

Learning within Fields: The Limited Success of the European Employment Strategy in Germany.

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1 Introduction

European nation-states have created a broad variety of welfare and employment regimes. These institutions are the result of national patterns in social cooperation and conflict regulation (cf. Hall and Soskice, 2001; Lane, 1994; Scharpf, 1997). The European states differ regarding the extent of their social security, the role of social partners, the functioning of their capital markets as well as their systems of education. These differences have significant effects on the regulation of the labour market in each country. Roughly speaking, four models of labour market regulation can be distinguished: Anglo-Saxon, Scandinavian, Continental and Mediterranean (cf. Esping-Andersen, 1999; Ferrera et al., 2001). Whether the post-Communist states in Central and Eastern Europe will adopt one of these paradigms or develop a distinct institutional pattern remains an open question.

While the Anglo-Saxon model relies heavily on the market, competition, private provision and individual responsibility, Continental and Scandinavian states are based on greater income equality and equity produced through social transfers. In addition, the Scandinavian model offers comprehensive, high-quality social services and has to this day remained dependent upon an extensive public sector. While the Scandinavian system of universal social benefits is predominantly financed by income taxes, the Continental welfare states base their insurance systems on a “pay as you go” principle. With regard to labour-market regulation, these models of the welfare state have inevitable assets and drawbacks. In particular, the segmentation of the labour market into a highly protected core labour force and a collection of precarious fringe groups constitutes an increasing challenge to Continental welfare states. While the core labour force enjoys high social security and comprehensive protection through labour legislation, it becomes more and more difficult in these states to create new employment. Both the Scandinavian and the Anglo-Saxon states are far more successful in ensuring a high level of employment – albeit in completely different ways. By contrast, the Continental model provides incentives to remain outside the labour market or to abandon it prematurely, such as early retirement, family benefits and long periods of training and education. However these employment regulations are coming increasingly under pressure.

They suffer the Continental dilemma: as (sic!) passive labor market policies are used to take workers out of work to alleviate labor market disequilibria, the higher the social security cost pressures that in turn lead to higher labor costs and thus yet more pressure to shed labor. (Ebbinghaus, 2005, p. 18)

The institutions of the employment system are merely provisional compromises between conflicting interests and thus, in principle, alterable at any time (cf. Heidenreich, 2004, p. 208). On the other hand, German labour-market regulation institutions are subject to particularly strong inertia. A comprehensive involvement of the social partners, regions and communes as well as a moderating role of the federal state in labour market policy has hitherto contributed to a system of consensual conflict regulation, allowing only incremental changes. However, new problems are increasingly challenging this traditional model based on the integration of all relevant stakeholders.

In recent years, Germany has experienced extensive labour market reforms, aiming towards a more empowering and integrating employment regime. These measures coincide in many aspects with the demands of the European Employment Strategy (EES) (cf. Radaelli, 2003, p. 50). This strategy of the European Union (EU) aims at coordinating pending reforms within the member states, thus ensuring a coherent, common European model through benchmarking processes rather than by centralizing legislative competences (cf. Mosher and Trubek, 2003). Given the institutional inertia of continental employment regulations, it is debatable whether the EES is capable of fundamentally changing them. While some authors maintain that the national institutions are too strong to grant the EES decisive influence (cf.

Scharpf, 2002; Büchs, 2005), others perceive the advent of a new attitude which is subtly transforming national systems (Jacobsson, 2003).

The extent to which the German labour market reforms are linked to the EES is increasingly disputed (cf. Büchs, 2005; Zeitlin, 2005a). So far, beyond a contextual affinity, no causal connection has yet been found. This suggests that the classic concepts of political science are insufficient to grasp the mechanisms of this “new mode of governance” (cf. Héritier, 2001; Radaelli, 2003). Hitherto, little has been known about the domestic mechanisms of this iterative benchmarking process. What is missing so far is an understanding of the domestic appropriation of this transnational process, which takes into account institutional inertia as well as the results of individual learning process on the part of the actors involved in the EES.

We consider it necessary to introduce a third, intermediate level between the individual learning processes of the civil servants involved on the one hand and institutional changes on the other. We depict this intermediate level as national organizational fields. Here, organizational learning processes take place. Our thesis is that including this intermediate level can help to explain the reasons why the EES has so far only proved successful in the area of labour market policy in Germany and why broad aspects of its labour-market reforms are now regarded as having failed (cf. Bundesregierung, 2006).

To support our argument, we will develop a concept to understand the effects of the EES on domestic institutions (1). Next, we will test our hypotheses against the example of German labour market reforms¹ (2). Finally, we discuss how this model affects our understanding of the process of transnational learning within the framework of the EES (3).

2 Transnational Learning within the European Employment Strategy

The EES was developed in response to the challenges faced particularly by the Continental welfare states and in order to coordinate, at a European level, the reforms, which were considered indispensable. The EES is based on an iterative benchmarking process with an annual cycle. In this process, Member States mutually assess each other on the basis of voluntary agreed objectives (cf. Trubek and Trubek, 2005; Arrowsmith et al., 2004). In doing so, the process aims at developing a European arena for the mutual exchange of experiences with reforms of national employment and welfare policies (cf. Zeitlin, 2005a). Hence, the EES, within academic debate, is predominantly conceptualised as a forum for learning among Member States (cf. Hemerijck and Visser, 2003; Overdest, 2002; Casey and Michael Gold, 2005). However, the actual implementation of insights gained by this European-wide exchange of knowledge has so far hardly been discussed. In order to improve our understanding of the success of the EES as well as of the domestic resistance against labour market reforms, we propose to concentrate on domestic learning and bargaining arenas.

In the following, the present concepts of transnational learning within the EES will first be traced and their respective limits demonstrated. Subsequently, we will consider the current concepts of individual organizational learning within the EES, and then proceed to reflect on present approaches of collective organizational learning. In so doing, we will illuminate the necessity of conceptualising learning within the EES on an intermediary level, thereby linking the European and the national arenas. Finally, we will propose to analyse domestic organizational fields of employment policy as the actual learning arena of the EES. From this, we will derive three hypotheses which will be tested empirically in the next chapter.

2.1 Policy transfers within EES: Individual Learning vs. Institutional Learning

Customarily, the concept of transnational learning refers to learning between nation-states. Some authors also include individual learning processes by civil servants participating in this model (cf. Hemerijck and Visser, 2003; Jacobsson and Vifell, 2004). According to organizational theory, they emphasize that the exchange of knowledge and experience between individuals also contributes to an expansion of the organizational decision-making repertoire (cf. Cyert and March, 1963). Learning then takes place through changes in individual ideas and beliefs “as a result of the observation and interpretation of experience” (Hemerijck and Visser, 2003, p. 6). Jacobsson and Vifell (2004) illustrate that the EES promotes the development of networks and an active exchange of experiences between national officials. This interaction may alter “political actors’ interpretation of their interest” (de la Porte and Pochet, 2004, p. 73). This dominance of cognitive convergence (cf. Heidenreich and Bischoff, 2006), however, is not sufficient for some authors to assert that the EES has been successful. Hence Casey and Gold complain that the EES has, so far, been “at best, a learning process for a limited community of labour market technicians and experts” (Casey and Michael Gold, 2005, p. 37).

In contrast, the concepts of institutional learning refer to the actual impact of learning processes. This debate goes further into the issue of actual institutional and programmatic changes in national policy and policy-making processes (cf. Zeitlin, 2005a; Overdest, 2002). “Learning,” in this context, means “importing a concept or a strategy, leading ultimately to a greater institutional and ideational convergence” (Kröger, 2004, p. 16). However, this debate covers vastly different topics, including “processes and conditions of transfer of policy goals, structures and content, policy instruments, administrative techniques, institutions, ideology, ideas, attitudes and concepts” (Büchs, 2003, p. 37). The analysis of these transnational learning processes is still at an early stage. So far, we see the approach of Ferrera and Sacchi (2005) as the most promising. They do not concentrate on individual but rather on institutional learning. In doing so, they distinguish between the development of capacities for evaluation and action, self-reflection processes and mimetic processes. However, they fail to take into account the developmental context and the attendant conflicts of the institutional changes.

To conclude, we assert, that the EES may have in fact led to transnational learning within epistemic communities. Translating individual learning into national policies, however, has certain prerequisites. Agreements among technical experts must be implemented and accepted at a domestic level. National policies and institutional inertia may be far more influential than individual learning experiences. This raises the question of whether the EES is effective beyond the borders of a narrow circle of technical experts and can actually influence the national employment regulation reforms. On the other hand, it is impossible to ascertain the origins of institutional changes beyond a doubt. This points to a *methodical dilemma* of effect analyses: While individual learning approaches fail to explain how learning individuals overcome domestic institutional inertia, institutional approaches have yet to be able to describe the processes which lead to the observed changes.

In order to answer the question as to whether the EES has influenced the reforms of national employment policy we, like Hemerijck and Visser (2003), propose to introduce concepts of organizational learning into the debate on transnational learning. In addition to the current learning processes of individuals within organizations we will consider organizational learning processes. These considerations concern those organizations which, because of their role as actors within the present domestic field of employment policy, are involved in the bargaining processes within the framework of the EES. Hence, organizational learning is not merely the sum of individual learning. Organizational fields are characterised by autonomous regulatory patterns which provide orientation for the actors in the field.

2.2 The field of labour market policy as a learning forum

The underlying concept of the EES is that its benchmarking process would influence national reforms in order to modernize domestic employment policy (Zeitlin, 2005b). Thus, to assess the impact of the EES on domestic institutions, we need to take into account national employment systems. Particularly in the field of labour market and employment systems, domestic regulatory ideas are strongly institutionalized (cf. Streeck, 1998). They are deeply rooted in domestic, autonomously evolved structures, i.e. they developed according to their own internal logic and were shaped by institutionalised beliefs (cf. Thelen, 1999; North, 1990). However, each developmental path is neither linear nor predictable or teleological, i.e. the influence of present institutions shape, but do not determine, further developments (Thelen, 2003; Pierson, 2000). As a consequence, external developments, such as the EES, are incapable of directly affecting national employment regimes but rather are taken account of and processed according to internal criteria.

From our point of view, organizations affiliated with the domestic regulatory system (ministerial administration, labour agencies, and social partners) constitute an organizational field (cf. DiMaggio and Powell, 1991). This field is based on interactions which are oriented towards each other according to their significance, sanctioning potential and power relations. In this field, national employment systems are reproduced in ways which are not identical. Moreover, employment policy has not only to deal with the European context, but also the diverse national environments in which it is embedded. It receives its legitimation from these environments on which its decisions have a direct influence.

Accordingly, the organisational field of labour market policy in Germany has specific characteristics. On the one hand, this field is strongly institutionalized; on the other hand, over the years it has been linked to other social domains. The bargaining processes among the ministerial bureaucracy, regional and local authorities, the large political parties as well as the social partners illustrate how widely labour-market policy is embedded (Cattero, 1998; Whitthall, 2001). This has contributed decisively to the German “consensus model”, since the reforms had never overextended the compliance of the ministries involved, the federal states, municipalities, companies and social partners and thereby guaranteed the efficacy of the reforms. As a result, the German field of labour market policy was characterised by a specific combination of social closure and openness. Another peculiarity of this field is the range of regulation. Negotiations among unions, employer associations and the state ultimately concern each employee and each employer (cf. Streeck and Schmitter, 1996). Hence the decisions which are reached within this field, inevitably rely on their social acceptance.

The Europeanization of employment policy may disassociate the organizational actors involved from the national context and, consequently, result in a decreasing acceptance on a national level. While until recently all relevant actors have participated in national reform projects, with reforms becoming effective without later cutbacks, the reforms initiated by “Europe” are now threatened with either remaining timid and fruitless or facing fierce opposition. Thus, the more domestic veto-players are excluded from European discourse, the more domestic opposition there will be. Success becomes all the more unlikely the less national provisos and peculiarities are taken into account: a threat which becomes greater the more these reforms are justified by reference to European structures and decisions. The coherence which has hitherto been guaranteed by the relative closure of the field of domestic labour market policy and its concurrent openness toward participation by a broad spectrum of various actors and social levels would then be at stake. Therefore, the reforms agreed upon within the policy areas influenced by European discourse can only be implemented insofar if social norms and concepts of society change at the same time.

These considerations may be brought together into three hypotheses:

- *The EES is being recognized and incorporated only within the framework of the present field of labour market policy (Hypothesis 1).* In order to test this hypothesis, we need to reconstruct the domestic coordination of the EES.
- *The EES does not have any direct capacity to steer national labour-market policy. The national labour market reforms react to national perceptions of problems, discourses and power relations. However, the actors interested in change may legitimize their position by reference to the EES (Hypothesis 2).* In order to test this hypothesis, we need to reconstruct the development of the current labour market reforms and the contribution of the EES to this process.
- *The European influence on national labour-market policy produces increasing tensions between new and old concepts of society (Hypothesis 3).* In order to test this hypothesis, we need to reconstruct individual reforms and their respective success and failure. Apart from our own interviews, we refer to the evaluation report on the Hartz reforms published by the Federal Government at the beginning of 2006².

3 Employment Policy in Germany: Domestic Labour-Market Policy

The European Employment Strategy assumes a much broader approach than conventional labour-market policy in Germany (cf. Heidenreich, 2004). Only three of the ten 2004 guidelines on employment policy refer to labour-market policy in the narrow sense. The remainder deal with family, education and taxation policy. According to this arrangement, states with successful employment policies are those investing in education, offering efficient childcare, financing social security contributions through taxation and favouring low-income earners with a low rate of taxation. In the following, we will first outline how national actors in the domestic field of European employment policy cooperate (Hypothesis 1). Subsequently, we examine the development of reforms in Germany (Hypothesis 2) in order to, finally, present examples of problems implementing recent reforms (Hypothesis 3).

3.1 Co-ordination within Domestic Fields: Learning within the Confines of Labour Market Policy

Significantly, the EES in Germany is predominantly implemented within the framework of labour-market policy. The employment strategy affects domestic policy mainly through the annual National Action Plans (NAP) drafted by a department of the Federal Ministry of Economy and Employment (FMEE).³ This report was the subject of extensive coordination with other departments, the social partners and the conference of labour ministers of the federal states, and, to a limited extent, with other actors. The most important consultations have taken place with the departments of the social partners dealing with the labour market and the conference of labour- and social ministries of the federal states. Because of a lack of capacity, the labour-market advisers of the central municipal associations and the labour-market advisers of the parliamentary party offices hardly ever participate (cf. also Büchs, 2005). Though within the ministerial administration, coordination takes place, this often proves to be rather difficult. Consequently this coordination process leads predominantly to a formalization and consolidation of communication on technical level of the labour market department of the FMEE and the social partners.

In principle these coordination processes are not perceived as an innovation, rather the interlocutors emphasize the continuity of consultation processes. Thus, the same organisational actors who previously coordinated the German labour market policy within the

framework of the Federal Employment Agency. Nevertheless, the talks within the context of the coordination of the NAP offer yet another opportunity to the social partners for an intense exchange of views with the Ministry regarding labour market policy. While there is only intermittent contact with the other actors like the municipalities, there are several, even informal, meetings at technical level for the social partners. According to our interviewees, this bargaining process takes place in a friendly atmosphere, even though actors struggle to maintain their respective positions at the same time. Part C of the NAP, in Germany, concerning the autonomy of labour agreements, is decided conjointly by social partners, who, however, are not accountable for it. The interviewees emphasize consistently that they do not only meet for discussions within the framework of the coordination of the NAP, but that there are rather many further occasions at which joint meetings take place. The difference lies in the fact that meetings on the NAP institutionalize a forum in which an exchange takes place regarding the policy of the reforms. However, these meetings are considered to be standard.

To conclude, we can say that the domestic practice of EES contributes to an institutional consolidation of present patterns of communication, and the field has not been broadened by including further actors in consultations. Employment policy in Germany is conceptualised within the present confines of the organizational field of labour-market policy and coordinated within a narrow epistemic community of experts from the organizations involved. *Employment policy* is still coordinated within the confines of the domestically evolved field of *labour-market policy*. Consultation with actors from outside the field remains an exception. To the contrary: In discussions with the central municipal associations it became evident that, whilst these were included in discussions in the previous administrative council of the Federal Employment Agency, they have now, for the most part, become excluded through processes of self-selection. They are unable to provide the high organizational capacity necessary for participating in the processes of European coordination. Hence, the EES leads to a reduction of veto positions, instead of involving a wider circle of actors in the sense of a broad employment strategy.

3.2 European Employment Strategy: A New Frame of Reference for Domestic Discourse

An important observation was the FMEE's labour-market department's pivotal position in the domestic field as well as in the EES process. It may be regarded as the dominant actor within the field. At the same time, this department conceives of itself as a "policy advisor" and tries to actively introduce and enforce reforms.

We as policy advisors, which is what we are, in a ministry, also relay these new insights. We write reports, draft bills, propose something and, on the other hand, participate in shaping the process within the EU (Interview3).

The close coupling between European committee membership and domestic responsibility is remarkable. Firstly, the labour-market department is responsible for the coordination of the NAP and consequently is the focal contact for the social partners and the other actors involved; secondly, it is represented in the relevant European committees of the EES; thirdly, it participates in all labour-market reforms in the course of intra-ministerial legislative routines. This suggests that it has the opportunity to deploy the EES to strategically support its own position within domestic discourse. Thus, guidelines and indicators were used as external and therefore neutral points of reference to fortify its own position within long-standing debates within the domestic discourse.

This has, for example, focused certain processes within the federal agency (...), it was said: there is an agreement within the EU, now we have to take this direction as well. (Interview 3)

The guidelines are thereby used to drive national reform discussions in order to both focus and advance the process. Our interviewees stress repeatedly though that this strategy can only succeed if a national discussion on the aims of reform has already started.

Well, as to the impact (of the guidelines and recommendations) there are a number of indications: They are an important intensifier. Intensifiers in the sense that they help to advance these processes of reform movements that exist within a member state. An example is the increase of child care capacities. Of course the topic is not quite new, but it is certainly an intensifier if this is also comprised in the employment policy guidelines. (...) Well, there are a number of topics where this is used as an intensifier in order to show, what we want and that this is in unison with the European employment strategy. (Interview 2)

One interviewee confessed quite frankly to working on a European level towards a formulation of the guidelines that makes them acceptable within the domestic field while also transcending national structures and supporting reforms.

The guidelines, indicators and recommendations support the national reform process in any case. Obviously, we try to shape the formulation of these guidelines, indicators and recommendations in a way that they are politically manageable for us and of course so to be supportive within the domestic context. (Interview 5)

This impression was also confirmed by other participants. One interviewee expressed the opinion that *additional* reform pressure on the national governments could be generated with the guideline process.

It can generate additional pressure, making public the necessity, that reforms are necessary. There are a number of exigencies the commission continues to hint us to, to which we say as well: we must do it. (Interview 6)⁴

Accordingly, the guidelines mentioned above and the recommendations by the Commission have a similar supportive effect.

We had to do it without someone else telling us to. The national pressure to reform is so huge, this one cannot ignore. But it is quite valuable that someone from outside holds up a mirror to us sometimes. These bilaterals also have their share of course. (Interview 6)

These recommendations, like the guidelines, were also intentionally utilized by the FMEE in order to get written confirmation of pressures to reform and subsequently use it to strengthen one's position nationally.

To conclude, we can state that in Germany the guidelines and the EES were not able to independently affect domestic institutions. They have, however, been used to influence the course of ongoing reform debates. In order to be effective, the EES relies on a responsive domestic arena where it can be taken up by "agents of change" and actively used as a supportive argument. *It is used within the field as an argumentative – legitimacy assistance as a guiding model and in order to emphasise the urgency of announced reform intentions.*

3.3 The Hartz-Reforms: Dissatisfied Ambition within the Field

Particularly the JobAQTIV law, taken up as early as 2000 and enacted in 2001, was used in the interviews to testify to the success of the EES in Germany. The focus of this law is on intensifying advisory services for jobseekers and the development of individual strategies for job placement. This amending law's bottom line is to reorient a passive labour-market policy to a preventive and enabling one. Subsequently, interviewees have seen the first two parts of the "Gesetze für moderne Dienstleistungen am Arbeitsmarkt" ("laws for modern services in the labour market" – colloquially: Hartz I and II) as a continuation of the experiences and programs introduced by the JobAQTIV law. The Federal Ministry of Labour explicitly refers to the EES in a preamble to a summary of the law's contents under the title "Reorientation of Labour-Market Policy" (Bundesministerium für Arbeit, 2001). The first guideline for an

active labour-market policy in Germany has received the greatest approval. The interviewees consistently stated that there had been a rethinking towards preventive and enabling approaches in German labour-market policy. In particular, the representatives of the Ministry describe the promotion of young people's integration into the labour market as a great success of the EES.⁵

The development that we now say, we need to find ways for better advisory services for young job seekers. The official-customer ratio which now is codified in the SGB II 1:75, this is, for example, also a development which became clear in the employment policy thanks to the EU. (Interview 3)

The integration of young people into the labour market, as a target group, plays an important role within the EES. Here, the principle of providing encouragement while placing new demands becomes particularly apparent. An intensification of support is accompanied by the placement of increased responsibility on young people, who might be refused benefits altogether if they refuse job offers or participation in training schemes. At the same time, this points to the greatest weakness in the domestic adaptation of European employment policy. While the employment strategy aims at a comprehensive concept of "support and responsibility", only the demand for more individual responsibility can be implemented within labour-market policy. The complementary measures to empower jobseekers and enable people to participate in the labour market often do not lie within the competence of the field of labour-market policy.

If I approve something from Brussels, I bring it along and I know it's going to be very, very hard to achieve this domestically, because there are too many players. And, above all, there are too many players who, like me, have no influence, no longer have the final word domestically. There are too many topics over which others have the competence here on a national level, early school-leavers for example. (Interview 1)⁶

In particular, interviewees see the guidelines on *lifelong learning and education* as a huge problem in Germany. The demand to actively seek a job is closely aligned with the necessity to train young people and prevent early school leaving. Conceptually, these two aspects are inextricably intertwined; however, the competences of the federal states and municipalities in Germany prevent the federal ministry from exerting influence on this policy field.

A second problematic area is *gender mainstreaming*. Here, the federal government has within the last two years enacted two relevant laws, which, however, have remained ineffective: The "Tagesbetreuungsausbaugesetz" (TAG - law on the expansion of day care) and a law on the promotion of job rotation. In our interviews, Sweden and France were regularly referred to as Best-Practice-Countries regarding the ability to combine family and career. In Sweden in particular, the birth-rate as well as the labour participation of women is clearly higher than in Germany. This has been seen as closely related to their superior child-care facilities. Thus, the federal government started initiatives to expand child-care; however, the responsibility for effectiveness relies within the municipalities or the federal states. Within the context of the Hartz-Reforms, the federal government has instructed municipalities to provide day care facilities for all children under three years of age from 2010 on⁷. This reform of child-care could represent a first attempt by the actors to extend their influence beyond the classical confines of their field. What is particularly striking is the conjunction between savings resulting from the Hartz IV reforms (alignment of social and unemployment benefits) and the obligation to provide child-care. This conjunction, as well as the general drift of our conversations with representatives from the ministry, suggest that it was not the Ministry of Family that had initiated this law but rather the Ministry of Labour. Its effectiveness is questionable, however, particularly since the municipalities doubt the estimated savings and therefore shying away from the costs of implementation.

Job-Rotation was just as unpopular. This concept foresees a sabbatical, which would allow employees a one year's paid leave during which a long-term unemployed person takes over

their position. So far, there is no evidence that either employers or employees find this concept appealing (Bundesregierung der Bundesrepublik Deutschland, 2006).

A really bad example (...) was the example of “job rotation”. In Denmark for example, job rotation is a great success, and is still practiced and carried out successfully. We in Germany adopted it during the course of the Hartz-reforms and it has been a complete flop. Because there is no culture and no internal structure to accomplish “job rotation” at all. (Interview 7)

This kind of untypical way of entering the labour market must remain alien to the common German career model, which is based on technical promotion via performance. Generally speaking, middle-aged middle-managers would find these sabbaticals most appealing. However, distributing these kind of positions not through internal promotion but rather giving them to long-termed unemployed people instead, is not considered legitimate by either the staff or the managers. Additionally, for the majority of the staff, a one-year job-intermission still means a career break they cannot afford.

In Denmark, job rotation is very successful. But it is hardly ever used in Germany. However, this probably is also because of how the social partners handle it. The question is as well what job you get when you return, how does that work then? (Interview 5)

This refusal by both the employers and the employees is apparent in the reluctant implementation of the regulation by social partners either in collective agreements or on the level of the shop floor. The trade unions in particular found it essential to prevent an erosion of labour agreements and a frustration of their clientele’s career expectations. However, in our interviews the employers too could not envisage extensively using this model.

Another measure regarded as a failure is that of the *Personnel Service Agencies* (PSE). This measure set out to enable the transition from long-term unemployment to permanent employment with the aid of temporary employment schemes tailored to the needs of the long-term unemployed. Peter Hartz, the president of the commission which proposed the reform measure, announced that this alone would create 2 million new jobs (and thereby theoretically halve unemployment numbers). Instead, this measure has had no effect whatsoever (cf. Bundesregierung der Bundesrepublik Deutschland, 2006). On the one hand, there are already temporary employment agencies providing a “second labour market” which contributes considerably to a flexible labour force within companies; on the other hand, the accreditation of PSEs were highly restrictive due to union fears that they could undermine labour agreements.

In conclusion, we may say that the reforms of recent years have predominantly concerned the narrower sphere of labour-market policy and have hardly affected the complementary, supportive areas which are crucial to an inclusive *employment strategy*. Reforms in the sense of the EES could be solely achieved within the field of classic labour market policy. Here, however, the organisational actors are also involved closely in the structures of the EES. In the broader field of employment policy, hitherto regarded as peripheral by actors of labour-market policy, virtually no reforms occurred. Neither the pivotal actor FMEE nor the social partners are able to exert decisive influence on these areas. In Germany, the individual measures taken did not have a big impact. Neither child-care, nor job rotation nor the PSEs are placed within an institutional framework. The actors of labour-market policy agreed on measures which they perceived as successful in other European systems and incorporated them without adaptation. Domestically it appears that they, being alien to the German system, cannot produce the desired effects. Consequently, Best-Practice-Concepts in the sense of “taking the pick of the bunch” must be regarded as having failed. The actual institutions of the labour market are subject to greater inertia, and to steer them is not as easy as the reformers had assumed. We may interpret this as an alienation of labour market actors from their institutional environment as they become engaged in European networks. To support this hypothesis, however, more detailed analysis would be needed.

4 Conclusion: Transnational Learning within Domestic Fields, Voluntary and Self-Reflexive

As the interviews revealed, in Germany a process of rethinking from “passive” to “active” labour-market policy has taken place over the last few years. The JobAQTIV-Law, as well as the subsequent Hartz reforms, favour proactive measures. However, as the guidelines of the employment strategy substantiate, an entirely coherent, inclusive employment policy would be reliant upon being framed by, amongst others, educational, family and fiscal policies. In this respect, a radical change has admittedly taken place; however, this has remained restricted to the field of labour-market policy. The actors are aware of the limitations of the effect and its ensuing deficiencies. In Germany, however, it is only possible to conceive of receiving employment strategies through the classic institutions of the labour market policy. Here, the guidelines and recommendations are assimilated and used by actors interested in reforms as legitimating perspectives in the current debates. We have also illustrated that the isolated reform measures, approved by a consensus of the actors of labour-market policy, have not penetrated the actual institutions of the labour market, and thus cannot be connected to the present institutions. However, the “alienation hypothesis” could only be sketched in outlines; it needs further testing. Nevertheless, our learning model based on national fields has proved to be fully explanatory, and in our opinion it represents a new perspective on learning within the framework of the EES. Labour-market and employment policy remain a political issue of the nation-state. The learning proposals of the EES do not call into question the national sovereignty regarding policy formation. Although they establish a forum for the exchange of ideas, the goals and the overall incorporation of individual measures are still to be decided upon nationally.

It is good that I know how it works in France or in Great Britain. I can always ask, communication with the colleagues is excellent. It really is fun. But as to the basic questions of how to organise policy, that's up to the individual, and that is often a force of habit. (...) And then, if I ask the colleagues there whether something is transferable, I do not think so, that too makes it a complete work. (Interview 5)

It has been shown that measures that do not heed these principles have no effect at all on the labour market. Indeed, actors notice that the European forum has an added value; however, they doubt its steering capacity towards a uniform social model. The national contexts and the problems facing them are so different that policy transfers without major adaptations are impossible.

But this is not like a blueprint. It cannot be, given the fact that (...) we have different social systems and tax systems and that we also have different mismatch problems on the labour market. In other countries, the subject of youth unemployment is even more difficult than it is with us because the whole subject of education is run quite differently there. Of course, each country has its specifics. One can simply not say we will transfer this now and it works just as well here as it did there. (Interview 6)

Actual institutions prove to be more inert than the interaction in the political field. The fear that there could be a “subtle transformation” to a (“neo-liberal”) European social model (Jacobsson, 2003) are just as exaggerated as are the demands to restrict the flow of information regarding exchange of experiences on “welfare state families” (Scharpf, 2002). Labour-market policy still remains a national issue. The political actors are fully aware of this.

No, it will not happen. There will still be very different national models. This is also something to do with tradition. I think that it would be ridiculous if we were to try, we have already had an example (...) the privatization of employment services. It is a failure in Germany. We do not have a monopoly any more, all is open and no one wants to do it. There is no tradition; one cannot reap any economic success from it. That is quite different in the United Kingdom or in Switzerland. (...) This cannot be copied, however, because traditions are quite different. (Interview 7)

Therefore, there cannot be a one-size-fits-all solution (Best-Practice). Rather, the general context must be taken into account in order to understand the effects. Thus, from the actors' point of view, a national contextualization of the reform policies in two directions is required: The original context in which particular policies emerge and the ability to implement them in Germany.

I really wish that one could actually work more intensively with other countries and their political approaches. Not to do it on a short-term basis and not to select individual measures from the context as a whole. With regard to protection against unlawful dismissal, for example, we were previously told that: 'Denmark has a very flexible system, almost no protection against unlawful dismissal and that is why Denmark is so successful in everything involving unemployment'. However, if you look around Denmark carefully, you see that they actually do have rudimentary protection against unlawful dismissal, but a very distinctive support system. This means that they have a very high social security where the unemployment benefit is granted for five years and amounts to up to 90 percent of the last salary. Thus, they accept job insecurity a little more easily from the perspective of labour legislation. (Interview 5)

This does not mean, however, that the EES would be useless. What it does indicate is its voluntary character. The EES comprises a voluntary convergence of action, voluntary compliance with mutually agreed objectives, voluntary involvement of societal actors as well as a willingness to share experience, best-practice and knowledge. The EES is based on voluntary performance standards rather than compulsory regulation (cf. Eberlein and Kerwer 2004). The accountability for reform measures therefore lies within the member states, not the EU. The EES as a mode of bottom-up benchmarking might be a useful vehicle for deliberate cross-national learning, and "pressures of accountability" may sustain the pace of cross-national learning (cf. de la Porte et al., 2001). But the EES is about mutual learning, not teaching; therefore no Member State can be compelled to learn.

The method itself? Excellent! If everyone agrees that this field is not a policy field, in which the laws are set by the Commission, - that would be more effective for the Commission, but whether it is desirable for the individual nation-states, that is quite a different matter - therefore one does not want it. On the other hand, this method presents the possibility of constant "benchmarking" with other countries. (...) And annually one can see where one stands in the European context, and that leads to reactions and to changes which, in the middle-term, develop quite an effect. (Interview 7)

By institutionalising mutual awareness it reflects instead the core characteristic of reflexive modernity. Actors within the nation states not only become more aware of their neighbours' competitive advantages, above all they learn about their own advantages and shortcomings in a comparative perspective. Thus by competition and comparison with others they become more aware of themselves. This learning process is in tune within a long-standing European tradition that was one of the reasons that made Europe's civilisation so successful. Europe for more than a millennium was characterized by narrow spaces and multiple arenas in which power - economic as well as political - could not be concentrated in one hegemonic centre. In this relatively stable polycentric structure, competition promoted reciprocal assessment and anticipation of "best practice". This legacy of mutual learning combined with methods of scientific comparison could be an important advantage in a globalised, competitive world. The dynamics being experienced by European welfare states may therefore best be faced through an institutionalised process of competitive learning amongst autonomous and domestic organizational fields.

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¹ This analysis is based on 18 interviews with representatives of the Federal Government, the Employment Agency, the Laender, the social partners, the central associations of municipalities and the parliamentary offices within the framework of the DFG project “The Open Method of Coordination” at the Otto-Friedrich University, Bamberg in Autumn 2005 and reflects the position prior to the change in government. To our knowledge, this change has not significantly altered the responsibility. Changes are expected in moves to realign the Lisbon strategy and in the implementation of national reform plans, there are, however no current results available, yet. All interviews are translated by the authors.

² Interestingly, this evaluation report itself can be interpreted as an outcome of the EES. Interview partners stated frequently, that the obligation to evaluate within the framework of the EES led to the development of the national systems of policy evaluation.

³ After the revision of the Lisbon strategy and the integration of three strategies within one National Reform Plan since the end of 2005 (cf. Commission of the European Communities, 2005) a department of the Federal Chancellery is responsible for drafting this new report. Hence the following considerations can only reflect a *modus operandi ante* September 2005.

⁴ By “making public” the interlocutor denoted the actors within the field, i.e. ministries concerned and the social partners not some kind of “general public”. A pattern, that arose in many interviews.

⁵ This was one of the examples of the success of the Jugendsofortprogramm (JUMP). It already existed before the JobAQTIV law and was a reaction by the Social Democratic government to reforms and success in France and Great Britain. It was added to the reform packet of the JobAQTIV Law and finally led to the new officer-customer-ratio codified in the SGBII, changed in the context of the Hartz reforms.

⁶ This demonstrates again the strategic and power-orientated reasoning of many actors in the field: As few veto positions as possible, own sovereignty of the air, own sphere of influence (of the main actors),

⁷ On 1 January 2005 a law entitled “Tagesbetreuungsausbaugesetz” (law on the expansion of day care) came into force. In this the entitlement to a kindergarten place, which had existed since 1996, was extended and the obligations of the commune codified. Until 2010 the communes are obligated to provide day-care facilities for under three-year-olds. The statutory regulation provides that from 2005 the number of day nursery places, above all in West Germany, rises from the present 60,000 to 230,000 (cf. Bundesministerium für Familie, Senioren, Frauen und Jugend, 2004). In the justification for the law specific reference was made to the connection to the Hartz reforms. The municipalities are to use € 1.5 billion of the expected yearly € 2.5 billion savings on extension of child care facilities. However, as the savings will not be achieved and the municipalities will be frequently over-indebted anyway, this usage is in question.