European employment policy in 1999
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Introduction

Employment is a live issue for Europe. Most Community documents refer to it. There are a spate of procedures and forums on the problem. And yet, leaving aside the European Social Fund, employment is a relatively new issue on the Community agenda. In a few short years, it has become a compelling issue.

Following a tentative post-Essen Summit effort in 1994, it emerged onto the European scene three years later with the advance implementation of the Amsterdam Treaty at the Luxembourg Extraordinary Employment Summit (1997). Of all the facts which influenced this sudden development, the sharp rise in unemployment from 1992 (coincidentally, the date on which the single market was completed) is certainly key.

Success with monetary union and the formal convergence of EU economies under the Maastricht criteria had an added double impact. One was a copycat process: if it worked for the single currency, why should it not work for jobs, too? Another was a spill over effect: with monetary union completed, what can be added to it?

This latter approach applies to more than just jobs. A similar approach has now been taken to social protection (see article by C. de la Porte) and taxation is firmly back on the agenda, although with no result as yet. Added to these facts are the strategies of players - including the European Trade Union Confederation - and the vagaries of timetables. Sweden was behind the coalition of Member States in favour of writing an "Employment" chapter into the Treaty. New Labour's electoral success in the United Kingdom allowed the issue to come onto the agenda, and the socialist's electoral triumph in France gave the final impetus.

This section briefly reviews the changes made by the Amsterdam Treaty and its implementation in the first two years (1997 and 1998). An description of some of the more technical aspects will also be found in the analysis of the implementation of the social action programme in Part Two.

We then focus on the three new developments of 1999. Firstly, the Commission's draft recommendations to the Member States. Secondly, the inclusion of the Luxembourg procedures into a broader whole comprising the Cardiff process for the market in goods and products, and the Cologne process on the macroeconomic framework. These three processes, known together as the "employment pact", now make up a comprehensive and complex set of procedures which the Lisbon Summit (March 2000) attempted to turn into a joined-up structure. Finally, we shall look at Structural Funds reform, especially that of the Social Fund which, together with the Community EQUAL programme will fund measures under the priorities set by the guidelines.
1. From Essen to Luxembourg, the background to Community employment policy

The EU’s concern with jobs stems indirectly from the establishment of economic and monetary union (EMU). The Maastricht Treaty laid down economic and financial convergence procedures (inflation, public finances, interest rates) which would qualify countries for the third phase of EMU. The results were such that the idea of transferring this approach to other areas - especially employment - gradually gained ground. Employment procedures tend to be assessed by the same yardstick as for EMU, so employment had to be addressed concurrently with monetary integration.

But the political and economic contexts are also important: ratification of the Maastricht Treaty took place at a time when nearly all the EU Member States were in a deep recession and unemployment was rising at an alarming rate. It was the period when Jacques Delors’ Commission launched its White Paper “Growth, competitiveness and employment - The challenges and ways forward into the 21st century”, adopted by the Heads of State and Government at the Brussels European Summit in December 1993. Stressing Europe’s failure to catch up with the fast pace of economic and technological change, the Commission suggested a series of policy guidelines, focusing particularly on enhancing competitiveness, implementing large-scale European infrastructure schemes (trans-European transport and energy networks), making national jobs markets more flexible, adopting a job-creating, environmentally-sound development model.

Initially, the White Paper also suggested that the Member States set themselves the aim of creating 15 million jobs in five years. It proved too politically demanding a hard target for the governments to swallow.

At the December 1994 Essen Summit, the Heads of State and Government turned these guidelines into five broad areas which they thought measures to tackle unemployment should focus on. They were vocational training, increasing the employment-intensiveness of growth, reducing non-wage labour costs, improving the effectiveness of labour market policy, and improving measures to help groups which are particularly hard hit by unemployment, especially young people, women and older workers.

But implementation of the ways forward suggested by the White Paper as extended by the Essen decisions did not measure up to the aims. The Twelve stopped short at non-binding procedures for the coordination and follow-up of national policies. The proposals on supplementary funding for large-scale transport and energy infrastructure schemes scarcely got off the ground. The proposals for minimum harmonized CO2/energy tax rules fared little better.

1993 was the year in which the Maastricht Treaty launching EMU entered into force, and a time when the Member States were putting in place major plans to reorganize public finances in order to meet the convergence criteria, so the context was less conducive to proactive and costly measures in favour of employment.

It is against this relative failure that we must consider the changes made by the Amsterdam Treaty.
2. The Amsterdam provisions

The Treaty contains a new “Employment” title comprising six articles, but these in no way alter the Maastricht Treaty provisions on Economic and Monetary Union. In other words, employment is not linked to the issues of monetary union, especially coordination of economic policies or setting the monetary policy objectives of the future European Central Bank (ECB).

**Employment strategy**

The Amsterdam Treaty’s “employment” provisions focus on developing coordinated strategies for employment, contributing to the achievement of a high level of employment in the EU, cooperation between Member States to that end, and implementing pilot projects. Employment is made a matter of common concern; the EU’s strategy must aim at promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change.

But the Amsterdam provisions transfer no national powers to the European level. In other words, national employment policies are not “subsumed at Community level”. Nor did the negotiators intend they should be. Likewise, it is expressly stated that these measures “shall not include harmonisation of the laws and regulations of the Member States”.

Procedurally, the Social Affairs and Ecofin Councils draw up “guidelines” each year which the Member States must take into account in their employment policies¹. These guidelines must be compatible with the broad economic policy guidelines (BEPG). They are based on a preliminary analysis by the Commission and the Council in a “joint annual report” on employment. This report is submitted to the European Council and contains an evaluation of the measures taken by the Member States to implement the previous guidelines. After each year, the Member States must submit an annual report to the Council and Commission on the national measures taken to implement the guidelines. The Council then assesses how much account the Member States have actually taken of the employment guidelines set by the EU. If appropriate - i.e., if certain policies are not in line with the jointly set objectives - it may make recommendations to them on a proposal by the Commission.

Far from harmonizing laws and regulations, or transferring national powers to the EU, the role which Amsterdam assigns to the Community is one of giving impetus to and coordinating national strategies within a framework set at European level; the aim is to encourage cooperation between Member States, support their action through exchanges of information and best practices, providing comparative analysis and advice, promoting innovative approaches and evaluating experiences and pilot projects.

**Incentive measures**

As well as the guidelines, the European employment strategy also provides for the possibility of “incentive measures”. The Council, acting by a qualified majority and under the co-decision procedure, may adopt incentive measures on employment to encourage cooperation between Member States through exchanges of best practices, evaluating experiences and launching pilot projects. Note, however, that article 137.3 requires it to act

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¹ Acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, the Economic and Social Committee, the Committee of the Regions and the Employment Committee.
unanimously on “financial contributions for promotion of employment and job-creation, without prejudice to the provisions relating to the Social Fund”.

Employment Committee

Procedurally, the entry into force of the Amsterdam Treaty also meant replacing the Employment and Labour Market Committee (ELC) set up at the end of 1996 with the Employment Committee (new article 130 of the EC Treaty).

The decision was formally adopted by the Council at the end of November 1999. This advisory Committee is tasked with monitoring the employment situation and employment policies in the Member States and the Community; formulating opinions (at the request of either the Council or the Commission or on its own initiative), and contributing to the preparation of the Council proceedings on the “employment package” (article 128 of the EC Treaty). Its tasks also include contributing to the procedure leading to the adoption of the broad guidelines of the Member States’ and Community economic policies, and taking part in the macroeconomic dialogue. In fulfilling its mandate, the Committee must also consult management and labour. Each Member State and the Commission appoints two members of the Committee.

3. Evaluation of Amsterdam

On balance, the Treaty mainly laid down a procedure for a twin-track dialogue. The first is a cross-cutting one to establish communication between Employment and Social Affairs Ministers, Ministers for Finance and Economic Affairs, the Commission, the European social partners, with input from the European Parliament, the Economic and Social Committee and the Committee of the Regions. The whole process is overseen by the European Council.

A corresponding process is to be set up at national level, where different national and regional policymakers prepare and implement the guidelines with involvement by the national social partners.

The second process is a vertical dialogue built up around common hard targets and indicators between the European and national levels. It is an ongoing process, developing over time. It is also far removed from the standard process of adopting directives and the simple solemn declarations often found in the final communiques of European Councils. It falls, so to speak, somewhere between the two.

Social partner involvement

Both the European and national social partners have been assigned a key role in these procedures. But opinions vary as to how much difference this involvement is making. The European Trade Union Confederation (ETUC) finds that involvement varies with the Member State and guidelines. Some trade unions complain of having been consulted only on the fringes.

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4 For an assessment, see Foden "The role of the social partners in the European Employment Strategy ", Transfer 1999/4, pp. 522-540.
The Commission stresses that the Employment Committee has been overhauled, and its tasks will now include examining both the employment guidelines and the economic policy guidelines. It considers that the existing forums work well enough in keeping it informed of the social partners’ priorities, and keeping them informed and involved in the policies pursued.

It considers they have been steadily more involved at national level, but that the actions taken by them independently are too ill-defined. The Employment and Labour Market Committee and the Economic Policy Committee apparently believe that the social partners should have done more, especially to implement the guidelines on adaptability to the modernization of work organization, and life-long learning.

By contrast, the multi-layering of procedures lends to some confusion. Likewise the increased number of reports and meetings. As a result, a fairly broad consensus has emerged this year on slimming down procedures and improving timings so that a real interaction can take place. That is very much the gist of the Conclusions of the Lisbon Extraordinary Summit held in March 2000.

4. The guidelines

A consensus on content was not long in emerging around the Commission proposals. These are grouped around four pillars, and would remain relatively unchanged over the three years.

Three new guidelines were added and one withdrawn in the first year. The wording was refined and added to on numerous occasions. The ETUC called for guidelines on health and safety, undeclared work and employee rotation to be added.

The setting of specific targets, by contrast, proved more of a vexed issue: the aim of a 70% employment rate was dropped early on, not to resurface until the Lisbon Summit (the Presidency Conclusions expressly refer to the aim of “raising the employment rate (...) to as close as possible to 70% by 2010”). Finally, quantified targets were only set for the first three guidelines to start with. On a subsidiary note, common indicators to facilitate comparisons between Member States proved harder to work out than first thought (see below).

Creating good quality jobs

EAPN (the European Anti-Poverty Network) has stressed that the quality of national examples of “best practice” and the jobs created have not been sufficiently taken into account in implementing the European employment strategy.

It suggests that the failings evident in current national action plans can be addressed by:

1. building “sustainable employability” into the labour market;
2. avoiding conditionality and compulsion where the sole aim is to exclude the unemployed who are already disadvantaged;
3. recognizing the role played by unemployment benefits in enabling individuals to develop their re-employability during spells of unemployment;
4. take more account of people who are outside the labour market for long periods of time;
5. boosting the role of the social economy and community sector which have a full-fledged part to play in wealth production, to make the most of sources of new jobs;
6. ensuring that cutting labour costs for low-paid jobs does not result in pay cuts or lower social protection. (....).
The Council recommendations

One question about the recommendations procedure was whether or not the Commission would actually use the possibility now offered it by the Treaty, given that it was a politically sensitive exercise which the Council (i.e. the States themselves) would have to endorse by a qualified majority. The answer came in September 1999 with the second evaluation exercise, when the Commission identified eight areas where it found shortcomings in national actions. For each State, it identified the areas in which it needed to make progress:

The areas identified are:
- tackling youth unemployment (Belgium, Greece, Spain, Italy);
- preventing long-term unemployment (Belgium, Germany, Spain, Italy);
- reforming the tax and benefit systems (Germany, Greece, Italy, Netherlands, Austria.);
- creating job opportunities in services (Belgium, Germany, Greece, Spain, France, Ireland, Italy, Portugal);
- reducing the fiscal pressure on labour (Belgium, Germany, France, Italy, Austria, Finland, Sweden);
- modernizing work organization (Greece, France, Portugal, United Kingdom);
- tackling gender issues in the labour market (Germany, Spain, Greece, Ireland, Italy, Luxembourg, Austria, United Kingdom.);
- improving indicators and statistics (Germany, Greece, Spain, Italy, Netherlands, United Kingdom).

A ninth priority area was also cited: promoting lifelong learning (but this will be evaluated separately in 2000).

In all, the Commission made 55 recommendations, of which the Council accepted 53. A limited number of changes were also made to the initial text. The changes made by the Council and the number of recommendations addressed per Member State are shown in the table below. There are two types of changes: in the recommendations as such (r) or in the explanatory text (c).

Table 1: Number of recommendations and changes made

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* S = suppressed - R = recommendation - C = context
Two recommendations each were made to Sweden, Luxembourg, Denmark and the Netherlands, while Greece (six), Germany and Italy (5 each) were the countries with most failings. Italy originally had six recommendations, but two were merged.

This raised two issues. One was procedural: should the Commission consult the Member States first before issuing its recommendations? The other concerned the relevance of some of the recommendations, following a series of comments by the Member States concerned.

On the first, the Social Affairs and Ecofin Councils endorsed fundamental principles (see the Conclusions of the Jumbo Council of 29 October 1999) already worked out jointly by the Employment and Labour Market Committee and Economic Policy Committee. These were to the effect that:

- to conserve the value of the recommendations procedure, changes to the Commission Recommendation should be limited to those based on solid analysis; this principle should apply in particular having regard to the specific circumstances of the current year;
- changes to the recommendations should derive chiefly from explanations on the implementation of the policy and improved or updated statistics;
- the recommendations already included in the guidelines on each country’s individual economic policies established under the broad economic policy guidelines should be kept;
- the recommendations should be written in a way which clearly distinguishes the political challenges faced by the different Member States;
- consistency must be ensured between the recommendations addressed to the different Member States where analysis establishes the existence of political challenges common to a number of them.

The European Council endorsed this approach at the Helsinki Summit (December 1999) and asked Member States to pay particular attention in undertaking labour market reforms to the tax and benefit systems, service sector employment, organisation of work, life-long learning and equal opportunities for women and men.

At issue here is the development of a set of common criteria and indicators, for which there are political and technical difficulties to be overcome. The problems of getting agreement on them (only nine basic criteria have been approved so far) illustrates the uncertain nature of the exercise. It is worth pointing out that successive European Councils since Essen have repeatedly called for progress on this question.

In this connection, exponents of the Commission’s radar chart approach issued cautions about methods\(^5\). They stressed that the choice of indicators influences country rankings, the need to include more qualitative aspects, problems with the methodology of standardization, the relative weighting of each criterion, and correlations between indicators. Finally, they emphasised the need to distinguish short-term factors connected with economic cycle from structural aspects\(^6\).

On the draft Commission Recommendations to the Member States, UNICE calls attention to the specific features of each country and asks for “preference for a particular ‘model’” to be avoided. It thinks the Commission has put too much focus on certain categories of workers

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\(^5\) or the implementation of this, see CEC, Joint employment report, 1999.

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(young people, women, older workers) whose difficulties “are only symptomatic of a malfunction in the wider labour market (...”).

The ETUC called for an evaluation of all the guidelines, rather than just eight of them. The opinions of the social partners, especially at national level, should be taken into consideration before the Commission finalizes the recommendations.

5. Integrating employment into the macroeconomic procedures

The linkage between employment and macroeconomic policies is where the fiercest criticism and most striking changes have come. Firstly, there was an improvement in the economic context in which the guidelines were implemented. Then, new coordination procedures were put in place between the players (governments, central bankers and social partners) after the June 1999 Cologne Summit in order to improve the policy mix. The strong focus put on coordinating incomes policy with monetary policy produced a visible degree of “institutional inventiveness”.

Also, low interest rates did much to stimulate growth in a number of countries, especially those outside the mark zone (Portugal, Spain, Italy, Finland and Ireland, which had previously had to pay a risk premium to the financial markets).

Spain is a good example of this fresh impetus. While it had opposed the setting of employment targets and sought exemption from the obligation of meeting the requirement of 20% of people in training or subject to equivalent measures under the Luxembourg guidelines, it is a fact that around 400,000 new jobs have been created there each year ever since. A similar process is at work in France, where consumer confidence (buoyed up by the Jospin administration’s proactive policy) has boosted growth. The resulting leeway offered by interest rate cuts and stronger growth can be used to reduce labour costs (taxation or social security), which is in line with guideline 14 (making the taxation and social security systems more employment-friendly) and, in some cases, to stimulate government investment which by the Commission’s own admission7 has fallen to a very low level. Even so, two countries stand out from this broader trend: Germany and Italy. Both have high government deficits and have not yet managed to restore confidence (due to a policy wavering between different conflicting models in Germany, and the rapid pace of budgetary adjustment in Italy).

This changing context is helpful to the guidelines, and should increase the effectiveness of some of them. In fact, most scientific studies8 agree that while training has only marginal added value in conditions of mounting or sustained unemployment, that ceases to be the case in situations of nearly full employment (Denmark, Ireland, Austria, Netherlands, Luxembourg or Portugal) or rapidly falling unemployment (Spain, Finland or even France).

The main new development is the employment pact, setting up a new dialogue between budgetary authorities, employee training providers and monetary policy-makers (Cologne process). It works through two meetings a year and at two levels, one technical, the other policy. The technical group met on 29 November 1999, the policy group on 8 November. Nothing official came out of these meetings, which is one of the principles of this dialogue.

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The evidence of analyses is that even before it entered into force, the effects of monetary union were filtering through at national level by facilitating national social pacts9 and pay restraint rules. What is involved now is less the national level than the Eurozone as a whole, where a series of issues arise: what interaction should there be between the ECB and the European social partners? What type of coordination is most employment-friendly?

The explanation put forward by recent economic research is that the reason for Germany’s healthy inflation and employment performance is to be looked for in the interaction between the Bundesbank’s monetary policy and IG Metall’s pay policy10. To simplify, a “signalling process” takes place between the Bundesbank and the trade unions - particularly IG Metall - which results in the unions taking macroeconomic policy objectives into account. If those objectives are not met (in line with the Bundesbank’s rules), the bank puts up interest rates to keep the unions “in check”. Conversely, a policy of wage restraint11 may allow a more flexible monetary policy to be pursued.

Two questions arise. One concerns the level of centralized/decentralized collective bargaining in this new Eurozone area. What level will give the best results in terms of inflation and unemployment according to how tight a monetary policy is pursued? The other is which benchmark the ECB will use for wages. Will a relation similar to that which existed between IG Metall and the Bundesbank be recreated at European level? Will the ECB give more weight to a particular country in its assessment? For example, how will it react if wages rise sharply in one major country but remain level in another? How might that affect the players’ behaviour?

The different initiatives taken by national and European trade unions reflect attempts to get to grips with this new challenge12. The ETUC passed a key resolution on this precise point at its Helsinki Congress, held from 29 June to 2 July 1999. Various studies point out the limitations of these attempts at industry-, region- and Europe-wide coordination, but all conclude that it is too early to reach a final judgment because it is still in the making.

The interaction between the players, its outcomes in terms of coordination, and the impact on employment and growth, are central to future developments. As Hall and Franzese (1998: 529) put it “the establishment of monetary union in Europe will give rise to new problems of coordination which will not be automatically resolved by the existence of a relatively independent central bank” (unofficial translation).

6. The financial cost

Finally, we come to the funding of employment measures. Structural Funds reform and the amount of their post-Agenda 2000 budget clearly showed that the rise in funding for economic and social cohesion had come to a halt.

11 Even the concept of wage restraint has changed from an implicit yardstick of inflation plus average productivity gains to inflation plus a proportion of productivity gains. Note also that productivity gains in the metal industry are generally above average productivity rises.
12 See: European Metalworkers’ Federation, Eurofiet, Textile Workers’ Federation, Doorn Initiative comprising German, Belgian, Dutch and Luxembourg unions, IG Metall, ETUC.
The reason is that a central plank of the structural policy reform proposed by the Commission and approved by the Fifteen at the Berlin Summit was to reduce the population ceiling covered by the Structural Funds and so, in the long run, reduce the current level of funding for them. This reduction would to some extent be offset by a greater concentration of assistance in areas of greatest need.

The March 1999 Berlin Summit approved this two-pronged approach, resulting in a phased reduction of overall allocations to the structural and cohesion Funds from approximately 32 billion euros in 2000 to 29 billion euros in 2006. The overall budget for the entire period amounts to 213 billion euros, against the 239.2 billion initially proposed by the Commission.

The general drift, therefore, is clearly towards the rationalization and overall reduction of structural expenditure in the run-up to EU enlargement. The fact that part of the European Social Fund’s (ESF) expenditure under the new objective 3 will go towards supporting Member States’ schemes under their national action plans for employment has slipped past almost unremarked. Funding for this objective amounts to 24 billion euros for the next six years - 12% of the total allocations to the Structural Funds.

Its list of tasks state that the Fund shall support measures to prevent and combat unemployment and to develop human resources and social integration into the labour market in order to promote a high level of employment, equality between men and women, sustainable development, and economic and social cohesion. In particular, the Fund shall contribute to the actions undertaken in pursuance of the European Employment Strategy and the Annual Guidelines on Employment. This makes the ESF an instrument which the Member States can use to put their priorities into effect. It should facilitate a new dialogue between the European authorities and Member States, especially over setting national objectives. It is reasonable to assume, for instance, that the Commission will be particularly attentive to information society aspects (article 2.2.(b) - Scope) in view of the priority it seems to accord this area.

It is reasonable to wonder where these new developments may be leading. Are they tending towards priorities set not by the Member States alone but also by the Commission on the basis of its recommendations to governments on making their national action plans compliant with the European guidelines? The wording of the EQUAL Community Initiative Programme (transnational co-operation to promote new means of combatting all forms of discrimination and inequalities in connection with the labour market)\(^\text{13}\) suggest that this may not be stretching the bounds of credibility. It offers a choice of two thematic fields in each of the four pillars and states that “each Member State will be expected to choose at least one thematic field in each pillar (...) taking into account the recommendations issued by the Commission in the context of the European employment strategy”. (more details on EQUAL in part two, point 47).

Conclusion

It is still to early to assess the real impact of the Amsterdam Treaty provisions and the coordinated employment strategy. If nothing else, implementation of the strategy is arguably muddled, with an increase in the number of “processes” (Luxembourg, Cardiff, Cologne), forums for dialogue/negotiation/consultation, and priorities (the need to - even partially - re-issue the guidelines each year is debatable, for instance).

\(^{13}\) Draft Communication From the Commission to the Member States establishing the guidelines for Community Initiative Programmes (CIPs) for which the Member States are invited to submit proposals for support under the EQUAL initiative, COM (1999) 476 final of 13 October 1999.
This complexity reflects the difficulty of creating a credible, specifically Community sphere of activity in employment which does not encroach on national powers. It no less certainly reflects the difficulty of establishing a new process between players still trying to sort themselves out (e.g., the relations between the European Central Bank and social partners). It inevitably leaves less room for manoeuvre and so entrenches the “soft law” method (exchanges of experiences and best practice, peer pressure), but also a lack of binding policy objectives other than those set for themselves by the Member States (in their national action plans) and, possibly, in Council recommendations.

One danger, therefore, would be that a flurry of institutional activity (guidelines, reports on implementation, joint report, action plan, recommendations, etc.) might mask an effective undermining of social standards (non-sustainable jobs, low pay, “activation” of social security payments and tighter eligibility criteria, compulsion, etc.).

Then there is the danger of a particular welfare state model being taken as the yardstick for benchmarking exercises (performance comparisons) and elevated into a European norm. Studies have identified three main welfare state models in Europe (cf. Esping-Andersen, Scharpf, Iversen, Wren14): the Scandinavian (or social democratic) model, the Anglo-American (or liberal) model and the continental (or Christian democratic) model. These models have developed historically out of specific institutional contexts, with particular players and political priorities. By setting an increased labour force participation rate as the priority in tackling unemployment, the European employment strategy may neglect other political objectives like equality, and so elevate one of them - in the present instance the Anglo-American model - into a Community “norm”. Admittedly, there now seems a lesser risk of this since the Lisbon Summit’s pledge to make tackling poverty and social exclusion priorities for the EU.

However, it must be admitted that the coordinated employment strategy has, within a matter of years, brought social issues which were still unmentionable in the early 90s onto the European agenda. The debate is opening up, and there are still many open questions. This article concludes with three of them.

The recommendations exercise came much earlier than some observers expected. The fact that the Commission was then on its way out may have some bearing on that. Be that as it may, it widened the prospects for further development. The question is whether these recommendations will now enter into play in national debates and change the balance of power between social partners in the Member States. That could be an interesting spin-off of the European employment strategy. But therein lies another danger: the Ecofin and Social Affairs Jumbo Council’s demand to examine the recommendations before they are published may result in the Member States making their own recommendations to themselves in areas where they see fit. This would not be advance democracy in practice.

As regards the link between employment and the macroeconomic guidelines, a degree of institutional ingenuity seems to point to a minimum consensus on the need for dialogue between the players. But here more than elsewhere the players in this dialogue must get on the same wavelength before they can set what will doubtless be a very cautious joint process in motion. Will they succeed? The firewalls between macroeconomic and employment strategy issues have not been dismantled, but ways forward are open.

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As regards financial resources, finally, the general context paints a bleak scenario in that social cohesion is to some extent losing out to enlargement. Even so, the interaction between the employment strategy and Structural Funds activity has been strengthened, such as to make structural funds money available to put the Amsterdam provisions into effect. However, the EU’s self-imposed financial straitjacket for the period 2000-2006 could stand in the way of this prospect.

The lack of reliable information on how the guidelines are really being implemented at national level means that only a guarded analysis and assessment can be given.