensitive to instrumental reforms of the public schemes (i. e. reforms aimed at directly maximising the figures).

Generally speaking, the gap between the qualitative richness of the text of the Guidelines and the harshness (if not brutality) of the corresponding indicators underscores the wide disparity between the attractiveness of the qualitative statements and the quantitative management for a policy makers' standpoint. Only political suggestions which correspond to economic and social needs could avoid such a disparity, for instance the search for sources of jobs in services to individuals and businesses at a local level. However, in daily political action, quantitative performance will, almost by its very nature, take precedence over the qualitative and the latter will be largely reduced to some rhetorical argumentation. Here, the devil lays in the detail. One example of this is should be presented for better understanding:

For instance, the Guideline »Ensure inclusive labour markets« asks the Member States to develop »active and preventive measures including early identification of needs, job search assistance, guidance and training as part of personalised action plans, provision of

necessary social services to support the inclusion of those furthest away from the labour market and contribute to the eradication of poverty«. This relates to the monitoring indicator »NEW START«: »Share of young/adults unemployed becoming unemployed in month X, still unemployed in month X+6/12, and not having been offered a new start in the form of training, retraining, work experience, a job or other employability measure (target value 0%= full compliance)«. A list of these measures is proposed. Beyond the fact that only eleven of the 25 Member States are able to fulfil this indicator, the discussion between their representatives on what this indicator means reveals the underlying strategic goals. The Indicator Group attached to the Employment Committee (EMCO) states that »being offered a New Start« should be interpreted as the »actual start« of the measure offered. It argues that it would be the best evidence of a commitment on the part of both the employment services and the unemployed person. However, the UK delegation entered a reservation in this respect. Such an apparent technicality reveals a gap between two conceptions of activation policies: a first one in which a measure is effective and to be counted only if the person agrees to it; and a second one (the UK position) in which what counts is the score of the agencies in terms of the number of proposals made, irrespective of whether they are accepted, and hence effective or ineffective. The latter deploys a pure logic of performance.

More generally, the dividing lines between the basic categories »Having a job«, »Being unemployed«, »Training« and »Inactive« become increasingly blurred due to the schemes and their instrumentalisation. This blurring of the lines skews the results both in terms of comparability and in terms of the meaning of national statistics. One could, for instance, be both student and baby-sitter for, say, 3 hours a week. Such young people may be counted twice in statistics on education and on employment, which favours the performance of countries that consider low-level jobs as employment. The categories »Apprentice« or »Trainee« can also be misleading, depending on to what extent the people are classified as employed. One must admit that, given the wide range of schemes and the creativity of policy makers, it is impossible for Brussels to know what the national practices are.

The Member States should be asked to supply detailed accounts of all stages in the process of compiling of statistics on the labour market, jobseekers and the management of agencies and employment schemes. It is another question as to whether they would consent to this. The series of steps involved in producing data are complex. For employment schemes, it starts with the registration of claimants and includes the monitoring of progress, re-entry from unemployment, and possible re-application at a later date. It also includes the way in which individual applications are compiled to form national statistics (coding, designation, etc.). It concludes with the conversion of national data into operational European indicators.

*Sources:*

Employment Guidelines (2005–2008) – Indicators for Monitoring and Analysing, endorsed by the Employment Committee (EMCO) 19/09/2006;  
 Indicators for monitoring the Employment Guidelines – Compendium 2006, Brussels 2006;  
 Centre d'Analyse Stratégique, La faiblesse du cumul emploi-études des jeunes pèse sur le taux d'emploi global de la France, Note de veille n° 25, Paris 2006.

As the EES is geared to the optimum efficiency of the labour market, it leads to a special concept of ›prevention‹. It is assumed that the prevention of unemployment becomes an issue only once the individuals have arrived on the labour market. The dynamics of employment and its determinants (number of jobs; job and staff management by firms: recruitment, mobility, redundancies, dismissals) are thus missing. Efforts to prevent unemployment are already being undertaken within the world of employment. They should also be encouraged by Europe at the workplace on the sectoral and regional level. These efforts range, for instance from changes of products, jobs and organisation in the workplace in order to meet new demands and reach new markets to in-house training; and from collective bargaining to workplace modernisation. However, they are excluded from the new normative model as they are seen as rigidities to market adjustment. It is as if, in the fight against nosocomial infections, one believed that the risk of contracting the disease was linked solely to the length of hospital stay and that the right policy would not entail improving hygienic standards but rather discharging patients from hospital sooner.

In politics such as these, the category ›unemployment‹ is losing its status as the core concern of full-employment policies. ›Activation‹ strips the category of ›unemployment‹ of support. Insofar as every supposedly employable person, even though he or she falls repeatedly through the labour market, spends very little time on it, no serious structure remains for the payment of passive benefits. The job search becomes a private matter to be treated as a question of individual freedom and responsibility. Meanwhile, when placed within its wider context of economic policy, unemployment becomes functional for the overt purpose of promoting growth (price and wage stability). Far from striving to eradicate it, public action should, from this perspective, be devoted to achieving optimum benefit from it. Therefore, it is in no way untruthful to speak not of ›full employment‹ but of ›a high level of employment‹, as the draft for a European Constitution almost invariably does.

*Is it possible to format reality in such a way as to produce the best possible figures?*

Is it possible to construct reality in such a way as to obtain the best possible figures by acting through tables? The very question itself is provocative. And yet it is at the heart of the new forms of governance. It is even more legitimate when we place the discourse of the European Commission alongside some hard and significant facts.

The best way is to leave the floor to the European Commission. It congratulated itself to the quantitative progress, albeit too limited for its taste, as demonstrated in the employment rates. Reading the European Joint Employment Reports<sup>34</sup> confirms that this improvement in quantitative performance has largely been achieved through an increase in the number of low-quality jobs and the increasing pressure brought to bear by various mechanisms for getting people into work: hardening the conditions under which benefits are paid; creating penalties if an individual rejects a given job; lowering of the bar in terms of what is considered a suitable job; developing part-time jobs for fewer and fewer hours. This is not viewed as negative but as a move towards achieving the targets. As jobs like these are filled but also vacated more quickly, turnover in the job market accelerates. This permits a slight (arithmetical) reduction in the average unemployment rate. In European parlance, this change is ›resorting to more flexible working formulas‹ and shows that ›the reforms have increased the efficiency of the labour market‹.<sup>35</sup> However, the 2004/2005 report notes without drawing any conclusion that 37.2 percent of European workers are in non-permanent employment; more than half of them would prefer to have permanent jobs. Also, ›around ¼ of people at risk of poverty in the EU-25 have a job,

34 Especially, European Commission, Joint Employment Report 2004/2005.

35 European Commission, Communiqué de presse, 19 October 2005, S. 1.

with a sizeable share of these working poor being self-employed.«<sup>36</sup> The conclusion drawn by the European authorities is that there is an urgent need to keep moving into the same direction and to increase the pace of structural reform, given that they are not yet on target to achieve the employment rate objectives for 2010 specified by the Lisbon Strategy.

However, some facts cannot be concealed, even if the reports make no mention of them: First, it should be stressed that the fabrication of jobs does not equate to the creation of employment. To become a real job in an economic sense, a fabricated job (mainly through active social spending) should bring in more added value than it costs in terms of wages and, more particularly, in terms of exemptions from tax or social security contributions; otherwise it adds to the public debt and releases no dynamic potential. Experience shows that most jobs like these cost more than they bring in and generate perverse effects (for instance those who benefit from these jobs are not those targeted) or opportunistic effects (they only displace the type of people recruited). Furthermore, as indicated by Table 2 a, very few jobs have been created since 1997 in the three countries under review, in terms of full-time equivalents. In other words, a largely unchanged quantity of work has been redistributed among a larger number of persons. This means that a small fraction of unemployment has been transformed into precarious, poorly paid employment. It confirms that, at least until now, the politics of indicators, as promoted by Europe, leads to an artificial shifting of the frontiers between work, unemployment and non-work. Admittedly, such artificially created jobs could succeed in lowering the costs of some tasks, marginal but useful to improve the economic process, making it more flexible. In some cases, as repeatedly underlined by the promoters of such jobs, it is better for their recipients to hold them instead of remaining unemployed. However, this argument only works in so far as they provide, at least in the long term, a stable inclusion into the job market. Unfortunately, studies available on this subject show that it is not the case. In Germany, for instance, in a sample of 2.445 mini-jobbers<sup>37</sup>, only nine percent of those who have left their mini-job at the date of interview had found regular employment afterwards. Most of these mini-jobbers (75 percent) were women, a majority married with a spouse with regular employment, i. e. a »male breadwinner«. Only the midi-jobbers with fairer guarantees (considerably smaller in number than mini-jobbers) scored better in this category (32 percent).<sup>38</sup>

Economic growth in Europe remains low and has not achieved pre-1974 trends. And, for the foreseeable future, there is no reason to believe that things will be any different. Investment in Europe, both in the public or private sector, is stagnant – as is public spending. The major multinationals, like many other businesses, are drawn irresistibly towards the East like China and India. The sources of real job creation have, for their most part, shifted to the East. The residual growth in European countries is based upon household consumption, driven itself by a growing and destabilising debt.

With this information in mind, press communiqués like the one below would seem to defy logic: »Brussels – 19 October 2005. Economic growth on its own does not increase employment. The right mix of employment and active labour market policies is critical to increase employment rates. The Employment in Europe report published today shows that despite low economic growth the EU's employment rate doubled to 0.6 percent and its unemployment rate stabilised at around 9 percent in 2004.«<sup>39</sup> The author of this communiqué is neither fudging nor manipulating data. He is merely commenting on the data published in the European reports. The assumption to be made is that basing decisions

36 European Commission, Joint Employment Report 2004/2005, S. 10.

37 Michael Fertig/Jochen Kluge/Markus Scheuer, Aspekte des Entwicklung des Minijobs, Abschlussbericht, Rheinisch-Westfälisches Institut für Wirtschaftsforschung, Essen 2004.

38 Cited in Leschke/Schmid/Griga, On the Marriage of Flexibility, S. 15–16.

39 European Commission, Communiqué de presse, 19 October 2005, Summary.

on schemes' performance do not only create artificial jobs, but also the very data used to report on the effectiveness of the measures taken to boost employment rates. The politics of indicators, as a form of governance, is instrumental and self-referential: Public policies set themselves as target the maximisation of the indicators by which they are rated in the same process. In using the standards in a double way of targeting and evaluating, they can publicly claim that they are effective.

What about the fundamental objectives of public action, which remain the well-being and the prosperity of the economy and the population as a whole? Scores may increase without any real improvement in economic and social conditions. These may even deteriorate under the effects of standard measures that are short term and inexpensive but designed to affect as many people as possible. As long as technical objectivisation into indicators and procedures is in itself seen as a formal guarantee, it serves to endorse the credibility of the figures and the commentaries derived from them in the eyes of the public.

*Is it possible to create a new common knowledge of the social dimension in Europe?*

Has the employment rate increased or decreased in Europe since 1997? As Tables 2 a, 2 b and 2 c show, it depends on the conventions you use and your particular political preferences. At first glance, according to the Commission's calculations, the global employment rate has increased, both in Germany (1.4 point), in the UK (1.8) and in France (3.5) from 1997 to 2005 (Table 2 a). And the Commission relies on these figures to assert the effectiveness of its strategy, even if there is a lag when compared with the Lisbon objectives. Furthermore, as any task can be categorised as employment, countries with lax definitions of what constitutes employment are a priori in advantage in terms of the ratings.

*Table 2 a: Trends in the overall rate of employment (age 15–64) 1997–2005 in France, Germany and the UK*

	1997	2004	2005
<b>EUROSTAT Employment rate</b> (from Community Labour Force Surveys)			
<i>France</i>	59.6	63.1	63.1
<i>Germany</i>	63.7	65.0	65.1
<i>United Kingdom</i>	69.9	71.6	71.7
<b>OECD Employment rate<sup>1</sup></b> (from National Accountings)			
<i>France</i>	60.2	63.3	63.1
<i>Germany</i>	67.3	71.0	71.1
<i>United Kingdom</i>	70.2	72.3	72.3
<b>Annual number of hours effectively worked by person<sup>2</sup></b> (from both Community Labour Force Surveys and OECD)			
<i>France</i>	1559	1531	1542
<i>Germany</i>	1537	1468	1464
<i>United Kingdom</i>	1697	1631	1635

	1997	2004	2005
<b>OECD Adjusted rate of employment</b> (corrected from the evolution of hours worked by person from 1997)			
<i>France</i>	60.2	62.2	62.4
<i>Germany</i>	67.3	67.8	67.7
<i>United Kingdom</i>	70.2	69.5	69.6

Source: Data collected and compiled by Odile Chagny (Centre d'Analyse Stratégique, Paris). This information was kindly provided by the author.

Notes:

1. Employment data is provided by OECD and is calculated per person and not per job. The source of the population data is also the OECD. For Germany, OECD data is provided by the Institut für Arbeitsmarkt- und Berufsforschung and includes mini-jobs; the EUROSTAT data do not include these jobs.
2. For 2004, the annual number of hours effectively worked comes from the table produced by *Bruyère/Chagny/Ulrich et al.*, Comparaisons internationales de la durée du travail pour 7 pays en 2004: la place de la France, in: Données sociales, Paris 2006, S. 363–370 (see also 2 b). The trend has been interpolated from previous OECD series of the annual number of hours worked.

*Table 2 b: Determining the annual number of hours effectively worked in 2004 per capita in France, Germany and the United Kingdom*

		France	Germany	The United Kingdom
1	Legal (or collectively agreed) number of hours worked per week	35.0	38.2	36.4
<b>2=1*52</b>	<b>Legal (or collectively agreed) annual number of hours worked</b>	<b>1568</b>	<b>1679</b>	<b>1649</b>
3	Number of hours usually worked per week (all wage-earners)	36.1	32.6	36.7
<b>4=3*52</b>	<b>Annual number of hours usually worked (all wage-earners)</b>	<b>1879</b>	<b>1694</b>	<b>1909</b>
5	Hours not worked due to annual leave and official holidays, or to vacation days as a result of agreements on the reduction of work-time	-270.4 <sup>1</sup>	-262.5	-185.0
6	Overtime hours of work (net effect of flexible schedules included)	10.7	44.8	0.4



		France	Germany	The United Kingdom
7	Hours not worked due to sickness or parental leave	-70.1	-43.8	-66.5
8	Net effect of other factors	-18.0	35.5	-26.6
<b>9=4+5+6+7+8</b>	<b>Annual number of hours effectively worked (full and part-time)</b>	<b>1531</b>	<b>1468</b>	<b>1631</b>
10	Number of hours worked in a standard work week (full-time wage-earners)	38.9	39.8	42.7
11=(3-8)*52	Effect of part-time on the duration of work (in number of hours per year)	-142	-376	-313
12	Part-time workers (in %)	17.3	32.7 <sup>2</sup>	25.4

Source: *Bruyère/Chagny/Ulrich et al.*, Comparaisons internationales de la durée du travail pour 7 pays en 2004: la place de la France, in: *Données sociales*, Paris 2006, S. 368.

The sources of the authors are: Community Labour Force Surveys, Institut für Arbeitsmarkt- und Berufsforschung, other national sources.

Notes:

1. French data are adjusted from previous underestimation of hours not worked due to the reduction of hours worked per week
2. For Germany, the percentage of part-timers has been readjusted from the underestimated figures provided by the Community Labour Force Survey. The German questionnaire does not make use of the ILO criterion of employment »if at least one hour worked a week«, which leads to an underestimate of the number of jobs involving only a few hours of work per week.
3. \* means to multiply.

*Table 2 c: Employment levels and total annual number of hours worked in France, Germany and the United Kingdom 1997–2005*

	1997	2004	2005
<b>Employment level</b> (in thousands of persons)			
<i>France</i>	22879	24963	25028
<i>Germany</i>	37463	38875	38823
<i>The United Kingdom</i>	26525	28465	28743
<b>Total annual number of hours worked</b> (in millions of hours)			
<i>France</i>	35668	38218	38593
<i>Germany</i>	57850	57068	56839
<i>The United Kingdom</i>	45013	46426	46995

Source: Computation from Odile Chagny (Centre d'Analyse Stratégique)

However depending, for example, on whether or not the rate is adjusted for the varying levels of part-time work, scoring and trends will differ. If one takes the cases of the UK and France, adjustments for part-time work and for the different definitions of it reduces the female employment rate in the UK from 65.6 percent to 50.8 percent in 2004; the corresponding fall in France is from 57.4 percent to 50.6 percent. On the basis of these adjusted figures, the performance of the two countries becomes comparable and France moves up from the 10<sup>th</sup> to the 7<sup>th</sup> position. Furthermore, there are some arguments that support a higher quality of employment for women in France. Similarly, any assessment of the effectiveness of activation could drop sharply if criteria concerning the quality of the return to employment were introduced, for example length and type of contract, or current wages compared to previous job.

A more accurate assessment leads to conclusions that differ from the Commission's claims. The initial EUROSTAT data for Germany is inaccurate; they underestimate the number of part-time jobs with few hours (which leads to the omission of the so-called mini-jobs) and hence the rate of employment. In contrast to the other countries, the German questionnaire from the Community Labour Force Survey does not apply the ILO criterion of employment: »if at least one hour worked a week«. It follows, that, for Germany, EUROSTAT underestimates the percentage of part-time employees, and overestimates the number of hours worked per week, too. This implies among other things that it is better to use OECD data which, based on national accountings, factors in almost all the required adjustments.

Secondly, and more importantly, the Commission does not take into account the annual number of hours effectively worked and its trends. Passing from the legal schedule of work-time to the effective annual performance is a complex, but necessary undertaking as Table 2 b shows. From 1997 to 2005, this annual number per worker has decreased by 1.1 percent in France, 3.7 percent in the UK and 4.8 percent in Germany. It appears that, in terms of the annual amount of hours worked, the employment rate was roughly stable in Germany (slight increase) and the UK (slight decrease) from 1997 to 2005. It increases only in France. It is worth noting that the method used in such calculations is not available to ordinary citizens, even with a trained use of the EUROPA website. He could only use the EUROSTAT data on the percentage of part-timers and the number of hours worked a week, respectively by full- and part-time workers, which would lead to even worse results for Germany.

For ordinary citizens who presumably prefer rising national income and higher annual number of hours worked because they increase their chances to get a better income (and, I must say, the same goes for economists too), one must conclude that the rate was flat. The fact that the mean quantity of employment offered per person of an active working age has not risen in Germany and the UK lends credibility to the argument that this method has failed to create a catalyst for growth. The French case is tricky. Though France is criticised for its low growth and poor employment performance, it has enjoyed some success in increasing its mean quantity of work per person, nevertheless.

The dependence on quantitative statements about the preferred conventions shows that any reform of the social state has been, first and foremost, a reform of the categories used to evaluate social and economic situations. However, it is one thing to create a »community of thought« amongst the senior civil servants and national experts who are involved in Brussels in the process of setting up European activities to reform the social state. By the very nature of the cooperative action as referred to, the group of senior civil servants and experts in charge of European affairs<sup>40</sup> is largely self-referential. Returning to their

40 See in this context *Martin Heidenreich/Gabriele Bischoff*, The Open Method of Coordination. A Way to the Europeanization of Social and Employment Policies, submitted to: Journal of Common Market Studies.

home countries, they can promote the reforms being advanced. It is quite another and rather uncertain thing to be able to convince European citizens that their categories and expectations in relation to employment and social affairs are incorrect and need rethinking; to convince them, in particular, that a job is not what they thought it was, nor what it was in their experience up to now. It leads to the conditions that create common knowledge within a community – in our case, a situation in which the new conventions of work and non-work would become the references for expectations and actions. What lessons can be drawn from the historical process creating the category »unemployment«?

#### *Returning to the history of unemployment*

The European procedure can be labelled as belonging to a constructivist approach to curve the rational expectations of people towards pre-designed formats. People should learn that their advantage now is to adapt themselves to the new conventions about what is the job and to take an active stance on the labour market. As we have seen, the formation of common knowledge around modified cognitive categories should be understood as a learning process which reformulates its own categories on the basis of new resources provided by public agencies and by changes in working and living situations. The fundamental issues are not limited to the shaping of information. History shows that the whole process matters, whereby a reality is created with all its specific material, categorical, institutional and organisational characteristics. This process is far from being automatic or easy. In France for instance, for individuals to classify themselves as unemployed (in a manner consistent with the categories used in population censuses) has frequently involved too great a jump from the perception they had of their own situation. Not that they did not understand the questions, but their personal experience, partly influenced by the constraints of the real world and partly by their own perception, did not lead them to the category of unemployment. In the 1950s still, neither the slack season for home-working nor cuts in industrial employment in rural areas were seen as unemployment by most of the women affected by them. Craft workers thought that being registered at an unemployment office carried a certain social stigma; they preferred to search for a job on the labour market by themselves or with the help of their own professional community. The fact that more people declared themselves »sick« in population censuses after the introduction of the post-Second World War welfare state is not solely a deceitful or self-interested belief that derived from using newly-available institutional categories. It also stems from the fact that the opportunity to avail oneself of new resources (being able to go to the doctor, having access to medical treatment) changes the way individuals understand their own situation. More specifically, these resources open up new freedoms, and new opportunities most obviously in the way people view things, but, more importantly, in the way they can act upon and change their environment – and, in so doing, their own personal circumstances. One should observe whether and how shifts within the organisation of work, management procedures, technologies, the functioning of markets and of public agencies, and in law occur or do not: Are they in accordance with the promoted employment conventions?

The few things we have established in case of the EES and its marginal effectiveness up to now underlines the considerable number of challenges for a constructivist approach which, moreover, uses conventions which are still relatively crude (too crude to achieve general acceptance) in order to wield influence. In addition to the convention of employment without quality, there exist European minimum social standards codified in social directives in areas such as: gender equality, safety and health at work, part-time work, open-ended contracts, information for and consultation of the labour force, maximum working hours. However, it remains incomplete, somewhat partly effective and threatened by recent political developments.

The diffusion of low quality conventions brings with it greater social inequalities and less freedom on the labour market for those already enduring hardship; political acceptance and the rise of common knowledge about these conventions will prove harder to obtain. Thus, it may be the case that the main issue only concerns the extent to which self-referential policies can create a sphere of action and an environment which are adequate to their ends. If it were the case, justification would not simply be discursive, it would become materially embedded in procedures and operational rules of management and evaluation. These would provide the decision-maker with a self-made ›public mirror‹ showing that performance is improving and that, at least in that sense, changes are occurring. As we have seen above, self-referential policies have such capacities to create more optimistic figures. In my view, creating an adequate framework like this presupposes no real change in individual behaviour to achieve the declared objectives of flexibility, responsibility and autonomy. It would imply the growing difficulty in bringing out any assessment of departures from the norm, dysfunctions and social waste into the public arena, as well as increasing difficulties to articulate and present any related legitimate demands. Local experience and knowledge will be disqualified, as they will have no access to a process of generalisation or to public and legitimate expression. This process will be accompanied by disentanglement (often voluntary) from registering for social benefits of part of the population (and, perhaps, by some social violence as a means of claiming what is missing). The return from the social to the private sphere will bring with it, as a first stage (and, perhaps, as a last stage for an indeterminate period of time) the cognitive denial of social reality. It is, first and foremost, a way of concealing social hardship from the public eye.

## V. CONCLUSION

If one accepts this scenario as the dominant trend in the future, the impact could be felt in terms of economic and social costs. A separation of social reforms from the needs of economic actors, and of self-referential institutions from people's aspirations could grow. Among other issues, this process first addresses the power of accepted categories and secondly that of deliberative democracy.

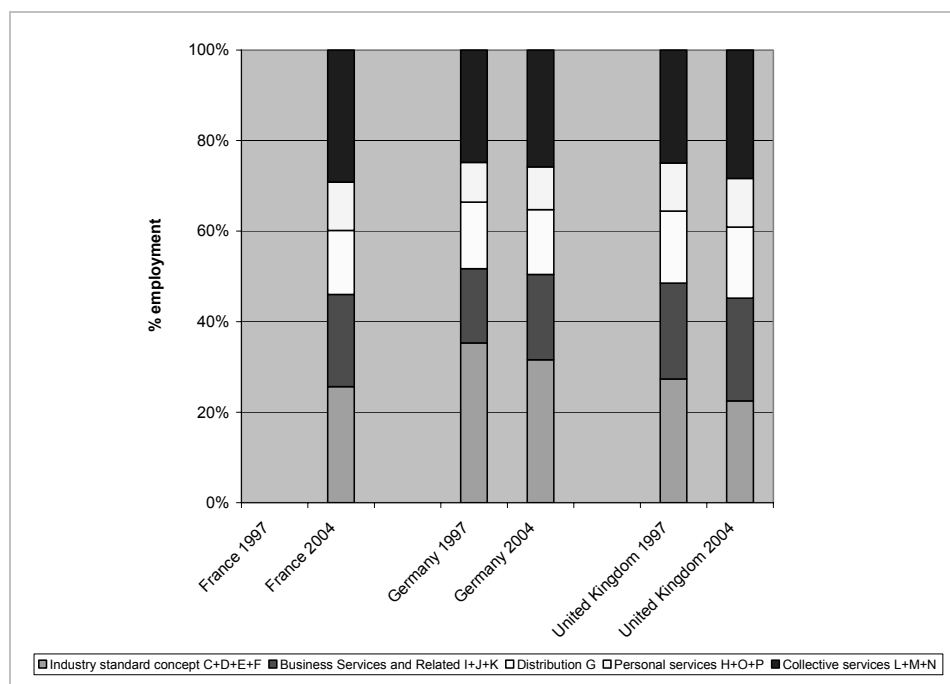
### *What is industry or the power of accepted categories?*

One of the chief justifications for European social policy is that in Europe industry is inevitably declining and that the only remaining possible areas of employment lie in the service sector, and, more specifically, in personal and domestic services. They should, therefore, be deregulated. The need to develop personal services cannot be denied especially in countries like France (it has become one pillar of the government's strategy) or Germany, but it should be asked where job creation mostly takes place in highly developed economies.

Cognitive hegemony rests on the predictive (and even self-fulfilling) power of accepted categories, in the present case the definition of industry in the nomenclatures of sectors. It rests on the ways ›facts‹ are constructed and our ways of thinking determined. Taking the standard definition that grew out of the post-war growth model, industry – defined here as the manufacturing industry, plus energy, construction and public works – is in rapid decline. In 2004 it accounted for 25 percent in France and the United Kingdom (30 percent in Germany) of all jobs in the economy. The number of people working in this sector has fallen by 10–15 percent in seven years. This tendency can be traced back to a push of rationalisation during the seventies, but is also still going on because production

capacity and investment relating to standard products (and gradually from the bottom to the middle of the range) have been relocated, to a certain extent to new Member States, and to a greater extent to the Far East. Let us look at a breakdown of jobs by sector in France, Germany and the United Kingdom (Graph 1): a small percentage in personal and domestic services (nine to ten percent of the total number of existing jobs in the three economies in 2004); a large portion in public services such as health, social services (childcare, care for the elderly) and education (from 25 percent of all jobs in Germany to 28 percent elsewhere); and many in business services (ranging from 9 percent of all jobs in Germany to 11 percent elsewhere<sup>41</sup>).

Graph 1: Structure of employment by sectors except agriculture in 1997 and 2004



Source: ILO, <http://laborsta.ilo.org>

NB. The capital letters (A, B, ...) refer to the nomenclature of sectors ISIC-Rev3

The rapid growth in so-called business services reflects the emergence of a new type of industrialisation based more on immaterial assets and products and less on the direct production. According to this account, de-industrialisation<sup>42</sup> is largely a myth. An indus-

41 These percentages refer to the sector K »Real Estate, Renting [of Machinery and Equipment] and Business Activities«, in the International Standard Industrial Classification (ISIC-Rev3). Source: International Labour Organisation (ILO), LABORSTA.

42 The net effect on domestic employment cannot simply be explained by relocation. One should be careful not to confuse micro- and macroeconomic effects. Unfortunately, I do not have place to go into this in depth at this point. See, for instance: Les entreprises sur les marchés mondiaux, special issue of *Économie et statistique*, 2003, n° 363–365, Paris 2005.

trial product is now complex, with an intangible and service element (maintenance, market launch, advertising, research and development, consulting services, organisation, software, remote communication, transport between the various production stages up to part of financing activities), accounting for 40 percent or more of the added value of a product by the time it reaches the customer. These activities have progressively been outsourced from businesses which are in the manufacturing sector and are now classified in the service sector. But they are still organically linked to the transformation of what was industry in our countries. Hence, it would be more relevant to reclassify them into a wider definition of industry. Published data does not reflect this adequately. However, in 2004 between 40 and 45 percent of employment in the economy can be said to be part of this new mode of industrialisation in each of these three countries. It happens through a wide process of transformation, restructuring and innovation. And this portion is not falling. It should be added that part of the development of public services (especially, but not exclusively education) is part of this trend.

The growth of employment in business services (though different in its content) is broadly the same in all three countries. However, there are considerable differences between these countries in terms of how far they have advanced in deregulating their labour markets. This underlines the fact that this trend is determined by many factors and not exclusively due to the low cost of labour and labour flexibility. One assumption that could be developed is to ask to what extent globalisation sows the seeds of a new model of economic development for Europe. A series of issues could be analysed with that respect, like what a product is in such a new model, what capabilities it requires, what combination of security and flexibility labour markets and firms should provide, what types of social expenditure have to be promoted (without any requirement for greater or reduced spending), how historically embedded unique national characteristics offer opportunities to take part in this new model. Qualitative aspects of life and work should come first, as wide economic and social transformations are occurring. The issue on deliberative democracy has also to be addressed. The method of reform that we have previously analysed seems designed to bypass this requirement.

*Deliberative democracy and the creation of an informational basis for public decision-making*

To borrow a term from the theory of collective choice<sup>43</sup>, the European Commission fulfils the role of the benevolent dictator. The Commission has not taken this position on its own, of course. It is the unexpected outcome of the history of Europe, of the complex strategies followed by governments and the European institutions. Notwithstanding, this kind of benevolent dictator strives, for example, by consulting with experts, to choose the best solution for everyone. Convinced that he has made the right choice, he believes that it is not necessary for his subjects to take part in the decision-making process. This kind of decision-making, by definition, is in no way democratic. The European position, nevertheless, is an original one, at least in comparison with the standard debate in this theory.

Usually, producing knowledge and debating about its lessons is the necessary preliminary step before taking a decision in a given issue: So what does the informational basis consist of? What are the hard facts? What are the categories and the criteria in use? What is excluded and what information, conversely, is incorporated and considered relevant to the decision to be made? How has the basis been elaborated? How is it legitimised? Admittedly, what the European authorities are doing, is trying to impose a priori what they consider the relevant informational basis. The Open Method of Coordination, for exam-

43 See *Charles Rowley* (Hrsg.), *Social Choice Theory*, Cheltenham 1993, for a collection of seminal works.

ple, imposes a principle for evaluation: the employment rate – the higher the rate, the better off a society is – and together with it a whole set of indicators which are supposed to define the selected object. By defining what they consider to be the relevant reality and the ways in which it should be measured, norms are deployed – which are taken as standards not open for debate. Additionally, the structure of the collective choice is given in advance by the same token: what problems are relevant, how they should be framed, and what directions we should look in seeking solutions. The functioning of democracy has not been done away with, but it is limited, contained, guided from above – for the most part without the actors being aware of it – towards pre-defined results. Thanks to the type of desired cognitive hegemony, European authorities are going one step beyond the classical benevolent dictator. They are producing their own political justifications, supported by data, of their strategy of reform. However, by the same token, they risk losing any perception or grasp on the problems created by their strategy. At least, they even risk blocking the way to the plurality of legitimate claims and solutions to any given problem.

As a naïve approach to deliberation might lead us to believe, it is not a matter of constantly asking people for their opinion on every issue. The manipulation of opinion would work completely and utterly, especially the phenomenon known as adaptive preferences. The poor would say that they are content with their state of affairs even when, in objective terms, these were quite bad, because they have never known or are unable to claim otherwise. Job seekers who are wary of stating their preferences in fear that they may be used against them will choose to articulate a point of view that complies with administrative expectations and will accept short-term employment or re-training whereas their hopes are very different in reality.

These poor people and job seekers have no real freedom to say what they want, nor is there any chance that their situation will ever be objectively known. They are unwillingly providing justification for those self-referential policies which aim to improve their quantitative performances.

The categories, the criteria and the methods used to compile the facts should become part of the deliberative process. They should not be put under a veil of ignorance, nor considered as pre-defined before the deliberation. Paradoxically, although there are many other facets to explore, we end up with social inquiry, the forms it takes (monographs, survey data), the preparation of its questionnaires (questions and survey methods) and their coding (i. e., categories), with an examination of the nature of democratic participation in the survey, on how diversity of opinion and experience is shown within it, and how social inquiry could inform politics. Historically, these were key factors in the invention of the category »unemployment« and the social state. It is, in our view, still the case today. Before taking any decisions on social reform, Europe would be wise to reinvest in such areas of knowledge and, above all, to choose a political methodology which ensures that this knowledge informs the collective decision-process. The loss of collective knowledge and reflection on their own conditions is presumably the greatest single danger which, today, threatens not only the European project, but also the political identity of European nations.

