



# Anglo-American Neoliberalism - A Cornerstone of the European Governance and a Convergence Tool for Public Employment Policies within Member States

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## Abstract

The economic policies implemented by Ronald Reagan in the United States of America (USA) and Margaret Thatcher in the United Kingdom (UK) during the 1980s had a significant impact on European governance policies in the late 1990s. These policies were based on neoliberal strategies with the objective of achieving continuous economic growth, and this was also the case with employment policies. This paper examines the impact of Anglo-American neoliberalism on the process of European Union (EU) labour market convergence. A study of the European Union archives related to employment policies reveals several key dimensions. The methodology is based on an analytical framework which is used to evaluate the impact of the European Employment Strategy (EES) on the British labour market, taking into account both European objectives and British priorities in terms of employment. The UK's measures implemented during the period between 1997 and 2011 are identified and evaluated using the analytical grid. The results provide an overview of the influence of neoliberal values on European directives from the Maastricht Treaty to the Amsterdam Treaty. The Open Method of Coordination (OMC), a convergence tool, is based on the implementation of supply-side economic policies, free market principles, efficiency, and flexibility, which were previously advocated by Margaret Thatcher and Ronald Reagan. The concept refers to the limited role of the state in neoliberal ideology. Each member state maintains sovereignty over its employment policies, with the European Commission providing only non-binding guidelines. This paper aims to address the efficiency of the EU in implementing neoliberal instruments to impact convergence and governance related to employment policies, despite varying labour market institutions across different countries.

**Keywords:** Anglo-American neoliberalism, governance, employment policy, European convergence, open method of coordination

## **1. Introduction**

The focus of research on the European Union (EU) has been on the operation of European governance and the mechanisms of multidimensional governance (George, 2004). Furthermore, research has raised the issue of whether there is a Social EU or a Liberal EU (Warloutzet, 2018). However, research has overlooked the political influence and model that have shaped European governance related to employment coordination. This paper aims to address this gap by exploring the harmonisation of employment policies and the European governance from the Treaty of Amsterdam (1997), under the Lisbon Strategy, to the European Semester (2011), under Europe 2020. The study is based on twenty years of European archives. The empirical material derives from National Action Plans (NAPs 1997-2005), National Reform Programmes (2005-2010) and National Reform and Convergence Programmes (NPRs 2011-2017). The harmonisation of labour markets has been used by the EU to advocate neoliberal theories through Member States. This paper attempts to tackle the issue of how efficient the EU has been by implementing those neoliberal instruments to impact the convergence and governance related to employment policies, in contexts where labour markets diverge significantly across national borders.

The economic policies implemented by Ronald Reagan in the United States (US) and Margaret Thatcher in the United Kingdom during the 1980s exerted a significant influence on European governance policies in the late 1990s. These policies were underpinned by neoliberal strategies aimed at achieving continuous growth, with employment policies serving as a notable example of this approach. This paper explores the influence of Anglo-American neoliberalism on the convergence of European labour markets. It argues that when it comes to employment policies, and to achieve full employment, European guidelines must obey laissez-faire economics. The social aspect of the European integration fosters the adoption of a neoliberal model of employment policies among Member States. A comprehensive review of the EU archives related to employment policies reveals several key dimensions.

First, it conveys a discursive analysis of the EU harmonisation of employment policies. Labour market flexibility, productivity and competitiveness are all mainstream neoliberal values in the speeches and communications of the European Commission. While delving into the details of the European documents on employment issues, one realises that the terminology of neoliberal ideology is prevailing, but the European recommendations go far beyond the discursive reasoning and the mere rhetorical exercise since the whole European employment governance is based on neoliberal theories.

Then, it provides insight into the European guidelines and their neoliberal dimension. From the Maastricht Treaty to the Treaty of Amsterdam, neoliberal values are ubiquitous in the European guidelines and directives. These values are the cornerstone of a new paradigm and a new convergence tool: the open method of coordination (OMC). Supply-side economic policies, the free market economy, the notion of efficiency, the process of flexibility or deregulation, conducted by Margaret Thatcher and Ronald Reagan have been transferred to this method. It also refers to the marginal and minimal role played by the State in the neoliberal ideology because each Member State remains sovereign as far as employment policies are concerned and the European Commission only sets out non-binding guidelines.

Finally, it fosters some perspectives, paradoxes, and limits of the Anglo-American model as a model for coordinating employment policies. The labour market heterogeneity in Europe and the existence of different social models have led to the emergence of policies like those of the Nordic countries based on flexicurity. However, new research perspectives point out that even the Nordic model is not free of neoliberal values because it appears as both a response

to criticisms against neoliberalism, but also a variant of neoliberalism<sup>1</sup>. The Welfare State reforms, and austerity measures implemented in Europe, will likely enhance the neoliberal choice in the European integration process.

## **2. The Methodology**

The methodology is based on a qualitative assessment of the European Employment Guidelines implemented by the UK, which is conducted by using an evaluation grid with a synoptic reading and a gross analysis. Such study unveils that Anglo-American neoliberalism has been at the core of European policies when it comes to employment policies. In our assessment grid, the following four criteria have been taken into consideration: (1) actions planned by the UK government, (2) measures taken to implement planned actions, (3) assessments of actions taken according to the European Commission's Joint Employment Reports (JER), and (4) actions taken following European Council recommendations.

The elements that have been considered in the assessment grid for the presentation of British NAPs and NRPs are as follows:

- planned actions according to the EES pillars and guidelines
- implementation of planned actions
- evaluations according to the JER
- actions taken in line with European Council recommendations

We have analysed the implementation of the EES in the UK, using a presentation grid to assess the strategy's impact on the British labour market. In doing so, we provide a presentation grid of European objectives and British priorities in terms of employment policies. The presentation grid firstly identifies and assesses the measures put in place by the UK since the start of the EES and over the period 1997-2011. The presentation grid is a comprehensive tool for understanding the implementation of the EES in the UK, providing a detailed analysis of the UK's NAPs and NRPs, as well as a synoptic reading of European texts in the context of the EES. It also offers insights into the influence of the EES on British policies, addressing questions such as the articulation, coordination and coherence of the implemented measures.

## **3. The Discursive Analysis of the Corpus Relative to Employment Policies**

Neoliberalism has been theorized as a discourse, and this is the outcome of a study about the strong relationship between language and ideology (Holborow, 2015). While delving into a discursive analysis of the European corpus on employment policies, a careful observer can notice various implicit neoliberal values. The notions of flexibility, productivity, adaptability, active labour market policies or the knowledge economy have become commonplace since the Treaty of Amsterdam, the founding document of the European harmonisation of labour markets. The development of a European policy is dominated by the European commission which plays a key role in implementing the EES in relation both to its policy objectives and its institutional model mainly through discourse framing (Velluti, 2010).

The adoption of the EES has precipitated the implementation of a new working method within Europe: the OMC. According to communications from the European Commission, the

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<sup>1</sup> "Neoliberalism in the Nordics: developing an absent theme" in <https://www.idehist.uu.se/research/research-projects/neoliberalism-in-the-nordics>.

OMC is defined as "a form of flexible law" (European Commission, 2023). It is a form of intergovernmental policy-making that does not result in the establishment of binding European legislation, nor does it necessitate the introduction of new or amended legislation by EU countries. In practice, the OMC facilitates the exchange of best practices between member countries, fostering a sense of emulation and even competition that is beneficial to employment. The EES, operating as an OMC, enables each country to establish common objectives and learn from one another, thereby compensating for the EU's lack of competence in areas that fall entirely within the scope of member countries. The coordination of EU employment policies is accompanied by quantified targets, with Member States initially required to present an annual NAP based on some twenty guidelines. They are now required to draw up these NAPs, which describe the extent to which the guidelines are being implemented at national level. The NAPs take stock of what has been achieved over the past twelve months and the measures planned for the coming twelve months, as well as defining the priorities of national employment policies. The European partners grouped within the Employment Committee are entrusted with these objectives, and a joint report is to be issued by the Council and the Commission. The EES has ambitious objectives, aiming to reduce unemployment, to create more jobs and to create better jobs in the EU. In order to meet the social agenda, the EU has various "instruments" at its disposal, which can be listed as follows: European social dialogue, legislation, the European Social Fund (ESF) and the OMC.

From the Treaty of Amsterdam onwards, employment has become a matter of common priority in Europe, based on a common framework for Member States. The White paper on growth, competitiveness and employment issued in 1994 was a major step and raised the issue whether decision making in employment policies should remain national to meet the goals of economic growth. The White paper on social policy issued in 1994 was also set to become a watershed mark. The European Commission put employment on top of its social agenda despite other critical issues. The Green paper on Living and Working in the information society: people first issued in 1996 provided a new world of work. The Green paper on Partnership for New Organisation of work issued in 1997, promoted social dialogue. All those founding documents along with the Joint reports on employment issued by the European Commission and the European Council have been means for Europe to promote neoliberal ideas through its guidelines and common priorities. Such guidelines are based on supply-side economics, human capital and employability, labour market deregulation and neoliberal governance. Other values are advocated such as challenging and flexible labour markets, managerial tools to promote employment, educational attainment, lifelong learning, higher productivity, and competition among individuals.

The EES triggers the notion of a European Social Model (ESM), which is highly discussed. For some academics, the ESM often illustrates an economic growth with social cohesion (Jepsen & Amparo Serrano, 2006). For others, the European project is a way of dismantling the social model by globalizing neoliberalism. (Storey, 2006). When he presided the European Commission, Jacques Delors first coined the expression ESM, by defining it as an alternative to American capitalist free market. Michael Emerson while at the head of Directorate-General for Economic and Financial Affairs to the European Commission in Brussels, was one of the

First who raised the issue of what sort of social model to set up in Europe (Emerson, 1988). As far as some specialists are concerned, there is not a unique ESM. More specifically, Gosta Esping-Andersen, identifies a classification of various social models in Europe and emphasizes the notion of flexicurity. He pinpoints the existence of three models of Welfare States in Europe: a liberal model with the Anglo-Saxon nations which strengthens the market,

a second model with the Continental European and Mediterranean countries which offer alternatives to market dependence and the Scandinavian Welfare States which rely on a more solidaristic system (Esping-Andersen, 1990).

For other observers, the ESM is at the crossroads between Anglo-American neoliberalism and German ordoliberalism or inclusive liberalism (Craig & Porter, 2004) because social policies also have footprint in European employment guidelines. Social policies in the European debate are a tool to find the balance between free markets and their effects. They must ensure a framework for the good functioning of the labour market. In the European discourse, social inclusion is linked to the search for a dynamic and competitive economy, a challenge to globalisation and an illustration of the neoliberal efficiency. As Philipp G. Cerny puts it, Anglo-American neoliberalism is associated with laissez-faire economics whereas ordoliberalism is about a strong constitutive rule-based economic order (Cerny, 2016). Such a rule-based economic order highlights the functioning of the European guidelines related to EU's corpus on employment and social law.

According to Christoph Hermann, "the European integration process was used to adopt mainstream neoliberal policies and thereby circumvent and erode those state traditions and national compromises that, in the past, gave Europe its distinctiveness compared to other countries, notably the United States" (Hermann, 2007). The rhetoric of the neoliberal ideology is ubiquitous in the European Commission's discourse and in the European documents related to employment issues. The discourse has been translated into policy outcome. Phelan's observations are about the central theme of the second key dimension of this paper: neoliberalism is not just a discourse, it is also a material phenomenon, inscribed in material objects and practices (Phelan, 2014).

#### **4. European Guidelines and Neoliberal Theories**

As stated by Andy Storey, "Neoliberal policies are locked, politically, into the structure of the EU." (Storey, 2006). The second key dimension of this paper lies in the deep links between European guidelines and the neoliberal logic. The neoliberal economic paradigm, characterised by the principles of supply-side economics, free market principles, and the concept of efficiency, flexibility, and deregulation espoused by Margaret Thatcher and Ronald Reagan have been transferred to the European governance on employment.

Neoliberal values are a vivid part of European guidelines and directives. Such values are the cornerstone of a new paradigm: the Open Method of Coordination (OMC). In the founding documents of the European convergence and governance on employment, such as the Treaty of Amsterdam, the Green and White Papers on employment, the Economic and Employment Reports and the Commission Reports, there are numerous implicit references to neoliberal values: human capital, employability, labour market deregulation and supply-side economics have become common guidelines. Neoliberalism is one of the solutions found by the EU to face major crisis after the 1970s oil crisis and to meet the challenge of globalisation in the European integration process (Warlouzet, 2018).

Since the Lisbon Strategy, which aims to make the EU "the most competitive and dynamic knowledge-sharing economy in the world", the issue of skills, education and lifelong learning has become a central issue in the European debate<sup>2</sup>. The Treaty of Amsterdam stipulates that "the coordinated employment strategy must aim to promote a skilled workforce, trained and adaptable as well as labour markets capable of reacting quickly to changes in the economy"

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<sup>2</sup> European Commission, Towards Common Principles of flexicurity.

(European Union, 1997). The rhetoric on skilled labour has become mainstream and refers to the concept of human capital theorized by Gary Becker. Gary Becker specifies the theory of human capital announcing the “age of human capital” (Gary Becker, 2002). He considers it as a range of abilities and in the neoliberal logic, the individual must be encouraged to find a way in increasing his abilities. The concept highlights the contribution of training to economic growth and investment in human capital. Such human capital mostly acquired throughout the worker’s life may imply costs but can also bring additional income. Employment has therefore become a matter of common interest and investment in human capital, a challenge for economic growth (Gary Becker, 1964).

Gosta Esping-Andersen emphasizes that in knowledge economies, life chances will depend on one’s learning abilities and one’s accumulation of human capital (Esping-Andersen, 2002). Moreover, “human capital” appears to be a part of the utility function within an economy (Holborow, 2015). The neoliberal notion of the individual’s adaptability finds here an echo in the European discourse on employment. Economic growth is achieved through workers’ greater adaptability and employability. In the neoliberal logic, adaptability and flexibility are the hallmarks of success in a thriving economy. It refers to a world in which individuals must “adapt to the demands of capitalism and of globalization (Stiegler, 2019). This neoliberal choice as a model for harmonizing labour markets highlights the choice of optimizing “the value of individuals”<sup>3</sup>. On the labour market, the value of an employee is measured by his skills and efficiency. Hence the importance of the major challenge of lifelong learning or skills improvement. In that respect, Mirowski describes the human capital as the pivotal factor of economic performance in neoliberal thinking (Mirowski, 2013).

The neoliberal approach of employment highlights the notion of labour market deregulation in the European integration. This notion has been addressed by Gosta-Esping Andersen and Marino Regini from a comparative perspective to explain that the labour market deregulation has effects on the structure of unemployment (Esping-Andersen & Regini, 2000). European countries are invited to adopt policies that promote labour market flexibility. Priority is given to return-to-work, and employment policies must focus on active labour market policies<sup>4</sup>. In doing so, the aim of the European governance for employment, is to put in place everything that makes the labour market more fluid and flexible. Lifelong learning, geographical mobility, the worker’s adaptability are key measures. Along with flexibility, the European discourse puts competitiveness at the heart of its strategy: the European Commission highlights its plan for a common policy aimed at improving employment through firms’ competitiveness (Ashiagbor, 2005).

Employability and adaptability are ubiquitous in the European employment guidelines. Social inclusion and workers’ adaptability in the European discourse is related to the neoliberal *homo economicus*. The purpose is to build the neoliberal worker *homo-economicus* who seeks to maximize his profit as Michel Foucault redefined it<sup>5</sup>. The neoliberal worker is always willing to work with flexible schedules, eager to get the necessary skills to meet job requirements at a regular basis. He is motivated by opportunities of geographical and job mobility. He must constantly adapt to labour market requirements. All these capacities are guaranteed by an institutional environment that offers this flexibility but also a certain

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<sup>3</sup> « Les injonctions du néolibéralisme » on France Culture, La suite des idées, 26 janvier 2019 <https://www.franceculture.fr/emissions/la-suite-dans-les-idees/la-suite-dans-les-idees-du-samedi-26-janvier-2019>

<sup>4</sup> European Commission, (1994) White Paper on Growth, Competitiveness and Employment.

<sup>5</sup> « Les injonctions du néolibéralisme » on France Culture, La suite des idées, *op.cit.*

security, he must benefit from appropriate training and a minimum of financial security (safety net) so that he can constantly adapt to the labour market and not the other way around.

As Christian Laval argues, neoliberalism is a rationality that consists of two main axes to transform society, to change the relations among individuals and to modify institutions<sup>6</sup>. In so doing, it relies on business models and company standards, on the one hand, and on the other, on business models and market standards. All relations must be governed by a principle of competition. The functioning of the European guidelines refers to these main axes of transformation of European governance. According to the European Commission's communications, the OMC is defined as "a form of soft law". As Europe has no competence in terms of employment policies in Member States, the establishment of a so-called flexible strategy was the way of making European countries act. Rather than one harmonisation through directives, Europe advocates the harmonisation through the following objectives: set common objectives and comply with guidelines rather than a series of laws and directives.

While setting up an Employment strategy and adopting the OMC, the EU puts forward a new paradigm and replaces the term governments with that of governance, which is more global and encompasses all institutional or non-institutional economic actors. Such a new governance is based on neoliberalism: peer review and benchmarking among European countries, working with transparency, sharing good practices, seeking efficiency, understanding what works using what is already known, understanding what works by doing better evaluation, coordinate, assess, measure the results, and adjust. While studying the mode of operation of the OMC, it is noteworthy to mention that the OMC operates as a managerial model as neoliberalism. The OMC borrows from corporate strategy the system of peer review and benchmarking. As part of their policies to comply with the guidelines, European countries will be given feedback on their work by their European partners (peer review). Then they will establish their employment policies in the light of the performance obtained by Member States and through the exchange of good practices between them (benchmarking). Business management methods are used here as a means of influencing states; to advocate policies that cannot be imposed on them by legal means.

Employment policies under the OMC are considered as soft laws and yet it should be noted that at the State level, the OMC makes it possible to introduce national hard laws to set up European soft laws. The aim is to encourage Member States to adopt measures which modify the structure of their labour markets and their wage relations through legislation without this amendment being directly imposed by the EU. However, the OMC as soft law and legislation as hard law serve different functions. The OMC is designed to the labour market policy and legislation is more suited to the creation of employment rights to protect workers (Barnard 2012). Through

Such a new paradigm, the EU encourages dialogue, policy transfer and skills transfer between European countries. Competition between countries related to efficient active labour market policies are also advocated. The EU provides countries with financial support through the European Social Fund to meet those goals.

The European objectives are attempts to bring more inclusion through the modernisation of the labour market and the improvement of Europeans' skills<sup>7</sup> (European Commission, 1996). The EU must reduce the number of Europeans threatened by exclusion and poverty because this has a cost and weighs heavily on public finances. This is a very ambitious plan because

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<sup>6</sup> *Idem.*

<sup>7</sup> Green Paper Living and Working in the Information Society: People First announces a skill revolution and a new world of work.

Europe wants to be more inclusive and to become the most competitive and dynamic economy in the world<sup>8</sup>. Yet, the results were mitigated according to the taskforce led by Wim Kok: “the overall picture is very mixed and much needs to be done in order to prevent Lisbon from becoming a synonym for missed objectives and failed promises”<sup>9</sup>.

## **5. Perspectives, Paradoxes, and Limits of the Anglo-American Model**

One of the main features and perspectives of the OMC paradigm is its iterative process<sup>10</sup>. Through this iterative process, the OMC constantly encourages European countries to engage in a permanent dialogue on employment and unemployment issues. Studies and comparisons between European labour markets reveal strong institutional disparities. Each Member State has its own functioning of the labour market with its own legislation, and employment policies remain a national prerogative. There are disparities in employment protection and labour legislation, employment policies, wage negotiations and replacement incomes. The harmonisation of the European labour markets is based on the heterogeneity of labour markets and needs this iterative process among Member States.

The goal of the new OMC paradigm is to measure the public action for employment. The purpose of the neoliberal model through public policies for employment is to coordinate, evaluate, and measure public actions. Measuring and evaluating public actions are carried out in a rigorous way. It is also a way of demanding results to Member States so that they justify the efficiency of their actions and above all, they are held accountable for the use of public money. Catherine Barnard argues that it coaxes Member States into co-ordinating their national public actions within a collectively decided framework (Barnard, 2012).

The practices put in place within the framework of the OMC have been the results of public policy evaluation strategies carried out in the Anglo-American model since the first oil shocks. The aim of these strategies was to consolidate public finances by measuring their efficiency, but also making international comparisons based on performance indicators. In this respect, indicators must be standardised. Atkinson et al. established the features of social indicators while implementing social inclusion policies (Atkinson et al., 2001). Like the National Audit Office created in 1983 by Thatcher's government, more than the control of the efficiency of public policy, the main issue here was the proper use of public funds and the reduction of public deficits. In so doing, the agency scrutinized all public spending based on the value for money of the undertaken programmes. Therefore, the best programmes were the most relevant ones with the best value for money.

Measuring the public action raises the issue on how to use resources in an efficient way for a specific purpose and how to optimize costs to achieve the expected results. At the European level, the evaluation of public policies is ensured by an evaluation strategy of the Structural Funds like the European Social Fund, the main instrument for financing employment policies and an instrument for social cohesion. Whenever Europe commits funding, it exercises control over these funds and a right of scrutiny over their use. From a strategic point of view, this control system ensures that the use of funds produces the expected effects. When necessary, the control makes it possible to change the strategy if the method adopted proves ineffective.

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<sup>8</sup> Lisbon Strategy (2000).

<sup>9</sup> Facing the Challenge, The Lisbon Strategy for Growth and Employment, November 2004.

<sup>10</sup> Member States issue their National Action Plans, National Action Reforms and their National Action and Convergence Reforms on an annual basis and the Commission, and the Council published their recommendations a Joint Employment report.

The EU ensures that each Member State pursues a proactive policy of transparency in its actions by sharing good practices and searching for efficiency. The OMC system helps member countries to identify proven practices among their European partners and apply them in turn. At the same time, the EU makes sure that public funds finance efficient projects. It aims to be a tool for value for money and guarantees the best possible results for all, by effective programs and best value for money for the taxpayer.

One last perspective of the liberal employment model is investment in human capital. Low productivity, which can be corollary to low investment in human capital, needs to be improved. Training has been proven to enhance an employee's productivity. The issue of the Anglo-American neoliberal model is intrinsically linked to the investment in human capital. It is noteworthy that investment in physical capital and human capital are closely linked; a company cannot choose to invest only in physical capital to the detriment of human capital because in the end, it is men who will make the machines work.

Despite all those advantages and perspectives, the main issue of the neoliberal model of employment policies in the EU is that in many respects, this model has intrinsic limits and paradoxes. David Harvey views neoliberalism as a creative destruction: the creation of neoliberal system has provoked much destruction that ranges from the institutional frameworks to the division of labours or social relations (Harvey, 2007). He epitomizes the idea of a system full of paradoxes. Neoliberal values need a strong State. Yet the European guidelines are considered as Soft Laws. The model was the result of a debate where reflections seem contradictory or at least divergent: liberal theories according to which macroeconomic stability is the key to achieving a competitive and dynamic economy and the theories of social democracy where economic growth must be accompanied by social cohesion. The OMC must satisfy antagonistic discourses: a liberal and neoliberal discourse of deregulation on the one hand and a discourse that advocates social democracy on the other. In this way, it must also pursue contrary economic objectives. First, it sets itself economic objectives that obey the neoliberal logic of *laissez-faire* and flexibility. At the same time, it pursues objectives of social justice that fall within the scope of state intervention in the economic sphere by attributing to it the role of the distribution of national wealth. The coordination of employment policies with the economic and budgetary policy is a real disadvantage of the neoliberal model of employment policies. Employment policies are carried out exclusively for the purpose of economic growth. Targets for employment in the EU are based on indicators and can turn into a race for figures and statistics for employment in Member States, at the expense of job quality and security. More and better jobs were the objectives of the Lisbon Strategy.

The second paradox is that employment policies act as "an invisible hand" that guides public debates without ever being explicit in national debates in employment policies. As some observers point out, the difference between decision-making and implementation are not clear-cut (Featherstone & Radaelli, 2003). Employment policies are based on maintaining a high employment rate and such requirement meets the objectives of keeping public finances at an acceptable level because the more employment increases, the more social contributions increase, the less important unemployment benefits are. The EU uses employment as an adjustment variable to meet economic growth requirements. The social aspect of employment is overshadowed, and this is the paradox of a Europe that wants to be inclusive.

Besides, the neoliberal model is based on strategies inefficient during crisis. In the European rhetoric, neoliberalism is presented as a response to globalisation. The Lisbon Strategy, which aims at making Europe "the most competitive and dynamic knowledge-sharing economy in the world" was too ambitious. The 2008 financial crisis revealed and showed that

the Lisbon Strategy was a failure or at least proved insufficient to cope with the effects of globalisation. Far from leading to a European cohesion, the results of the Lisbon Strategy have been uneven from one Member State to another. As it is stated by Dokmanovic and Cveticanin (Dokmanovic & Cveticanin, 2019).

“Statistics and data report on rising inequalities within the member states and between them (Eurostat, 2019). The economic and social situation, and prospects for economic development are unequal. Several countries, mainly at the North, develop well, and other countries, mainly at the South, are countering economic difficulties, unemployment, debts and weak outlooks for economic and stable growth.”

The State has a role to play because the mechanisms of *laissez-faire* have shown their limits. However, the EU only provides guidelines. This is precisely the big paradox of European governance because employment remains a national prerogative even if it has become a matter of common interest. The high heterogeneity of labour markets is another limit to the harmonisation through neoliberal values. As Europe has no competence in terms of employment policies in Member States, the implementation of a so-called "flexible" strategy was the way to make the States adopt such a strategy. Rather than the harmonisation through directives, Europe pledges for the harmonisation by objectives: setting common objectives and complying with guidelines rather than a series of binding laws and directives. The non-binding nature of the OMC makes its effects limited. The adoption of the OMC is a paradigm shift, replacing for example the term governments with that of governance. Governance is more global and encompasses all economic processes. The new paradigm suggests here that economic and social responsibilities should not only depend on governments but on the contrary, all those involved in the economy should have a role to play.

As Askenazy Philippe points out, it is modern capitalism itself that leads to the disruption in the labour market" (Askenazy, 2011). It must be highlighted that choosing a model for harmonizing labour policies could be an opportunity for Europe to accelerate its social model. Yet it chooses the neoliberal model of labour market that is a source of inequality and poverty. The reforms of the Welfare State and the austerity measures undertaken in Europe only strengthen the neoliberal choice in the process of European integration.

The phenomenon of the working poor is the weakness of the Anglo-American labour market model. It stems from the flexible labour market and is directly linked to the increasing atypical jobs such as self-employment. A self-employed is more likely to find himself in a poverty trap. (Gregg & Wadsorth, 1999). The development of part-time work may also explain the situation of the working poor. While addressing the issue of inequalities in the UK, specialists rightly observe: the UK labour market is an increasingly hostile place for a growing proportion of the workforce, with more and more employers facing low pay, weaker employment conditions and intermittent hours” (Fée & Kober-Smith, 2018). The limit of the Anglo-American neoliberal model of employment policies is the lack of social measures. Social measures are supposed to overcome the labour market weaknesses. In the Anglo-American model, financing social measures are too expensive for public finances. Yet, investing in human capital and improving lifelong learning could prove a major bulwark against the risk of long-term unemployment and improve public deficits.

## **6. Conclusion**

A major feature of the harmonisation of employment policies is the Anglicisation or Americanisation of the European economy on the one hand and the possible transfer of competences between European and British policy related to employment, on the other hand (Hyman, 2008). Some observers argue that the OMC does not involve a formal or a full-fledged transfer of competences because it is seen as a new and flexible instrument in decision-making (Borras & Jacobsson, 2004). The EU manages to spread neoliberal ideas within a non-binding method.

The objectives of harmonising employment policies are twofold. On the one hand, it aims to establish a policy convergence demonstrated as solutions to unemployment, which has become endemic in Europe. On the other hand, it tends to extend the EU's competences in areas previously reserved for countries. The study highlights the link of a strong neoliberal footprint in the process of European integration at the level of the labour market. It is towards this neoliberal logic that European employment policies are converging. The major feature of the neoliberal model of employment policies are to put workers at the heart of the system. They are regarded as adjustment variables in this model and must always be given the means to be flexible and to adapt continuously to variations and changes in the labour market.

As former chair of the Federal Reserve Alan Greenspan puts it, “thanks to globalisation, the US policy has been replaced by global market forces”<sup>11</sup>. Those market forces have not spared the EU policy since the entire process of harmonising employment policies in Europe is based on such market forces. In choosing the neoliberal model as a model for harmonizing labour policies, the EU cannot boost its social model, because the neoliberal concept of labour market is a source of inequality and poverty. The Welfare state reforms and austerity measures in Europe will further strengthen the neoliberal choice in the process of European integration.

The main risk facing Europe with a neoliberal model is the same as Brown describes as “stealth revolution” that is quietly disrupting democracies (Brown, 2015). “Stealth Revolution” encapsulates the idea which lies behind the European governance on employment. The employment framework set up in the European governance suffers from a “democratic deficit” since social inequalities and the lack of social cohesion related to neoliberal measures are disrupting democracies by imposing the free market forces.

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<sup>11</sup> Alan Greenspan was interviewed in 2007 by a Swiss newspaper asking him which candidate he was supporting in the US presidential campaign. For him, the US president hardly mattered because the world was governed by the market forces, <https://www.theguardian.com/commentisfree/2018/jul/29/city-of-london-desperate-gamble-china-vulnerable-economy>.

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