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Municipalisation in the German and the Danish Public Employment Service

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Introduction

- 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' (means-tested poverty relief of last resort)

- 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

- 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 →
The Danish governance structure of labour market policy (1.1.2007)

Central government financing

Minister of Employment

Administrative region

Employment region

Monitoring results and effects

Jobcentres

1.8.2009

State

Municipality

BER: Central employment council
RBR: Regional employment council
LBR: Local employment council
KB: Municipal government

Municipal financing

+ Municipal co-financing of unemployment benefit
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
German governance structure of labour market policy **before 2005**

- **Federal Ministry of Labour and Social Affairs**
  - **16 Labour/Social Ministries of the Länder**
    - **≈ 400 municipal social services**
    - **no participative mechanism**
  - **need-based system**

- **Federal Agency for Work**
  - **unemployed persons**
    - **ex-insured**
    - **insured**
  - **tri-partite governing board**
  - **176 local agencies for work**
    - **176 tri-partite governing boards**

- **Insurance system**
German governance structure of labour market policy since 2005

16 Labour/Social Ministries of the Länder

69 licensed municipalities

≈ 400 advisory councils (social partners, civil society organisations)

Federal Ministry of Labour and Social Affairs

Federal Agency for Work

non-insured unemployed

non-insured able to work and needy

tri-partite governing board

176 local agencies for work

≈ 350 consortia

≈ 350 partners' assemblies (agency for work + municipality)

municipal social services

176 tri-partite governing boards

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' 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

- 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