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## Municipalisation in the German and the Danish Public Employment Service

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### Introduction



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 From 2005 to August 2009, two competing models of municipalisation 'of' or 'in' the PES in DK and Germany ('experiment', subject to evaluations)

### • municipalisation > decentralisation / localisation

- municipal self-administration
- municipal responsibility for social assistance
- social assistance with stronger historical links to 'pre-welfare-state' charities than later differentiation into 'welfare state regimes'
- municipalisation related to 'joining up' welfare services ('one stop', 'single gateways')
  - 'diagonal' joining up:
    - between levels of governance
    - between social policy fields
    - between professional traditions

# The Danish governance structure of labour market policy



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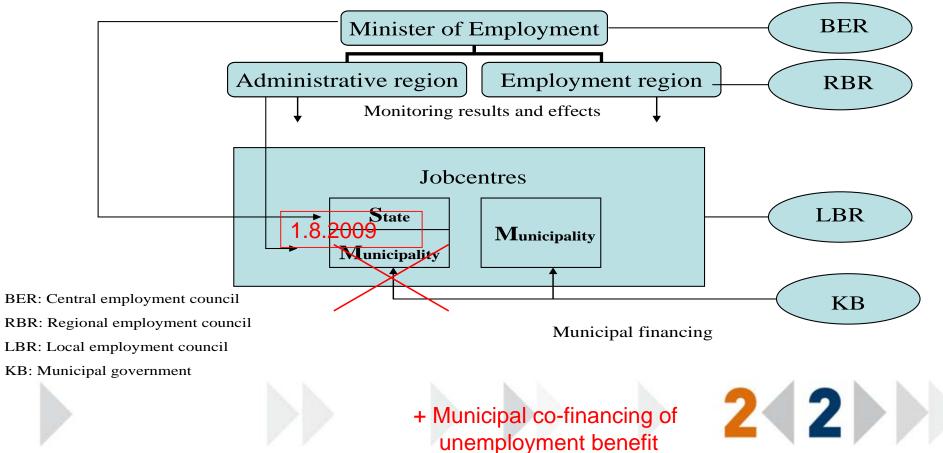
- Since the 1970s a two-tier labour market system:
  - -The PES (state) primarily serviced businesses and the unemployed covered by unemployment insurance
  - -The municipalities had the primary responsibility for welfare-oriented services and the non-insured unemployed.

### New reforms 2007 and 2009 $\rightarrow$

## The Danish governance structure of labour market policy (1.1.2007)



Central government financing



Explicit and implicit objectives of "central designers" in Denmark

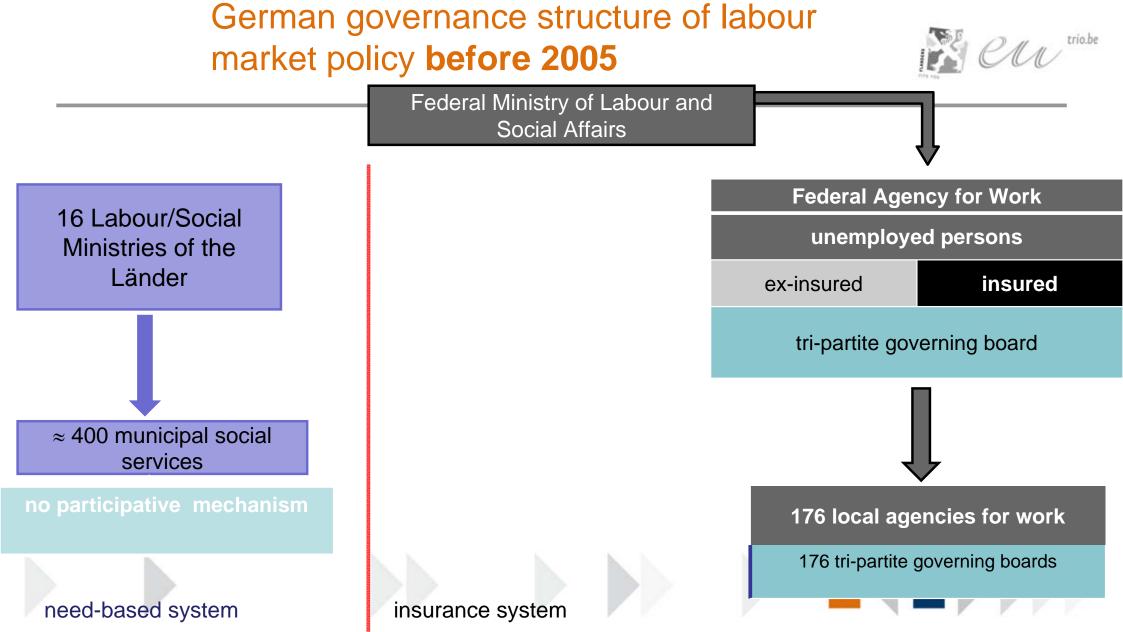


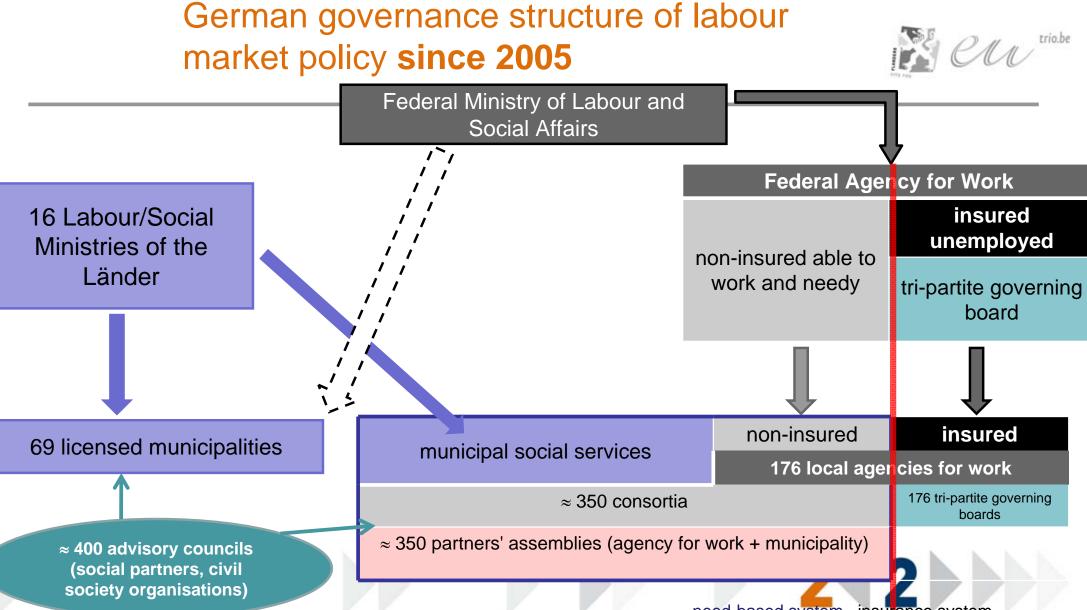
- Ensure **equal treatment** of target groups in PES and municipalities
- Create a better coordinated and integrated implementation
  structure
- Gain strategic control over the implementation of municipal employment policies: Decentralised centralisation (NPM techniques introduced)
- Push implementation towards 'work first'
- Reduce the visibility of political responsibility of the minister
- latent de-corporatisation (attack on the unions via the unemployment insurance funds)

## Motives, mechanisms and unintended outcomes with regard to municipalisation in Germany



- 'one-stop' services: merging of services (national & municipal) necessitates merging of benefits (unemployment assistance & social assistance)
- regime borrowing: activating 'work first' principles dormant in the regime of social assistance also for former ue assistance recipients
  - suitability of job offers unrestricted by considerations of the 'good order' of the labour market
  - replacing the dichotomic concept of unemployment by the gradual concept of neediness: any job will reduce neediness
  - work requirements extend to every adult and able-bodied household member irrespective of previous breadwinner status
- preference for municipal services in some political factions:
  - 'municipalities know better how to deal with persons distant from the labour market'
  - implicitly increasing responsibilities of the Länder (as supervisors of municipalities)
  - maintaining a functional range of responsibilities for county administrations threatened to become unneeded





need-based system insurance system

## Implications of municipalisation in public employment services



#### clash of organisational and professional cultures

- PES: high degree of standardisation, administrative or miscellaneous professional background
- municipalities: high level of discretion, social worker background

#### • hybridisation of regimes of social protection

- DE: 'unemployment benefit II' (UB II) as a 'national social assistance' replaced 'Bismarckian' unemployment assistance
- DK: municipalisation of public share in funding 'Ghent'-type unemployment insurance ⇒ long-term implications uncertain

#### • de-corporatisation of labour market policy governance

- DK: function of unemployment insurance funds as selling points for trade union membership may be undermined
- DE: no statutory role for social partners in UBII regime
- both countries: statutory role of social partners reduced to re-active supervision; representation de-monopolised by taking new civil society organisations on board

#### • contested relationship between national policy and street level implementation

- DK: 'centralised decentralisation'
- DE: multi-model, multi-level, multi-lateral governance

### Conclusions



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- implications of the 'activation' paradigm far beyond activating recipients of benefits:
  - activation of administrative systems
  - activation of front-line staff
  - activation of principles 'dormant' in existing regimes of social protection
- paradoxical imaging of municipalities in 'activation' policies:
  - municipalities represent the 'softer' social worker approach (as compared to a more 'repressive-bureaucratic' approach in national PES)
  - politicians seem to believe that municipalities possess the key to overcoming long-term unemployment and that they would be tougher and more cunning in 'activating' benefit recipients



## But some effects of municipalisation 'in' or 'of' public employment services emerge clearly:

- 1) Municipalisation as a part of welfare-retrenching reforms
- 2) Municipalisation as a part of de-corporatisation ('union sidelining' as the soft equivalent to union bashing)
- 3) Municipalisation intensifies the dilemma between national strategic control of labour market policies and local autonomy and discretion
- 4) Municipalisation can be part of or decisive for NPM-reforms creating new problems similar to old