

**RESOURCES, RIGHTS AND CAPABILITIES:
IN SEARCH OF SOCIAL FOUNDATIONS FOR
EUROPE**

POLICY REPORT

**What reform for social European policies?
Towards full employment based on a politics of work-and-life
capability development**



Period covered by this report: **from 01.01.2007 to 31.12.2010**

Start date of the CAPRIGHT project: **01.01.2007**

Duration: **48 months**

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Project Coordinator Organisation name: **CNRS**



EU-project co-funded by the European Commission
under the 6th Framework Programme, Priority 7.

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What reform for social European policies? Towards full employment based on a politics of work-and-life capability development

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The CAPRIGHT policy report is organised around seven principles for reform and a methodology for implementing them. These principles and methodology aim to grasp social realities as they appeared through CAPRIGHT research, not to obey to theoretical dogma or political pre-judgements. What follows is informed by CAPRIGHT research in its various Work Packages (WPs) and by the WPs' suggestions, as well by existing and forthcoming CAPRIGHT publications. Much more can be found in these publications. We will refer systematically to them in the course of the report, encouraging readers to go and look for more in-depth analysis. The final CAPRIGHT Conference Proceedings in Nantes, France (2-3 December 2010), to be published in 2011 and annexed to the final Report also provide in-depth insights and discussion.

Seven principles for reform will be presented:

1. Framing a set of capability-based fundamental rights whose realisation and effective access for all would become the true benchmark to evaluate public policy design and implementation, be it monetary, economic, financial or social policy.
2. Implementing for citizens and workers collective rights, to be mobilized in special courts in case of conflicts, disagreements or political decisions calling into question these capability-based fundamental rights.
3. Providing adequate resources for people through “situated” public policies based on effective deliberative democracy procedures at all levels.
4. Focusing access to capability development for people, not on employment status, but on “the professional state of the person”.
5. Making social rights attached, not to the job, but to the person in a life-and-work logic of capability development.
6. Shifting from *ex post* social protection to *ex ante* prevention of economic and social risks (especially in case of restructuring).
7. Reinstalling the legitimacy, means and basic orientations of public services in Europe.

These principles run counter to the current drift toward new public management tools. NPM tools are concerned, overall, with the increase of quantitative performance for public policies and schemes. By contrast, implementing the principles elaborated here should rely upon what we call the triangular and reflexive scheme for public action (see Diagram in Part 3). At its core is the mediation between resources and outcomes that deliberative procedures and rights provide.

Before presenting arguments in favour of these principles and political method, let us recall the stakes of the social reform that CAPRIGHT advocates. The programme, basically, is to replace the now abandoned Keynesian full employment objective by a new one. This new full employment would be centred not on short-term monetary, fiscal and budgetary management, but on the reallocation of public resources towards a work-and-life capability development for all people.

Part 1 analyses the disappearance of the “unemployment” category, which founded the full employment objective after the Second World War. Principles that a politics of work-and-life capability development should implement are presented in Part 2. Part 3 compares two political methods, the one derived from new public management, the other from the CAPRIGHT approach.

1. From Keynesian full employment to politics of work-and-life capability development

It is necessary to briefly come back to the invention of the “unemployment” category and its previous role in macroeconomic and monetary policy. The importance and meaning of this category go much further, so to speak, than empirical unemployment. It was at the core of social welfare policies which, in the post-WW2 period, aimed at providing citizens with some threshold of security in life and work. From the 1930s to the 1980s, roughly speaking, unemployment took its political meaning within the full-employment model as the main target for short-term counter-cyclical monetary, fiscal and budgetary policies. It was the central part of “passive” social policies aimed at compensating, after the fact, the consequences of economic and social circumstances on life and work. The same objectives were also addressed through pension systems, minimum incomes and so on. With regards to labour markets, allocations (even sick pay and disability payments) were intended to let people stay out of the labour market for a while and have some time (possibly enough time) to find new acceptable employment. An important side-effect of such policies has been to free employers from any serious commitment to the life-and-work development of their personnel. Having paid for unemployment insurance and satisfied legal obligations with regards to redundancies or pensions, they were released from any responsibility for such development.

All of this changed dramatically from the 80s onwards in European affairs. It should be stressed (Salais, 2007) that one of the main outcomes, if not *de facto* objectives, of the European Employment Strategy (EES) has been to make unemployment irrelevant as a category for public policies¹. Instead of unemployment as the main target (which would have meant pursuing full-employment objectives) the EES installs as key concepts and targets, the rate of employment, individual employability, activation of individuals, and the monitoring of national employment policies by performance indicators, the central one being the global rate of employment². The EES played a part (albeit a small

¹ Developments on that issue can be found in Salais, 2007a and b.

² See my papers Salais, 2007a and b.

and secondary part) in the monetary and macroeconomic shift of European policies toward neo-liberalism and market deregulation that prepared the convergence towards the euro, but it had its own role.

Unemployment as a relevant social and political category is now a highly endangered species. It has been replaced by the rate of employment. The higher this rate, whatever the quality of the jobs held by people, the better the employment situation. When somebody loses his or her job and signs up at a job centre, there is no longer any time to waste waiting for true employment or receiving an allocation. One obsession only remains: to activate the job seeker and put him or her as soon as possible into something that looks like an occupation (more accurately a task) even for a very short time, even badly paid, even without any social or legal protection, even if the person comes back to the agency just a few days later. Claims for security, professional identity and for true employment are now disqualified. What remains for people looking for a job is to contribute to performance indicators. Their only objective must be to return as soon as possible to something that can be counted as a job in performance indicators. There is some resistance, but people with low resources and possibilities are the first victims. Even people with good jobs and professional prospects could fall into this trap. The result is rising precariousness and social exclusion, as there are not enough tasks to go around for low-income job seekers.

The shift from full employment towards maximising the employment rate looks more and more like a conservative revolution. It aims to return to a past era where individuals were the only ones responsible for their own future and had to face the vagaries of economic and social circumstances on their own.

But, paradoxically, the slow disappearance and denial of the relevance of the “unemployment” category signals the key issue for today and the future. If the path towards social progress and employment for all is to be maintained, what can replace “unemployment” and its associated social categories? Collective tools are needed that go beyond dealing with economic hazards (recession, fluctuations of the level of employment, job cuts and so on) and have much wider scope and perspective.

A candidate for this replacement role, often evoked in France at least, could be social professional security. Much depends on its interpretation and scope. Social professional security is not a completely new thing. It should be understood, rather, as an effort to redevelop an old concept in a new context. In the past there were employers’ schemes and, profession-based, sometimes city-based schemes which aimed to implement segments of such a social security net. Even today social plans in case of redundancies in some countries can require the employer to find jobs for a significant number of dismissed workers within the corporate group, its suppliers or subcontractors. Training plans or individual rights to training benefits could lead to better continuity in employment and some concern about career development (see the forthcoming issue of *Formation et Emploi*). Even early-retirement schemes may afford some positive freedom for people with a secure income to

choose what they would like to do in unpaid activities. It is not uncommon today to find employers eager to keep their labour force (at least the core employees) within the firm while waiting for better times expected to come soon. They use several means: part-time work, internal sharing of work-time, putting workers into vocational training, or giving assurances that people will be recalled to work as soon as possible. Such means have been deployed to some extent during the current crisis.

However, as the work from WP3 and WP5 demonstrates, these efforts to create security remain piecemeal. One must go much further and develop a new basic framework for employment and social policies, *a new full employment based on a work-and-life development of capabilities*.

In CAPRIGH works, this search combines two theoretical approaches, resources and capabilities.

Simply put, resources are what we acquire thanks to our work, wages, incomes coming from social protection systems and, more widely, economic, political and social rights founding our citizenship. These are, in a way, the *inputs* of our life. Given the resources we have access, capabilities are the powers we have to achieve our goals and projects which we value as personal accomplishments. The degrees of realisation of our goals and projects are the *outcomes* of our life and work. They are the most essential for us; from them we evaluate our achievements as human beings. The traditional social thought, for its most part, focuses on resources inequalities and aims at compensating them by redistribution policies. However, at equal resources, wide inequalities of capabilities exist between persons. For instance, at identical level of education, women with young children will have less possibility to a fair job than bachelors. The priority today for social policies is to struggle against inequalities of capabilities. Each person should be put in a situation where she has the capability to achieve the goals and projects which she values as personal accomplishment. This requires resources, but resources that are carefully (and democratically, as we will see below) designed to give this required capability. Today, in our developed societies, work is no more what it was when Keynesian full employment was implemented. For people, in order to be economically efficient and socially just, work should provide not only income, but also an effective freedom of choice (with regards to the lives valued by them); it should fairly combines with other valuable activities (raising children, civic and social activities, etc.) and contributes to self accomplishment. Far from being anti-economic, these requirements can be at the basis of new forms of efficiency. For motivation and commitment to work are now the basic ingredients to economic efficiency. Priority should be given to the development of capabilities along the life-and-work cycle.

2. Implementing a new full employment based on a work-and-life capability development: what principles for European social reform?

The political challenge with regards to the “social” might be understood, at first glance, as playing out once again the old conflict between the liberal model (individual responsibility and poverty-line for the deserving) and the collective model (profession-based and territory-based social protection), or the market versus the state. But the rules, stakes and rewards of the game are to be largely renewed. The new full employment would not have much in common with the old one for several reasons.

Firstly, individual concerns (the person and his/her accomplishment as a person) cannot be neglected as it was in the old conflict and in the macroeconomic view. It should be considered as a basic – but not neo-liberal – ingredient for any reform. Each person is unique and whole. It is less and less acceptable – and in economic matters less and less efficient, in relation to growing demands for flexibility, autonomy and freedom of choice – to cut a person in multiple pieces, each one targeted by a specific limited and consequently inadequate protection. The growing interpenetration of life and work at individual and family levels must also be taken into account. Reunifying previously separated pieces of the person and the need for continuity along the life cycle should constitute key parts of the reform.

Secondly, the sought-after solution should be universalistic in nature, neither limited to a few groups, nor organised along a corporatist hierarchy between social groups. Nonetheless, in Rawls’ terms (while not necessarily adhering to his theory), priority should be given by the same process to less advantaged people, those who precisely are at risk of precariousness and exclusion.

Thirdly, allocating resources to capability development is intended to give people not only security in work and life, but more deeply the effective freedom to achieve the life they value. One can surmise that while work would continue to be important for people and society, it would no longer be their exclusive goal, nor reduced to a commodity. Work has to be considered as just one of many freely undertaken valuable social activities.

Fourthly, one cannot stop economic life, its corporate and market foundations, simply because they create risks and uncertainties. Firms and markets, nevertheless, require a wide transformation of their organisation by revising current European regulations or creating new ones. Such regulations should help firms and markets integrate capability development as a benchmark and line for their corporate development, focusing on developing capabilities for people, whether they are employed or in transition, looking for more flexible and freer arrangements between life and work or not.

So what guidelines, what basic principles of reform can be drawn from the resources–capability approach? As schematic and imperfect as they may be at this preliminary stage, it

is worth trying to outline them, if only to favour discussion and debate. Building such foundational stones was not our primary purpose. This prospect came to the fore gradually during our research. Some principles have been elaborated to a greater degree than others; some are initial thoughts that may have to be drastically reformulated. This set of principles of European social reform opens up a wide field for future European research.

1. *Framing a set of capability-based fundamental rights whose realisation and effective access for all would become the true benchmark to evaluate public policy design and implementation, be it monetary, economic, financial or social policy.*

Such a set of fundamental rights should be written with, as their objectives, concerns about, not only life and work security, but basically capability development. Rights translating such orientations should address both the “opportunity” and the “process” sides of effective freedom, which means valuable outcomes and deliberative rights. With regard to the opportunity side, rights should specify which valuable outcomes are the targets of European policies, whatever the domain; among them: quality of employment, professional development, durable inclusion, fair income, quality of life, democratic participation. Beyond mainstreaming European policies in spanning their specific domains and features, these valuable outcomes should be taken as supports and references for evaluating them. With regard to the process side, deliberative rights should be introduced on the same issues at different levels: firm, branch, territory, country, European Union. They would be key, for instance, to building indicators that are relevant to valuable objectives to be attained, adapted to the diversity of situations, and democratically controlled by those who are the subjects of the corresponding policies.

Founding policies on fundamental rights are not absent, of course, from the European process, its institutions and Treaties, not to speak of the Charter of Fundamental Rights. However their current content and status within the European process should be seriously revisited in relation to capability development. Capability-relevant rights are clearly missing in them. Furthermore, a capability approach does not maintain a strict distinction between civil, political, economic and social rights. All classical rights should be rephrased in order to emphasize their mutual linkage and involvement in a process of developing capability. This especially concerns the work and jurisprudence of the European courts, which leads to the second principle.

2. *Implementing for citizens and workers collective rights, to be mobilized in special courts in case of conflicts, disagreements or political decisions calling into question these capability-based fundamental rights.*

This principle, when implemented, would create jurisprudence to be taken into effective account by public policies in the Member States and at the European level, with regards to the implementation of the rights we advocate above, especially with regards to their

benchmarking role. European courts already exist: the European Court of Justice and the European Court of Human Rights (the second one being external to the European Union), as well as national courts. This principle would require revisiting their purpose, their functioning and their capacity to adopt capability-based judicial methodology, concepts and judgements. The European Court of Human Rights is presumably closer to our approach and is today already involved in social matters related to fundamental rights. A far-reaching and immediate implication of a capability-approach to judicial judgement would concern the basic economic freedoms recognized as quasi-constitutional in the Treaty and on which the ECJ increasingly founds its jurisprudence, even in social or civic matters³ (hence calling into question the validity of social rights). In our perspective, basic economic freedoms should no longer override fundamental social rights. Even more, one can argue that all economic, social and political rights should be of the same importance as sources for European law and jurisprudence and, in particular, that social and political rights should also truly inform judgements in economic matters. These economic freedoms, now read by the ECJ through the lens of neo-classical market, should be reinterpreted through the lens of a resources–capability approach. A new synthesis should be found between the ordo-liberalism that presided over European origins (economic efficiency) and principles of justice and democracy. This perspective is explored further in a forthcoming book by Rogowski, Salais and Whiteside, to be published in 2011 (introduction and chapter 12).

3. *Providing adequate resources for people through “situated” public policies based on effective deliberative democracy procedures at all levels.*

By situated public action we mean public action that is rooted in autonomous actors in the field who possess practical knowledge of the situation. The core idea is to pose issues and solutions in ways that are most appropriate for achieving the common good.⁴ Implemented via democratic deliberative processes that themselves have their own evaluation and revision methods, the effectiveness of situated public action (in terms of both economic efficiency and social justice) depends on choosing the most pertinent level of collective decision with respect to a given issue. When engaged at the proper level, situated action can develop the collective capacity to address and solve problems, a capacity that is independent of the market and of direct State intervention. This implies that European institutions apply the subsidiarity principle in a discerning and flexible way, depending on the issue at stake and on the distribution of the relevant knowledge among levels of coordination.

Intermediate levels of coordination such as territory, branch, profession, economic group should be provided with resources, rights (see the first principle above) and give room to

³ See, for instance, recent cases (Laval, Viking, Rüffers) in which, in brief, the ECJ denies any European legitimacy to social rights, on the basis that they are only nationally based. In so doing the ECJ allows economic freedoms to increasingly take precedence over social matters (Joerges and Rodl, 2008).

⁴ More details in Salais and Storper, 1993, part IV.

collective actors, enabling them to deliberate and decide on the content of the common good. In order to achieve better outcomes, both common good and outcome would be evaluated according to the benchmarks of capability-based fundamental rights. At the European level, regulations or Directives must be elaborated that ensure equal treatment between countries. They must also require multinational corporations, not only to respect collective choices, but also to provide adequate resources for their implementation. Although some preliminary foundations exist in Europe (for instance, the mechanisms of social dialogue, the 2002 Information and Consultation Directive or the possibility for Europeans citizens to call for referendum), much remains to be done.

The current situation in Europe remains far from the “democratic minimum” that Bohman, 2007, invokes for a true exercise of democracy in a context where *demoi* and levels of action are plural. CAPRIGHT advocates a strategy of deliberative social democracy (see the WP6 Report on Deliberative Social Democracy, as well as De Leonardis, Negrelli and Salais, forthcoming 2011). Civil dialogue has yet to be involved in the building of European regulations at the same pace as and in connection with social dialogue (see De Munck and Didry, forthcoming 2011). Citizens should also be provided with political rights that allow them to participate in collective choices at the early stage of building the relevant informational basis (see Salais, 2009, about the need for procedures of deliberative inquiry).

4. *Focusing access to capability development for people, not on employment status, but on “the professional state of the person”.*

Contrary to the dominant European trend (which reduces the social value of individuals to employment, whatever the job), developing capabilities focuses on the evaluation of what Alain Supiot, 2001, calls “the professional state of the person” (see also Deakin and Supiot, 2008, published under the 5FP EUROCAP Programme). The professional state of the person should be viewed dynamically in an in-process perspective as the main focus for policies. Within the sphere of employment, it implies that workforce management should be reformed to encompass quality of jobs, on-the-job training, capability development, freedom of choice, and the necessary rights of workers and their unions or committees (on these topics see the special review issues to be published in 2011 by WP3, as well as Zimmermann, 2011). But the professional state of the person is not limited to having a job. It extends to other situations, such as unemployment, mobility, training, volunteer work, free time, etc. These moments should also be taken as moments for developing capabilities, not only for employment but in a wider scope to enjoy a better life in and out of work. In this way transitions would not be only managed as in the transitional labour markets approach, but enriched (see Rogowski, Salais and Whiteside, *op. cit.*). Bernard Friot (2009) rightly pleads for an extended conception of work. Remuneration (direct and indirect) should take on a broader meaning, recognizing the social function of work. This means that at every stage of working life, remuneration has to be evaluated not only in terms of the job presently held. The level and progression of remuneration should be a fair equivalent of the

professional state of the person. In other words, remuneration should incorporate the added value of current and future capability development (just as development costs should be incorporated into the price paid by users of infrastructure).

5. *Making social rights attached, not to the job, but to the person in a life-and-work logic of capability development.*

Initially proposed in our program by the resources regimes approach, making social rights attached to the person has been taken on board by CAPRIGHT research at the price of focusing on a life-and-work logic of capability development. Incorporated within the set of principles developed here (in particular linked to the principle 6 below regarding collective rights) it offers what could actually be labelled as “social professional security”. It should be stressed that, regarding this issue, Europe could make effective progress towards operational schemes. The Supiot Report (1999, 2001), carefully ignored by the Commission, ten years ago proposed to implement social professional security via a mechanism of social drawing rights.

Such schemes would give each person *an endowment of social drawing rights* (along the lines of the monetary drawing rights of the International Monetary Fund). It would cover the “monetary side” of the resources–capability approach. The “in kind” side is addressed by principle 7 below (with public services). Such rights would provide free access to available monetary resources, to be mobilised by people. The income could be spent at his/her convenience by the drawer for a variety of uses: volunteer, civic, militant or private activities considered to be valuable; training or mobility schemes; advancing or delaying retirement, and so on. As stated in the Supiot Report, endowment and funding could be based on:

- individual endowments with the objective of reducing social inequalities (what criteria would be relevant and legitimate?);
- funding from multiple sources: from Europe funds to national and local funds, coming from firms as well as workers, according to principles of shared responsibility and mixed bases (contributory as well as solidarity)
- collective, decentralised and participatory management between all the relevant actors

Beyond these principles, almost everything would require further research to implement such mechanisms. To deal with social inequalities, solidarity mechanisms should be set to direct public resources to those who have less. The experience of long-term working-time accounts (see the contribution by Philip Wotschack in Rogowski, Salais and Whiteside, *op. cit.*) shows that many problems have yet to be overcome, for instance the fact that firms try to force their personnel to make use of their accounts to finance partial unemployment in case of recession.

Experiments could be launched by using such mechanisms as benchmarks to reform existing social funds (unemployment insurance, vocational training, exemptions from social charges or subsidies to

support employment), that stabilise existing social rights and reorient them towards capability development. In France for instance, billions of euros are spent in such funds for a very meagre outcome in terms of maintained or additional jobs. Would it be possible to undertake a joint reform of these funds along these lines? The current crisis would be the right moment to do so.

6. Shifting from ex post social protection to ex ante prevention of economic and social risks (especially in case of restructuring)

For workers, opposing job cuts or being provided with new employment opportunities is much better than becoming unemployed. This suggests that European employment policies should focus, not on *ex post* treatments on labour markets as does the EES, but on *ex ante* prevention of job cuts. It does not mean banning job cuts or restructuring when they are economically justified. The problem is precisely to assess in each case whether job cuts or restructuring are economically justified or not. The notion that employers are in the best position to make the right decision is pure nonsense from the point of view of collective efficiency. The situation is so complex and uncertain, with so many parameters to be assessed in the informational basis, that all the relevant stakeholders should have a voice in creating this informational base. Workers and their representatives should have at their disposal collective rights to suspend any decision until the voices and proposals of all partners (not only workers, but also local authorities, suppliers and subcontractors) have been heard and, if relevant, introduced into the restructuring decisions.

Timid foreshadowings of such rights already exist in some member states and at the European level, e.g. procedures of information and consultation of workers (see Didry and Jobert, 2010). They should be reinforced. To be effective, such rights should be framed at relevant levels (those where decisions are made and consequences observed): the group and its subsidiaries for multinational corporations; branch of activity, territories). They should have national and European recognition and validity. Such rights are necessary to block possible perverse effects of principle 5 above, attaching social rights directly to the person. In the absence of such collective rights, individual rights attached to the person could be instrumentalized by firms to transfer responsibilities onto the shoulders of their personnel. One has already observed such perversions in the use of working-time accounts. The danger in an universe of individually-based rights is that nobody feels accountable for maintaining employment or creating jobs, neither the employer, nor workers and trade unions. In case of restructuring, collective rights must have priority over individually-based social rights.

7. Reinstalling the legitimacy, means and basic orientations of public services in Europe

The notion of public services must be revisited. Services should be said public, not because they are delivered by publicly-owned companies or administrations. Though professed by OECD or the European Commission, that definition is one of the most catastrophic misunderstandings of our times. Services are “public” when they are effectively at the

service of the public: in other ways, when they are at the service of persons who have legitimate claims to satisfy and democratic voices to be heard in a political community. In a resources–capability approach, the provision of public services so understood has to provide for all, both equality of access and of capability development. Furthermore doing so would implement a rich concept of effective freedom (see research undertaken and publications coming from WP4). To be at the service of the public would require strong and precise regulations, new modes of management that are more democratic, participative and open to the external. Sometimes it must imply public control of property (there are many ways other than state-owned) and, the most often, if not the forbidding of market competition principles, at least their strict and democratically deliberated regulation.

In recent years, the concept and remit of public services has become irretrievably interconnected with neo-liberal definitions of ‘public’ and ‘private’. Evaluated with a resources-capability yardstick, only a few among the still existing public services in European countries would meet its requirements. Some may be still not so far, others have never been like this, and most of them have deteriorated under the pressure to introduce market principles and “New Public Management” methods.

These issues were addressed by the historical research undertaken by the project. At the turn of the 19th and 20th centuries, answers were found neither in the influence of socialist political parties nor in the rise of totalitarian tendencies, but in the need for municipalities to co-ordinate socio-economic activities in an era, like our own, of economic restructuring, technological change and growing globalisation of trade and commercial activity. Communal well-being and prosperity sprang from municipal direction and co-ordination of supply in key common services: education, sanitation, electrical power, telecommunications, public transport. Not all such services were held in public ownership. However, public authority – under direct or contracted provision – stood as guarantor of such services, to enable and facilitate not only commercial and industrial development, but also a supply of suitably skilled labour with access to the means to travel to work from reasonably priced accommodation. Obviously urban living was neither uniform nor ideal in these early years. Yet, in understanding Europe’s industrial heyday, we should recognise how public authority enabled co-ordination rather than fostering competition in either private or public sectors.

What does this tell us about our present circumstances? First and foremost, the sale of public utilities for private profit, the practices of New Public Management and competitive tendering for public contracts – all have served to undermine the co-ordinated frameworks of action on which economic activity relies. Networks of services are fractured. Contractors vie with each other to achieve targets through practices of ‘cherry-picking’ or ‘cream skimming’. To prevent this, public managers create complex regulations with which contractors must conform: processes of audit measure conformity. New regulations are drawn up as required. The end product is a tangled web of cross-supervision with contractors seeking to please the easiest clients, the auditors, their shareholders.

Bureaucratic tangles distort signals of quality and price – the ostensible advantages of market-based provision. The result is an expensive administrative mess. The most problematic clients are passed from service to service (where there is some coordination) or vanish from sight (where there is none). Here lie the roots of social exclusion and its associated problems.

For labour market placement, there are two basic lessons. First, competitive tendering exacerbates the need for official monitoring of placement activities and raises costs with one hand where it has lowered them with the other. Second, more significantly, there is a need for more democratic accountability: both of agencies to their clients and of placement activities to the public (who, after all, foot the bill). Democracy is more than a public relations exercise. It entails two-way communication to allow decision makers to be informed by conditions ‘at the coal face’, to enable placement to be a process of dialogue that allows the client to take greater responsibility for her situation and to empower her to act on her own behalf.

III. How to bring Europe “back down to Earth”? The triangular and reflexive scheme for public action: resources, situated deliberation, valuable outcomes

Implementing these principles requires innovative political methodology. Such a methodology must break with the drift toward new public management tools, massively concerned with the increase of quantitative performance for public policies and schemes. By contrast, the political methodology to implement them should involve the *triangular and reflexive scheme of public action* as framed at the top part of Diagram 1 below. At the core of such methodology is the mediation between resources and outcomes provided by situated deliberative procedures and rights.

European governance is more and more oriented towards macro-mechanisms of coordination using sets of indicators measuring global performance of national economies. Examples are the 2020 Agenda or the proposed Euro Pact. The 2020 Agenda draws up a list of five indicators at the highest level of generality, like the global rate of employment. Such an abstract and disembodied view cannot lead to any sustainable or effective employment policies that, furthermore, would have to be adapted to each of the 27 member states. It pushes to its extremes the instrumental approach shown at the bottom of Diagram 1. It becomes impossible to evaluate the true meaning of national data. Do data reflect a real improvement in the national situation, or are they only the outcome of strategies designed to optimise the statistical profile? Clearly, such governance methods are transforming Europe and the Member States into entities orbiting in outer space, far away from economic and social realities, as well as far away the needs and expectations of their citizens. The true question is how to bring Europe “back down to Earth”.

The adequate methodology in employment and social matters is shown at the top of Diagram 1. Evaluation of policies and of their outcomes would run the other way. Efficiency would be assessed through precise and situated inquiries as to the effect of policies on individual life and work trajectories. Do they improve or deteriorate trajectories, when benchmarked in relation to the valuable outcomes backed by capability-based fundamental rights (as stated by principle 1 above)? In a nutshell, do policies provide each person with capability? Such methodology must be implemented via deliberative processes at the right levels. The appropriate level depends on the policy at stake. However, one can say that in general, and especially in employment issues, the closer to the actors and their practical knowledge evaluation is, the better this evaluation will be. For instance, for safeguarding existing jobs or creating new ones, the territorial level seems especially well suited, because it is there that people live and work. All territorially embedded actors are directly concerned by the living and working conditions of the people. For people should have a say on those conditions, whether as members of trade unions or association, as citizens who vote, as consumers who spend money, as users of public services, etc., and sometimes as all of the above simultaneously.

Deliberations would address the design and resources provided by public means. With regards to the evaluation in terms of valuable outcomes, how can existing means be adjusted and improved? Should new means be created, should others be eliminated? The double orientation of arrows between the three points of the triangle signals the importance and necessity of feedback in the political process between means and outcomes that are mediated by deliberative activities.

Placing people in situations of capability implies a profound change in the criteria and implementation of public policies, whether with respect to individuals, employment and enterprises, the economy or society. This also involves finding new dynamics for European policies. Let us look briefly at this scenario and its step-by-step progression towards what an integrated European approach to employment should be.

Let us start with people who are out of work. As attested by their practices, the agencies that are active on the labour market, whether in the areas of social assistance, placement or training, today seek above all to improve their scores in relation to quantitative performance objectives that are constantly being raised to higher levels. This is the result of "New Public Management". Consequently an unemployed person must contribute to a better score, in other words accept whatever job is offered. The more costly the assistance required, the less "profitable" the job seeker, hence a more severe selection process. This goes hand in hand with the abandonment of job quality objectives, and more broadly of the goal of full employment. On the contrary, in the approach we advocate, the priority aim of these agencies would be to make each job seeker capable of long-term insertion in a job and in work. Attention must focus closely on the individual, and evaluation must give plenty of consideration to his or her aspirations, from the individual's point of view. This supposes

new management rules, a genuine dialogue between the job seeker and the agency, more substantial and better calibrated resources.

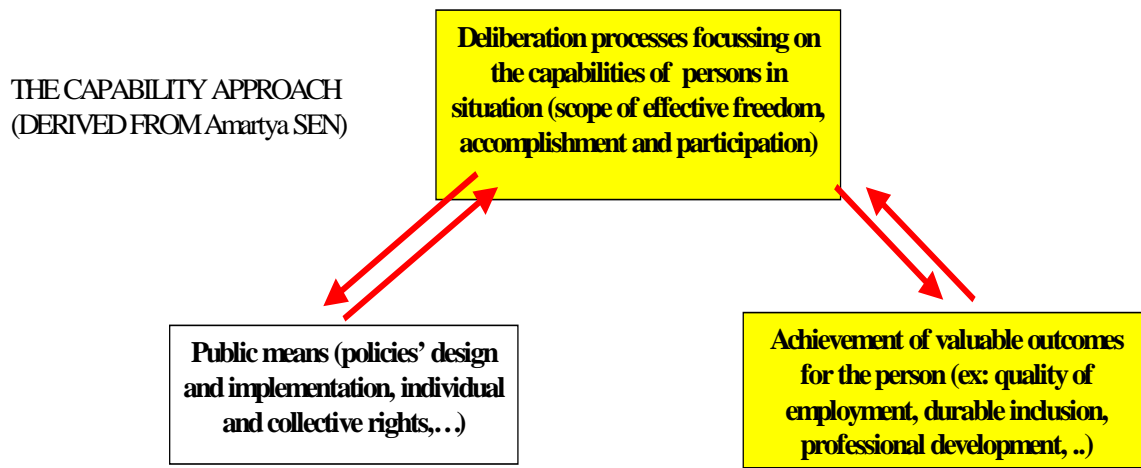
But what if there are no jobs or if the jobs are poor ones? To create good jobs companies must elaborate their economic choices within the framework of developing the potential of their employees and their local environment. Their internal organization must go to great lengths to give all employees a job and work situation that fosters progress in capabilities, participation and freedom of choice. In return companies will gain in quality, motivation and efficiency. This means economic choices that look to the future, in terms of sectors, products and services, knowledge and know-how.

How can this be achieved if the Member States and the European Union do nothing to oppose job delocalization, without policy measures in favour of industry and innovation to support and develop the economic base of Europe? For workers and citizens, it supposes rights, resources and means for intervention that enable them to effectively influence companies' decisions.

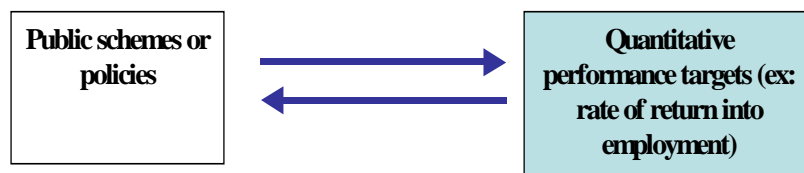
Is investment needed to create more jobs? Given the speed at which money is created by central banks, it is widely available. But it must be put into productive investment in Europe, not into speculation on stock markets. It must be devoted to renewal of traditional activities and to new activities, such as those required for a green, energy-saving and sustainable development. Thus we can see how this simple but fundamental requirement that public policy at all levels enhance people's capabilities would lead, step by step, to a new model of economic, social and political development.

Diagram 1. How to conceive policies? Two conceptions of the relationship between public policy and evaluation

Improving the power of conversion of means into achievement of valuable outcomes



THE INSTRUMENTAL APPROACH
(DERIVED FROM THE New Public Management)



Maximising the statistical profile

*
* *

Conclusion

The crisis has made the contradiction between two modes of policy action and evaluation more visible, one abstract and disembodied currently followed by the European authorities, the other situated and democratic. The distant governance that is light-years away from people's urgent needs for social protection and employment is a source of incomprehension and growing hostility to Europe, and also to national governments, as we see every day. Making situated evaluation an absolute priority does not mean that public actors must disappear and be replaced by self-assessment carried out by the actors themselves without guidelines or benchmarks. On the contrary, it means first and foremost that all action taken to bring responsibility for decisions affecting employment down to the level that is closest to actual economic and social situations will have a positive effect on the outcome of this

action. For voices will be more clearly heard; policy evaluation will be closer to people and will exploit better acquaintance with constraints and feasible options; its methods will be decided with total autonomy by actors at all levels; stakeholders will be more easily and more fully included in deliberative procedures. Collective decisions must be moved down the ladder towards actors who are the most familiar with the problems at stake. Depending on circumstances the proper echelon may be the company, the geographic territory, the corporate group, the economic sector.

Giving priority to situated evaluation entails a true commitment to responsibility at the central authority level and in its various manifestations. Far from disengaging itself, the central authority must take the initiative to define major orientations, to assign effective rights of deliberation and proposal to actors at intermediate levels, to make sufficient resources available to support effective use of these rights. The European Union has more techniques in hand to achieve these goals than one might think. If the political philosophy of the subsidiarity principle were at last taken seriously, and not reduced to a bureaucratic refinement, we would discover that this principle encompasses all that is needed to implement situated evaluation based on needs and legitimate claims at the levels at which they are expressed.

There is a long way to go to achieving *new full employment based on a work-and-life development of capabilities*, but even the slightest hint of a direction is preferable to a today's situation in which policy-makers and perhaps social actors themselves have no idea at all of the future of the social dimension of Europe.

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