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Municipalisation in the German and the Danish Public Employment Service

Paper presented at the 7th ESPAnet
Conference Urbino, 17-19 September 2009
Session nr. 18A: Governing welfare: beyond
states and markets?



- 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

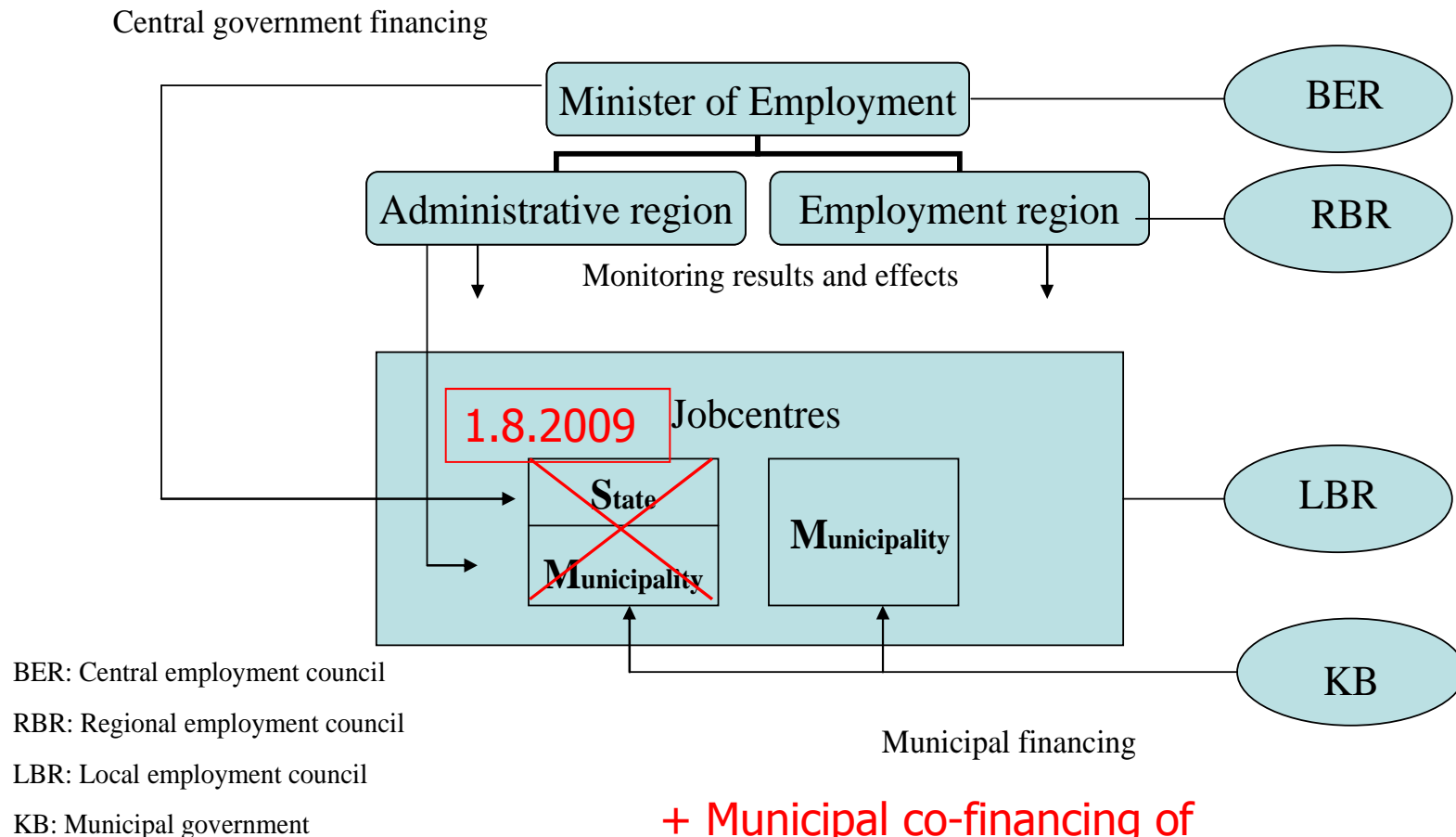
The Danish governance structure of labour market policy



- 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)



+ Municipal co-financing of unemployment benefit



- 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)



- **'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



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

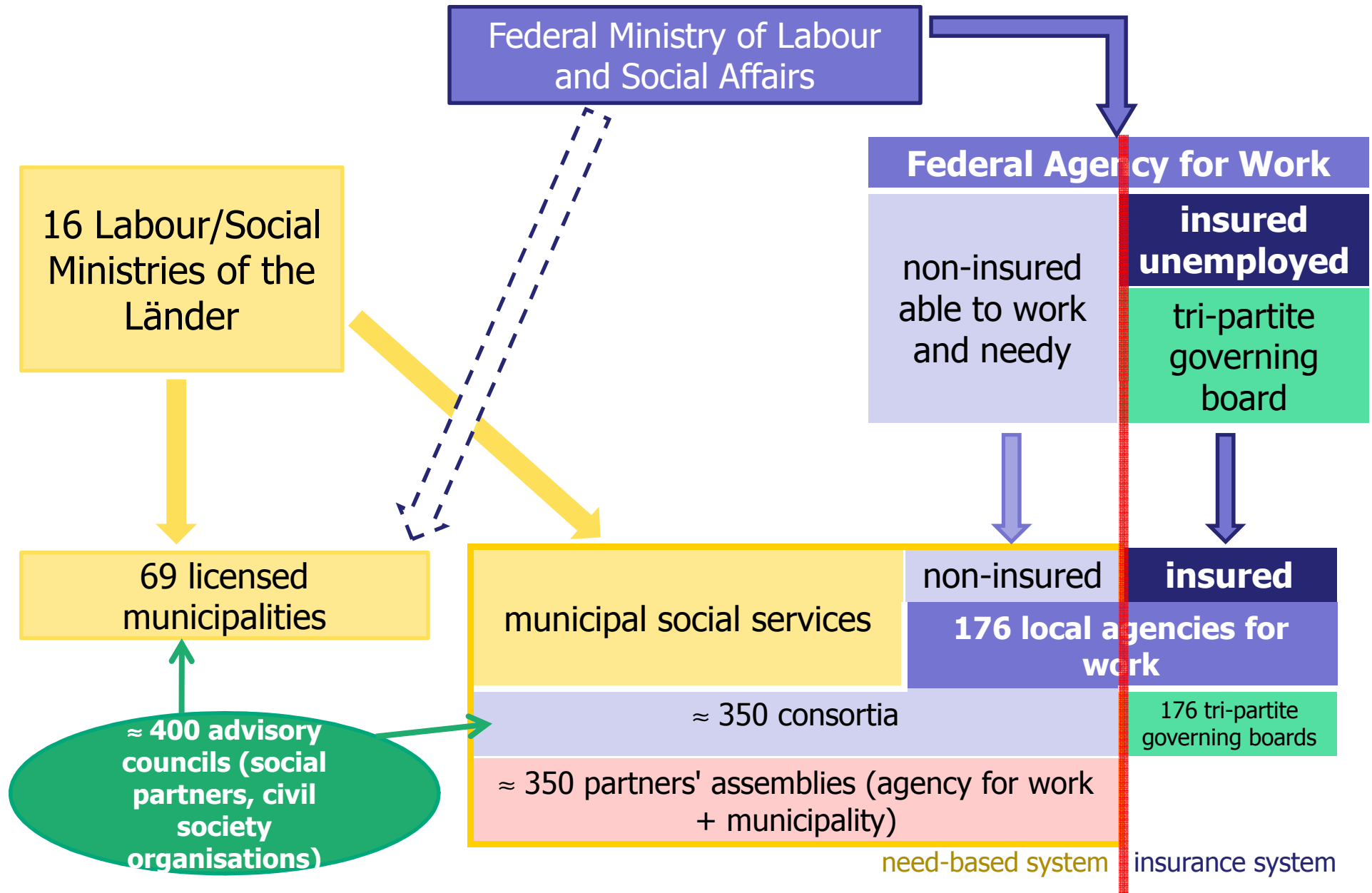
insured

tri-partite governing board

176 local agencies for work

176 tri-partite governing boards

insurance system





- 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



- 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*