

'The art of packaging, Brussels-style' from the Süddeutsche Zeitung (26 May 1999)

Caption: On 26 May 1999, during the German Presidency of the Council of the European Union, the German daily newspaper Süddeutsche Zeitung outlines the efforts of the European institutions to implement a 'European Employment Pact', which provides for closer cooperation to boost employment and economic reforms in Europe. At its meeting on 3 and 4 June 1999 in Cologne, the European Council reaffirms its commitment to a coordinated strategy for employment (the Luxembourg process) and confirms that tackling unemployment will be one of the key objectives of the EU in the coming years.

Source: OLDAG, Andreas "Brüsseler Verpackungskunst" in Süddeutsche Zeitung. Münchner neueste Nachrichten aus Politik, Wirtschaft, Kultur und Sport. 26.05.1999, n° 118; 55. Jg. München: Süddeutscher Verlag. "Brüsseler Verpackungskunst", auteur:Oldag, Andreas.

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The art of packaging, Brussels-style

by **Andreas Oldag, Brussels**

Federal Cancellor Gerhard Schröder has every reason to feel pleased with himself. The employment pact, one of the most important projects to be developed during the German EU Council Presidency, has now reached the negotiating table. At the end of next week, the Heads of State or Government are intent on approving the document at the Cologne EU summit. Right until the last moment it was in dispute whether the pact would define specific aims for the fight against unemployment. Sweden, Denmark and France were demanding binding criteria, as with the euro. But things will not in the end come to that.

For there has long been disagreement within the EU on what the right strategy should be for the labour market. While the British Labour Government is keeping to a neo-liberal economic policy and eschewing state intervention, France is pursuing the opposite strategy, setting up employment programmes that drain billions from public funds — with questionable success to date. The Germans are steering a course somewhere un-between. That being said, Germany's Finance Minister, Hans Eichel, has declared that the distribution of social welfare intended by his predecessor, Oskar Lafontaine, will not be materialising.

What the Member States are doing with the laboriously negotiated employment pact is delegating the issue of joblessness to Brussels. The governments are creeping away from their national responsibilities and creating the impression that the EU could in some way, from one day to the next, come up with patent recipes that would solve the gravest social problem facing Europe today. A feeling of helplessness predominates in Brussels too. And while it has proved possible to work out a minimum compromise, the fact is that the Finance and Employment Ministers, who met again on Tuesday to examine the Germany draft of the employment pact, have basically done no more than put together some pretty packaging. Hence the vague talk of a *policy mix* and improved coordination of economic, social and fiscal policies. There is also the prospect of a round-table at which the European social partners would meet to discuss common employment strategies.

These proposals are not in any way misconceived. But what is to be put forward in Cologne has all been said already. In 1993 the then President of the Commission, Jacques Delors, submitted a White Paper on Growth, Competitiveness and Employment. Delors wanted to prod the EU into at last taking action on the employment front. And in 1997 the Heads of State or Government reached agreement in Luxembourg on employment policy guidelines. The Amsterdam EU Treaty also deals with the issue in a separate Chapter. Only there are still 16 million jobless in Europe.

EU employment policy is for all the world like a process of collective repression. Europeans do not want to admit the consequences of the ever-increasing globalisation of the economy. Industrial undertakings are merging to form giants whose activities are on a world-scale. For a behemoth such as, for example, DaimlerChrysler, national considerations have less and less impact on investment decisions. It is immaterial today whether a Mercedes Class-A model is produced in Germany or in Latin America. This means that employees too must face up to worldwide competition.

It may be that minimum social standards can still be established in large, unified economic areas such as the European Union. All the same, politicians will have to take leave of the notion that a majority of the unemployed can be provided with highly-skilled jobs. Unlike the countries of Europe, the United States has drawn the right consequences from globalisation. Whereas in the European Union 61 % of people of working age are in work, that figure rises to over 70 % in the USA. The American jobs miracle has happened because the US Government applied a simple but incisive principle: better to create poorly paid jobs in the expanding services sector than to support the jobless year after year out of state funds.

In the EU too there is a good prospect of a shift in employment policy. This does however assume a break with the comprehensive state provision which has prevailed to date. It is already the case today that some 45 % of the active population work in the service sector. That figure could rise even higher if greater flexibility could be built into the labour markets, for example through part-time working and a reduction in

salary-related costs.

Brussels has a role to play in pulling Europe out of the employment doldrums. The Commission has in recent years acted courageously against restraints on competition and has helped to stem the tide of state subsidies in the Member States. The Community can also point to some successes in the effort to combat damaging fiscal competition. The European Union should not, however, be assigned tasks which it cannot handle. Reform of the labour markets is now urgently required but this is a national challenge and one which must be taken up by undertakings and unions alike.