

EUROPEANIZATION OF ACTIVE LABOUR MARKET POLICIES: THE ROLE OF WELFARE STATE REGIMES

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Author's Declaration

I, the undersignedMARIO MUNTA..... hereby declare that I am the sole author of this thesis. To the best of my knowledge this thesis contains no material previously published by any other person except where due acknowledgement has been made. This thesis contains no material which has been accepted as part of the requirement of any other academic degree or non-degree program, in English or in any other language.

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ABSTRACT

In 1997, the European Union deployed the European Employment Strategy (EES) aimed at tackling structural unemployment through soft coordination mechanisms. Active labour market policies (ALMPs) were the central policy instrument. They included active and preventive measures that incentivize the unemployed to intensify their job-search activity and enhance their employability. This MA thesis investigates the effectiveness of the EES on EU Member States, and asks the question whether EU Member States foster welfare-regime-specific approaches to ALMPs, and to what extent the EES influences domestic ALMPs and cross-country convergence. It draws on the welfare regime and Europeanization literature and uses process-tracing on three regime representatives (Denmark, Germany and United Kingdom). Social democratic regimes are expected to favour human-capital-oriented ALMPs, liberal regimes labour market services, whereas conservative regimes might resist activation policies. The findings reveal a marginal impact of the EES through policy learning mechanisms, high domestic reflexivity and continuity of welfare-regime-specific approaches in the cases of Denmark and United Kingdom. Eventually, the EES could render more effectiveness in new Member States in combination with the EU funds' conditionality.

Key words: active labour market policies, European Employment Strategy, welfare state regimes, Europeanization, Denmark, Germany, UK

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LIST OF ABBREVIATIONS

ALMP	Active labour market policy
EES	European Employment Strategy
EG	Employment Guideline
EMU	European Monetary Union
EPL	Employment protection legislation
ESF	European Social Fund
EU	European Union
JER	Joint Employment Report
JSA	Jobseeker's Allowance
LMP	Labour market policy
MS	Member State
NAP	National Action Plan
OECD	Organization for Economic Cooperation and Development
OMC	Open Method of Coordination
PES	Public Employment Service
PLMP	Passive labour market policy
UK	United Kingdom

INTRODUCTION

In the 1990s, the European Union took a more active stance towards labour market policies (LMPs) amid rising unemployment. The Treaty revisions of Amsterdam in 1997 deployed an overarching European Employment Strategy (EES) aimed at tackling structural unemployment (Rhodes 2005:292). The strategy followed an active and preventive approach for the unemployed, trying to incentivize more intensive job-search by ending benefit-dependency, but it also promoted activation policies for the long-term unemployed in order to raise their employability. Soft coordination mechanisms were envisaged with the purpose of Europeanizing active labour market policies (ALMPs) through guidelines, recommendations, and peer reviewing. However, the non-coercive nature of the process raises questions to what extent the EES renders convergence of activation policies in different domestic settings (Börzel and Risse 2003:18).

This MA thesis draws on the Europeanization theory and the welfare state regime theory (Esping-Andersen 1990) in order to bridge the gap between them and to answer the questions whether EU Member States (MSs) foster welfare-regime-specific approaches to ALMPs, and to what extent the EES affects domestic ALMPs and their cross-country convergence. Whereas the welfare state literature presumes different approaches to activation policies, depending on the regime type (social democratic, liberal or conservative), the Europeanization theory observes EES' causal and convergence effect on MSs (Triantafillou 2008:691). Hence, this Thesis hypothesizes that social democratic regimes rely on training measures, and liberal regimes on job-search assistance, whereas conservative regimes are expected to resist the activation paradigm. It also proposes three Europeanization pathways in which, on one hand, the EES stimuli could be based on policy learning, policy reflexivity or

policy diffusion, and on the other hand, the modality of EES-induced change could entail minor changes in the settings of policy instruments, their modification or a paradigmatic shift in policy goals. Empirically, the hypotheses are tested on three welfare regime representatives: Denmark, the United Kingdom (UK) and Germany, using process-tracing (Collier 2011). Additionally, cross-country convergence testing is carried out, using ALMP spending data.

Although macro-level findings display a general trend of convergence of ALMPs, the micro-level analysis reveals limited influence of the EES on the three countries observed. Only incremental changes in the settings of policy instruments can be attributed to the EU-influence, but evidence on policy learning is absent. Conversely, social democratic (Denmark) and liberal (the UK) countries continued to nurture a human capital-oriented (Denmark) and preventive (the UK) approach to activation, whereas Germany embraced the activation paradigm, but not as a result of the EES.

It is hoped, that this Thesis contributes to the existing literature by triangulating research methods, closing the gap between welfare state literature and Europeanization literature and by offering new insights into the prospects of a domestic impact by the EES. However, low generalizability remains the weakest point of this piece.

The chapters proceed as follows. The first two chapters review the literature on ALMPs and their Europeanization through the EES. These two chapters set the ground for developing hypotheses on welfare-regime-specific approaches to activation measures, but also on the impact of the EES on MSs. Thus, Chapter 3 supplements the analysis with the expectations of the welfare state literature on MSs' orientation to activation policies, and proposes three Europeanization pathways in order to answer the question whether MSs keep a regime-specific focus on activation, and to what extent the EES impacts domestic activation

policies, respectively. Chapter 4 presents micro-findings from country insights, and offers a macro-level analysis on activation convergence trends. Subsequently, proposed hypotheses are tested. Finally, Chapter 5 concludes.

CHAPTER 1: ACTIVE LABOUR MARKET POLICIES

Tackling spells of unemployment effectively has been a conundrum for European policy makers in the last decades. Alongside macroeconomic policies comprising monetary measures and fiscal expansions, created to mitigate adverse economic cycles and to keep the employment rates stable, instruments were developed that concentrated on periods of unemployment to provide the unemployed with both financial buttress in job-to-job transitions, and a reasonable perspective for future employment. These instruments included passive and active labour market policies.

Passive labour market policies (PLMPs) have been a traditional tool of dealing with unemployed by entitling them to unemployment benefits (van Vliet 2010:271). The basic assumption of unemployment benefit schemes was an industrial economy, in which spells of unemployment were a result of cyclical declines in economy, and not a result of a structural mismatch between available skills and qualifications demanded. Once the Oil crisis of the 1970s hit Europe alongside the shift from an industry-based economy to a post-industrial service period, Europe faced staggering unemployment, and PLMPs quickly became ill-equipped to help the new long-term unemployed and those who have never worked (Clasen 2006:194). Unemployment benefits of limited duration, could not solve the fundamental problem of the post-industrial economy, that is, structural unemployment. It is stipulated, that they only perpetuated long periods of “benefit-dependency”, without providing proper job-search incentives (Eichhorst and Konle-Seidel 2008:4). Reforms of PLMPs included benefit reductions, tighter eligibility criteria and shorter durations of benefits, but also stricter conditionality for receiving benefits (Hvinden et al. 2001:176). An alternative was to stress the importance of active labour market policies (ALMPs).

ALMPs consist of a set of policy tools aimed at reducing long-term unemployment, enhancing employability of the unemployed, and, finally, reducing the periods of unemployment. The first encounter with this concept was in 1964 when The Organization for Economic Cooperation and Development (OECD) published a paper on *Manpower policy as a means for the promotion of economic growth* (Sihto 2001:683). However, as Sihto (2001) explains, ALMPs were initially introduced in the Scandinavian countries where they had the function of preventing the economy from overheating. The Scandinavian commitment to full employment could have easily come at the price of high inflation. Therefore, the so-called *Rehn-Meidner* model (ibid. 685-7) applied restrictive fiscal policy, which created unemployment, but was subsequently mitigated via ALMPs and job creation schemes, without causing further inflation. Nevertheless, ALMPs found its ultimate application in times of recessions and structural unemployment. They were part of a broader activation agenda in the 1990s, trying to convert citizens from passive recipients of unemployment benefits, to self-responsible citizens engaged in job-search and employability activities (Larsen 2001:2-3). Consequently, participation in activation periods is intensively becoming a necessary precondition for receiving unemployment benefits in Europe, with variations in the strictness of the strings attached.

1.1 ALMP Types

Four basic ALMP types can be detected from the OECD and Eurostat data: *training programs*, *private sector incentives*, *direct job creation schemes* and *labour market services* (Nelson 2013:257). *Training programs* usually entail either classroom training, or on-the-job training, where the unemployed gathers working experience and updates skills. *Incentives* can include subsidies for private firms in order to hire the unemployed, subsidized training or tax

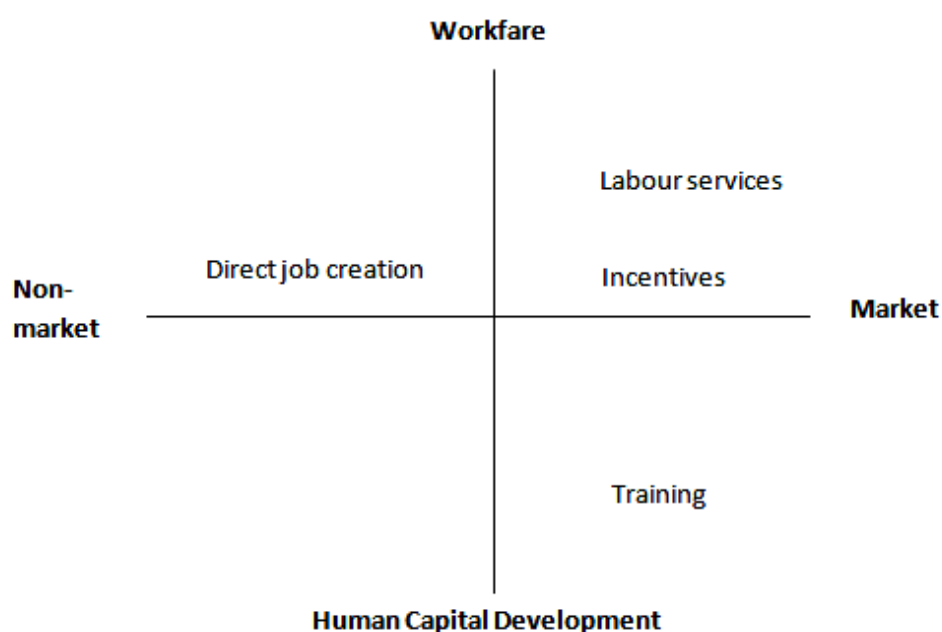
breaks for start-ups. *Direct job creation* is publicly provided temporary employment and mostly implies work for the societal benefit in, e.g. environmental projects (Nelson 2013:259). Finally, *labour market services* provide job-search and job-match assistance for the unemployed or individual counseling.

Each of these types can be classified along Bonoli's (2011) two theoretical dimensions: market orientation and investment in human capital. Market orientation delineates the extent to which an individual is dependent on a non-subsidized job in the private or public sector (Nelson 2013:258). On the other hand, human capital investment reflects the discussion about how to activate the unemployed and reintegrate them into the labour market. In the literature, this dilemma is presented through a continuum of two activation trajectories: *high road*, and *low road* (Clasen and Clegg 2006:532). The *low road* trajectory builds on sanctions for non-participation in ALMPs and unemployment benefits conditionality, thus exhibiting a “*workfare*” type of policies (Dean 2007:16). The *high road* trajectory reflects human capital development by emphasizing retraining and investment in hard and soft skills. In that sense, instruments that enhance the employability of the unemployed are regarded as “carrots”, whilst punitive measures are “sticks” in ALMPs (Kluve 2006:29).

Figure 1 summarizes the four ALMP types along Bonoli's dimensions. *Direct job creation* seems to be a middle-ground strategy, strong in its non-market orientation, but relatively weak in human capital investment. The logic of creating public placements resembles the logic of PLMPs by its non-competitiveness and independence of market forces. However, in some instances such instruments could preserve soft skills that otherwise would have deteriorated (Nelson 2013:259). *Training policies* are dominantly market and human-capital-oriented. Although tentative, they are usually long-lasting and costly, because they invest in skills of the unemployed. *Labour market services* have the goal of bringing the

unemployed back to the market as soon as possible. Therefore, they act as mediators between employees and employers most of the time, and hardly develop human capital. Finally, *employment incentives* are clearly market oriented, hence they provide subsidies to firms for hiring the unemployed, but when it comes to human capital development, their influence is rather indirect, similar to the case of direct job creation. This taxonomy will be a useful tool for exploring differences in ALMP types across welfare regimes (see Chapter 3).

Figure 1. Two dimensional taxonomy of ALMPs



Source: Bonoli (2011); authors own calculations

In regard to the effectiveness of ALMPs, there is a general notion in the literature that an ALMP's success widely depends on methods that are used to measure its effects (Larsen 2011:718). Nevertheless, both positive and negative effects of certain types of ALMPs are reported. Kluve (2006:31-2) notes that job-search assistance could raise matching efficiency between the unemployed and jobs, whilst training measures could prevent human capital deterioration and enhance employability. However, ALMPs could result in displacement effects, when subsidized jobs crowd out ordinary employment or even result in deadweight losses if the subsidized job would have been created without the intervention. On the other

hand, Meager (2009:13) questions training schemes' effectiveness by pointing out negative "locking-in" effects that in-class training might cause to the unemployed, unlike targeted on-work training. In sum, the literature misses to emphasize nation-specific labour market structures as a major determinant of ALMPs' success. Whether or not a measure works is highly dependent on the needs and offers of both the labour force and the market.

In the 1990s, the European Union (EU) uploaded the activation concept and promoted ALMPs from Jacque Delors' *White Paper* in 1993 onwards. The following chapter follows the trace of the establishment of an activation agenda at the EU level.

CHAPTER 2: EUROPEANIZATION OF ALMPs

The EU literature frequently uses the concept of Europeanization uncritically, and many times fails to clarify both its meaning and its analytical focus. Therefore, Olsen (as cited in: Armstrong 2010:4-5) differentiates between five phenomena meant under the Europeanization concept, two of which are of relevance in this MA thesis. One way of using the Europeanization theory is to think of a process of “*institution-building*” where new actors, institutions or modes of governance emerge at the EU level because of “uploading” certain concepts. Another way is to focus on the “*penetration of national systems*” in which policies or practices developed on the EU level, gradually get absorbed by the domestic level. Therefore, studying Europeanization might at times imply situations where the EU affects domestic change, but also situations where the EU level is the object of analysis (Armstrong 2010:6). The former is examined in the following chapters, whereas the latter will be analyzed in this Chapter.

Before the 1990s, the coordination of employment policies at the EU was mostly concerned with harmonizing worker protection and working standards, in order to complement economic integration, but harmonization of tax systems, unemployment policies, and social protection systems was unlikely due to their high level of diversity across the EU (Leibfried and Pierson 1992:347). Nevertheless, after the European Monetary Union (EMU) was created in the Maastricht Treaty of 1992, a stern economic crisis hit Europe, causing high unemployment (10.4 percent) and low employment rates (60.8 percent) (Eurostat). Jacques Delors, at that time the President of the European Commission, was the first to urge for a European employment policy in his *White Paper on Growth, Competitiveness and Employment*, where he stressed the need for “*pro-active labour policies that would invest into training, enhance employment services’ match strategies and examine social protection*

systems to ensure they actually encourage people to work” (European Commission 1993:124-5). The literature suggests a multiplicity of reasons to why the EU took a more active stance towards ALMPs. Larsen (2011:732) concludes that policy makers were “trapped” in the “*paradigm of structural unemployment*” which was deemed as the new sickness of the EU that had to be dealt with by ALMPs. Others point at labour force deficiencies, caused by adverse demographics and skills mismatches triggered by technological changes (Borrás and Jacobson 2004:191). However, the impetus for change was most probably associated with spillover effects from the EMU. The fact that the EMU took away the monetary authority from MSs, reduced their ability to tackle unemployment via monetary policy (van Rie and Marx 2012:338). Furthermore, the *Stability and Growth Pact* set budget deficit limits, which once again tied MS’ hands by reducing the fiscal capacity to tackle unemployment with fiscal policy (ibid.). The problem of European structural unemployment needed coordinated efforts, which the European Employment Strategy (EES) hoped to achieve.

2.1 The European Employment Strategy

At the European Council meeting in 1997, MSs agreed on a new form of employment strategy which found its place in the new Treaty of Amsterdam. The fundamental goal guiding this treaty-based EES was to promote high employment through “*skilled, trained and adaptable workforce and labour markets responsive to economic change*” (Rhodes 2005:292). Based on the Treaty of Amsterdam, a special Jobs Summit took place in Luxembourg in 1998, marking the beginning of the *Luxembourg process* and the final implementation of the EES (Kluve 2006:15). The Summit introduced 19 Employment Guidelines (EGs) for the first time, structured around four pillars: (1) improving employability; (2) creating a culture of entrepreneurship; (3) promoting adaptability of firms and workers; and (4) strengthening

equal opportunities (Goetschy 1999:127). Labeled as the most important pillar, the employability pillar set a target for MSs to offer every young person a training scheme within six months of unemployment, and within a year to the adult unemployed. The focus on training as an ALMP, marked the first period of the EES. Obviously, the logics behind the four pillars was to promote a more “*active and preventive approach*” for the unemployed (Kluve 2006:16), even though less emphasis was put on prevention of long-term unemployment.

However, this changed after the Lisbon European Council in 2000, when a new objective was set for the EES to reach a 70 percent employment rate by 2010 in an emphatic strive to “*become the most competitive and dynamic knowledge-based economy in the world...*” (Raveaud 2007:411). In a preliminary assessment of the first five years of the EES and its objectives, the European Commission (2002) notices “*significant changes in national employment policies*” with a “*clear convergence towards the common EU objectives set out in the EES policy guidelines*”. Nevertheless, it remained cautious to “*how much the overall improvement in employment performance in the EU...can be attributed to the introduction of the EES*”. As a reaction, an Employment Taskforce was formed in order to detect deficiencies of the EES, concluding that MSs need to pay more attention to tailor-made measures and personalized services at an early stage of unemployment (Taskforce 2003:36). In other words, training-based ALMPs were balanced with granting public employment services (PESs) a more prominent role in preventing the unemployed from long-term unemployment by early job counseling and job-search obligation.

Based on the Taskforce’s recommendations, the EES was reviewed and restructured around “10 overarching guidelines”, instead of the previous nineteen. Two of them concentrate considerably around ALMPs’ role in the EES (The Council 2003):

1. **Active and preventive measures** for the unemployed and inactive – public employment services should be modernized to offer early and personalized advice and guidance to unemployed, and jobseekers must be provided access to effective measures to enhance their employability (i.e. training)

2. **Make work pay** through incentives to enhance work attractiveness – tax and benefit systems have to be reviewed to incentivize people to take on jobs (employment incentives), and unemployment benefits conditioned upon job-search activity (public employment services)

Ultimately, this “*active and preventive*” approach and the “*make work pay*” philosophy of the EES will be reflected in the Council’s country-specific recommendations as a recurring and vehemently debated issue (Chapter 4).

The EES policy cycle developed at the Luxembourg Jobs Summit included the involvement of the European Commission, the Council and the European Council. De la Porte and Pochet (2012:336), and Rhodes (2005:295) describe the process as follows. First, the European Commission constructs employment guidelines. Subsequently, MSs prepare National Action Plans (NAPs), containing steps that will be taken in order to implement the guidelines. The European Commission also prepares Joint Employment Reports (JERs), in which it assesses the implementation of EGs, but also gives individual recommendations to MSs on reviewed issues. Finally, based on recommendations, governments prepare new, peer-reviewed NAPs. Guidelines, recommendations, peer-reviews and benchmarking were part of a new type of governance, which did not rely on hard law, but on soft mechanisms, due to MSs’ unwillingness to transfer their exclusive right to dictate the area of national employment policies to the EU level. This type of policy-coordination was labeled *The Open Method of Coordination* (OMC).

2.2 The Open Method of Coordination

The OMC was envisaged in the 2000 Lisbon Strategy as a soft coordination model that is sufficiently flexible not to compromise national sovereignty over employment policy, but still suited for domestic adaptation of EU-level guidelines and objectives (Borrás and Jacobson 2004:186). Therefore, since it was obvious that a classical Community method of policy-making via directives would face resistance at the national level, non-coercive policy coordination via soft law was the only alternative (Rhodes 2005:281). It was believed that guidelines coupled with quantitative indicators and benchmarks could foster cross-national policy learning through peer-review processes and recommendations. However, the literature on OMC has ever since been divided between “optimists”, who believe positive influence from the EES is possible, and “pessimists”, who criticize OMC’s assumption that soft law can influence national policy-making (Büchs 2009:4-5). Whereas the pessimists (Zeitlin 2009; Watt 2004) object to the uniformity and lack of specificity in guidelines and recommendations, which leaves plenty of leeway for domestic actors to implement what suits them best, optimists (Rhodes 2005; Trubek and Trubek 2005) regard a combination of soft coordination and hard law as a viable option. Nevertheless, empirical evidence thus far has reported high reluctance to learn from peer-reviews under the Cambridge Process¹ (Casey and Gold 2005:28), and relative inertia in regard to benchmarking (Radaelli 2003:42). Since there is no mechanism of coercion, OMC’s influence might affect the ideational level at best, but without linking policy learning from peer-reviews and common guidelines to concrete policy change (de la Porte and Pochet 2012:340). Thus, the domestic incapacity or even resistance to implement promoted policies led scholars to the belief that institutional legacies and national

¹ The Cambridge process consists of two-day bilateral peer-reviews, whereby delegates from MSs and European Commission staff discuss the implementation of NAPs (Rhodes 2005:195). Similarly, MSs host peer-reviewing, with other countries' representatives visiting and discussing best practices (Casey and Gold 2005:25-6).

trajectories, might either restrict or enable the application of EU-proposed policies (Büchs 2007:25; Radaelli 2003:42). In that respect, the welfare state literature predicts distinct strategies in adopting ALMPs, as the following chapter will hypothesize.

CHAPTER 3: WELFARE STATE REGIMES, ALMPs AND THE EES

The welfare state literature is deeply embedded in historical institutionalism (Peters 1998), a theoretical perspective that is concerned with the temporal continuity of policies and institutions (Armstrong 2010:13). It implies that policy outcomes and institutional settings are a result of a series of sequences which move along the same trajectory, thus exercising path dependence and making it impossible to break their continuity (Pierson 2000:252). Based on these principles, scholars of the welfare state literature clustered countries around to the so-called “*welfare state regimes*”, depending on their institutional characteristics. This MA thesis relies on the typology of welfare regimes developed in the seminal work of Esping-Andersen’s (1990) *Three Worlds of Welfare Capitalism*. He distinguishes between the “social democratic”, “conservative”, and “liberal” regime and classifies them according to the levels of social stratification and people’s existential independence from (labour) markets (de-commodification). Although challenged by scholars (e.g. Scruggs and Allan 2006), this simplified typology can be a useful tool for testing different macro-level hypotheses on allegedly welfare-regime-specific approaches to ALMPs (Clasen and Clegg 2006:528).

Hence, the following three sections will try to hypothesize welfare regimes’ affinity towards specific ALMP types. Existing strives to link welfare regimes to ALMPs (Vis 2007; Eichhorst and Konle-Seidel 2008) are rather sporadic and fail to link welfare regimes with the Europeanization literature. Consequently, the fourth section bridges the welfare regime literature with the Europeanization literature, introduces the research questions and hypothesizes on Europeanization pathways.

3.1 The Social Democratic Regime and ALMPs

The social democratic regime refers to the Nordic countries that have historically experienced long periods of social democratic governments/ideology that incline towards more labour-friendly policies. This includes traditionally high levels of social protection, low degrees of income inequality, and generous unemployment benefits (Bertola 2001:52). The universalist principle of bolstering citizens from market risks by providing state-financed long-term and generous unemployment benefits to a large proportion of the unemployed has been an intentional social democratic maneuver (Baggesen Klitgaard 2007:173).

As argued previously, Nordic countries have adopted activation policies much earlier than the EES. In accordance to solidarist and non-market stances of the Nordic welfare states, ALMPs have traditionally focused on public job creation (Greve 2012:16). This orientation has gradually changed with “*shifting moral assumptions and political orthodoxies*” after service economy raised unemployment, and New Right governments invoked less reliance on benefits, and more individual responsibility (Dean 2007:5). Unlike public job creation, supply-side policies aimed at improving employability of the unemployed and providing incentives to enter the labour market. Although these market-oriented reforms were endorsed by Nordic countries in the 1980s, they did not cause welfare state change. Exactly because high unemployment caused heavy reliance on tax-financed unemployment benefits, the risk of “*free-riding*” on tax-financed benefits could have threatened the solidarist base of the Nordic welfare states (Baggesen Klitgaard 2007:178). Thus, market-oriented reforms, which tied unemployment benefits to participation in ALMP, were a strategic act of “*preserving the legitimacy of the universal welfare state*” (ibid. 173).

Ever since, Nordic welfare states reflect a “*human resource development*” approach by emphasizing training measures in their ALMPs (Lødemel and Trickey, as cited in: Eichhorst and Konle-Seidel 2008:8). According to Kvist (2003:230), this fact should not surprise if one bears in mind “*broader goals [of Nordic ALMPs] such as promoting social*

cohesion and meaningful life". Arguably, relying on training schemes to reintegrate the unemployed back to the market, places the Nordic countries on the market-and-human resource oriented side of Bonoli's two-dimensional taxonomy of ALMP types.

H₁: MSs of the social democratic welfare regime rely predominantly on human-capital-oriented ALMP measures.

3.2 The Liberal Regime and ALMPs

The liberal welfare state regime covers Anglo-Saxon countries. A dominant feature of this welfare regime is high market orientation with loose employment protection legislation (EPL) (Bertola 2001:52). These countries belong to the Beverdgian tradition of flat-rate and means-tested benefits for those in need, whereas the protection of workers from risks depends on participation in the labour market (Svallfors 1997:284). In Esping-Andersen's terms, the liberal regime scores high on market-orientation and social inequality scale because of a tradition of high-income inequality and low unemployment benefits (Bertola 2001). This high market-orientation is the reflection of a liberal reasoning on the role of the state and its interventions in the market structure, which is regarded as a constraint to individual freedom (Scruggs and Allan 2008:645).

Low social protection is an incentive in itself for the unemployed to seek employment. It does not pay off to depend on "welfare" with a highly flexible labour market. A less strict employment protection climate results in high turnover in and out of the labour market, offering plenty of opportunity to find a job. Therefore, self-reliance seems to resemble the basic principle of the liberal regime (Eichhorst and Konle-Seidel 2008:8).

The neo-liberal paradigm of the 1970s and the accompanying New Public Management (NPM) orthodoxy only amplified the liberal stances on reducing costs and choosing the most effective/efficient mechanisms to coordinate the labour market. Investment in labour market services appears to be “*relatively low-cost*” (Nelson 2013:264), but highly useful because of its brokerage function. In that regard, the liberal regime mirrors the *workfare* principal since it targets quick reintegration of the unemployed back to the labour market. Thus, it is fairly reasonable to expect that liberal welfare regimes concentrate on job-counseling and job-search activities in PESs, as suggested in the literature (Seeleib-Kaiser and Fleckenstein 2007:429).

H₂: Labour market services are the most important type of ALMPs in MSs of the liberal welfare regime.

3.3. The Conservative Regime and ALMPs

The conservative welfare regime refers to countries of continental Europe, which have been under the influence of Bismarckian social protection schemes and Christian democratic ideology. These schemes are typically favoring employed people who contribute to the unemployment insurance system, and get unemployment benefits according to their previous earnings (income-tested) (Svallfors 1997:284). It is a dualist system which protects the “*insiders*” (the employed) through generous unemployment benefits, whereas “*outsiders*” rely on basic social assistance (Bertola 2001:52). Hence, this type of welfare regimes aims at preserving traditional roles in the society (Scruggs and Allen 2008:644). These “*wage-earner-centered*” policies (Seeleib-Kaiser and Fleckenstein 2007:428) are backed by a strong corporatist bargaining structure in which the state is hardly involved in wage-setting, and therefore has “*restricted capacity for active economic steering*” (Vail 2008:338).

Since unemployment benefits are closely determined by the obligation to work, negative incentives deriving from generous unemployment benefits are offset by a “*paternalistic activation approach*”, urging people to search for work (Eichhorst and Konle-Seidel 2008:8). However, conservative regimes are highly reluctant to increasing employability at the expense of the already employed, therefore they favor early retirement schemes that potentiate “*labour market exit*” (Nelson 2013:262). Enhancing employability by training schemes or subsidized employment would come at the high risk of a potential replacement effect, which would in turn jeopardize the position of the employed. Thus:

H₃: MSs of the conservative welfare regime are likely to resist an active and preventive approach to ALMPs.

3.4 Impact of the EES on Member States

Literature on Europeanization suggests that there is a big discrepancy between Europeanization scholars, who ignore the possibility that deep institutional embeddedness can be an intervening factor in observing the effects of Europeanization, and welfare state researchers, who explain change or the absence of change only through path-dependent regime trajectories (de la Porte and Pochet 2012:345). This MA thesis tries to bridge this gap and put the EES (independent variable), welfare state regimes (intervening variable) and domestic impact (dependent variable) in a connection. Since the EES relies heavily on non-coercive soft mechanisms under the OMC, and proposes guidelines and objectives which might contradict each other (active and preventive approach vs. make work pay) (Büchs 2009:7-8), the possibility exists that MSs simply cherry-pick elements of the EES which suit their domestic settings best, thus rendering convergence of ALMPs practically impossible or

resulting in clustered convergence (Börzel and Risse 2003:18). Therefore, the research questions are as follows:

RQ₁: Do MSs foster their welfare-regime specific approach to ALMPs in the absence of EES' guidance?

RQ₂: To what extent does the EES impact ALMPs and their cross-country convergence in the EU?

In order to assess the impact of the EES on MSs, an analytical framework of mechanisms and potential outcomes of an EES influence need to be developed. The impact of the EES on national ALMPs can be tested by two approaches: a *cause-effect approach* and a *convergence-difference approach* (Triantafillou 2008:691).

The *cause-effect approach* concentrates on soft mechanisms in the EES which might have an effect on domestic change. Three EES stimuli are identified and hypothesized for the purpose of this MA thesis:

Policy learning (H₄) entails a process of voluntary and rational change of “*policy makers' perceptions, assumptions and attitudes*” (Büchs 2007:24). The EES relies on guidelines, peer reviews, benchmarking, and recommendations so that policy learning might be the result of both learning from other countries' best practices and results, but also from recommendations in JERs and in discussion with the Commission.

Policy reflexivity (H₅) is a more opaque mechanism, which implies “*learning about one's own policies and institutions – strengths but also weaknesses – on the basis of information produced in or deliberated within the OMC process*”'. (Zeitlin 2009). Therefore, positive reflexivity in the context of the EES is highly likely in occasions when a MS uploaded a certain concept or adopted policies or principles before they became an EU issue. Another

example would be the “*domestic empowerment*” (Zartaloudis 2013:1181) argument when policy-makers make use of an EES policy to promote and strengthen their predefined domestic reform agendas. In this case, selective picking of EES elements is a viable possibility. Conversely, negative reflexivity signals acknowledging one’s weaknesses, but with limited prospects to change.

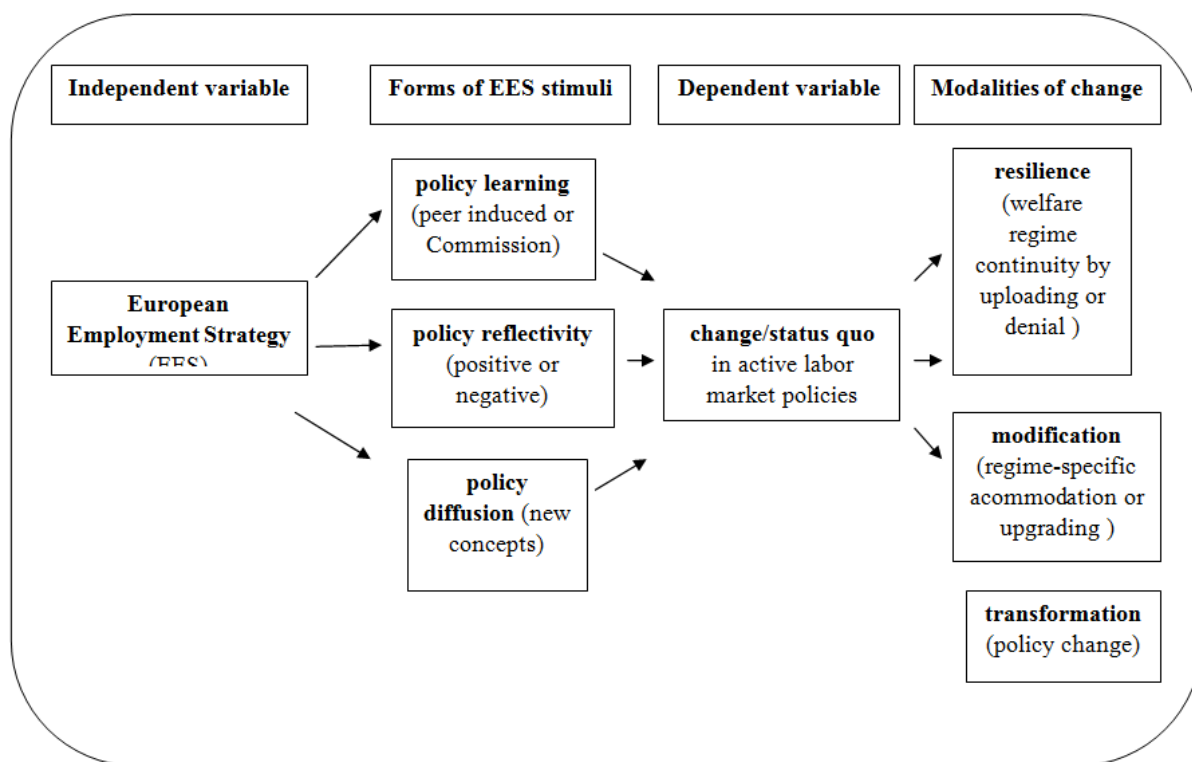
Policy diffusion (H_6) is connected to the dissemination of new concepts and paradigms, and their adoption by the domestic actors. This process is particularly evident in the “*internalization by national actors of common discursive conventions and behavioral norms...*” (Zeitlin 2009:14). Diffusion of the concept of activation could be a clue in a potential activation paradigm shift on national level.

Europeanization scholars often make the mistake of directly linking learning processes to policy change (de la Porte and Pochet 2012:340). *Au contraire*, different modalities of change/status quo can occur, depending on the level of change. Hall (as cited in: Klindt 2011:975) differentiates between three levels of change.

First order changes occur when the “setting of a policy instrument” changes. An example would be when a MS offers training measures after 12 months of unemployment, instead of 18 months. This kind of change can be associated with welfare state resilience, because it does not change the principle or goals of a policy. *Second order changes* entail modifications or upgrading of policy instruments, i.e. when PESs modify their services by offering personalized consultations to the unemployed. Finally, *third order changes* result in paradigm shifts and change of policy goals, potentially causing welfare regime modification. Change from PLMP to ALMP would be an example.

Modeled after Zartaloudis' study (2013), Figure 2 presents three *Europeanization pathways* following from the interaction between EES, different forms of EES stimuli and modalities of change.

Figure 2. Europeanization pathways



Source: Author's own calculations.

The *convergence-difference approach* focuses on the level of similarity of national ALMPs over time as a result of the EES. The EES may lead to convergence of types of ALMPs because Council recommendations pay attention to them (van Vliet 2010:273), but also convergence of outcomes, i.e. levels of spending on ALMPs across MSs. The following chapter tests the proposed hypotheses on a micro and macro-level.

CHAPTER 4: FINDINGS

4.1 Methodology

This MA thesis triangulates research methods in order to mitigate caveats of researching the influence of the EES on MSs. This empirical part of the Thesis observes the EES period between 1997 and 2005, because the EES has been *streamlined* with *Broad Economic Policy Guidelines* after Barroso took over the European Commission (2004).

The first part investigates pre-EES and post-EES reforms of ALMPs in three countries: Denmark, Germany and the UK. The reason why these countries were chosen is threefold. First, the literature identifies these three countries as consistent welfare regime representatives of their respective cluster: Denmark as a social democratic state; Germany as a conservative, and the UK as liberal (Bertola 2001; Scruggs and Allan 2006). Second, the previous notion makes them least-likely cases for an EES-induced change. Therefore, if EES stimuli had an effect on them, it is highly likely that they had an effect on other MSs as well. Finally, the three selected countries are “maximum-variation” cases because of their welfare regime belonging (Mailand 2008:354), which raises expectations on distinctiveness of each of these countries.

The method used for country insights is process-tracing. Process tracing is used as a form of *within-case analysis* that tries to establish a causal mechanism between variables, relies on description and tracks sequences of events (Collier 2011:823). Expected causal links were developed in the welfare regime hypotheses and the Europeanization pathways. This method is useful because it contextualizes the research question and enables the researcher to control for other explanatory factors in the development of ALMPs, like the OECD, domestic agendas, or partisanship. In order to test causal inference of the aforementioned hypotheses, they will need to pass one of the four empirical tests summarized in Figure 3. Depending on

whether passing one of these tests is a necessary and/or a sufficient condition for confirming causal inference between variables, one of the tests will be conducted based on empirical clues which might speak for or against a hypothesis. Clues are criteria which can be sufficient and/or necessary for indicating causal inference.

Figure 3. Process-tracing tests for causal inference

		SUFFICIENT FOR AFFIRMING CAUSAL INFERENCE	
		No	Yes
NECESSARY FOR AFFIRMING CAUSAL INFERENCE	No	1. Straw-in-the-Wind	3. Smoking-Gun
		a. Passing: Affirms relevance of hypothesis, but does not confirm it.	a. Passing: Confirms hypothesis.
		b. Failing: Hypothesis is not eliminated, but is slightly weakened.	b. Failing: Hypothesis is not eliminated, but is somewhat weakened.
		c. Implications for rival hypotheses: Passing <i>slightly</i> weakens them. Failing <i>slightly</i> strengthens them.	c. Implications for rival hypotheses: Passing <i>substantially</i> weakens them. Failing <i>somewhat</i> strengthens them.
	Yes	2. Hoop	4. Doubly Decisive
		a. Passing: Affirms relevance of hypothesis, but does not confirm it.	a. Passing: Confirms hypothesis and eliminates others.
		b. Failing: Eliminates hypothesis.	b. Failing: Eliminates hypothesis.
		c. Implications for rival hypotheses: Passing <i>somewhat</i> weakens them. Failing <i>somewhat</i> strengthens them.	c. Implications for rival hypotheses: Passing <i>eliminates</i> them. Failing <i>substantially</i> strengthens.

Source: Collier (2011), who adapted from Bennett (2010:210)

The second part relies on quantitative data on ALMP spending as a percentage of GDP in EU-11 MSs, and spending by type of ALMP from pooled time-series data. The dataset on spending covers the pre-EES period (1985-1997), and a post-EES period (1998-2008). Spending is divided by unemployment rates in order to correct for policy demand, since higher unemployment equals more spending. The aim is to briefly examine to what extent the EES contributed to convergence of ALMPs in total. Convergence is operationalized as *sigma convergence*, referring to a “reduction of variation between [Member States] over time” (van

Rie and Marx 2012:343). To control for non-EU related convergence trends, OECD members are included in the analysis.

Data collection is based on: (1) document analysis consisting of Council recommendations, NAPs and EGs; and (2) secondary literature – articles, reports, evaluations, and interviews.

Country-specific analysis is divided in a pre-EES period and a post-EES period in order to distinguish between possible activation reforms preceding the EES, but also to add a quasi-counterfactual perspective to control for non-EES related reforms.

4.2 Denmark and ALMPs

4.2.1 ALMPs in the Pre-EES Period

First Danish activation policies date back to the *Job Offer Scheme* in 1978 and the *Educational Offer Scheme* in 1985, where the long-term unemployed were offered a job of a 7-month duration and educational allowances in order not to lose their unlimited unemployment benefits (van Oorshot and Abrahamson 2003:293). However, these policies were aimed more at securing the long-term unemployed benefits (Larsen 2001:9) and overcoming cyclical fluctuations (Greve 2012), than at enhancing employability or preventing long-term unemployment.

A more comprehensive ALMP reform happened between 1988 and 1994, first by imposing obligations on unemployed youth to participate in mandatory training schemes as a precondition for social assistance (Triantafillou 2008:694), and then by expanding this rights-and-obligation-principle to the unemployed adults. The maximum unemployment benefit period was reduced to four years by the Social Democrats, and split into a one-year benefit

period and a three-year activation period (compulsory ALMP participation) (Larsen 2001:10). 1994 marked a "critical juncture" in the development of Danish ALMP with a record 12% unemployment rate and emphatic acceptance of the activation approach by all societal actors (Triantafillou 2008:695). The rationale behind this decision was to re-legitimize a generous Nordic welfare state and to preserve societal cohesion endangered by an insider-outsider divide. Eventually, the leading Social Democrats at that time wrote in their Manifesto, that the reform was to restore "...solidarity between different societal groups." (Baggesen Klitgaard 2007:187).

The 1994 reform perpetuated the *human capital approach* with the "*integrated training and job-placement package*" (Etherington 2004:27). It introduced *Job rotation*, the model of temporary hiring an unemployed instead of a person going on a training-leave, and promoted on-job training subsidies (Kvist 2003:242). Additionally, the reform entailed a *preventive approach* reflected in *Individual Action Plans*, individualized agreements between the unemployed and the PES, containing further plans and steps towards employment (ibid. 238). The intention of these plans was to offer a more personalized guidance through the job-search process.

To conclude, first, although encompassing tightening of obligations and duties on unemployed was cast, it didn't change the generous, solidarist and human development-oriented feature of the Danish welfare state. Second, Denmark clearly adopted an active and preventive activation strategy before the EES was even launched.

4.2.2 ALMPs in the Post-EES Period

Denmark was one of the leading MSs of the EU in uploading policy concepts to the EU-level, and even changing paradigms². Early in the 2000s, it was noted by the European Commission (2000a:110) that Denmark almost fully implemented the employability pillar, which should not surprise since Denmark scored among the highest on employment rates and activation rates, but lowest on unemployment rates in the EU. Their ALMPs were both an object of peer reviewing, and best practice examples. In 2001, other MSs visited Denmark to gather precious information on how Denmark successfully motivates the unemployed for job seeking, enhances the human capital aspect, and handles locking-in effects of training programs (Peer Review 2001). In 2000, the European Commission issued a *Memorandum on Lifelong Learning* in which the Danish Job Rotation scheme was flagged "*best practice example of investing in human resources*" and subsequently transferred to ten MSs (European Commission 2000b:26). Therefore, Denmark has been more of a teacher, than a student in the Luxembourg process. However, Denmark has received EU recommendations on their employment policies. Recurring issues included gender segregation, tax-benefit systems, immigrant workers integration, and active aging (Mailand 2008:356). Among ALMP recommendations, two things were debated: the tax-benefit system (incentives) and the preventive arm (individualized assistance).

Tax-benefit systems are indirect employment and *make work pay* incentives. As suggested in EGs, MSs should enhance work attractiveness via favourable tax systems. Therefore, a recurring recommendation to Denmark has been to "*pursue reforms of tax and benefit systems to reduce overall fiscal pressure on labour.*" (European Commission 2000:112). However, taxation is a controversial issue, taken that Nordic welfare states inherit a long tradition of redistributive and social policies through general taxation. In a response to

² E.g. the flexicurity concept, which was adopted in the EU after the Danish model. Danish flexicurity, combining flexible EPL with secure job-to-job transitions and generous benefits has proven to be successful. See: European Commission (2007)

the Council's recommendation in the Danish NAP of 2002, although stressing the generous level of social services and high tax burdens as a tradition, the Danish Liberal-Conservative government points to a tax freeze that was introduced in 2001 to '*counteract the trend of gradual minor increases in taxes...*' (Danish Government 2002:19-20). Although presented as a response to the Commission's recommendation, it is rather unlikely that this policy was triggered by the Commission's plea. The Liberal-Conservative government argued in favour of a tax freeze in 2001 when it came into office, without any reference to the recommendation from the EU (Triantafillou 2008:701). It is more likely that the opportunity was used to promote a pre-existing policy agenda in the NAP, which simultaneously corresponds to the recommendation. *Inter alia*, a tax freeze is hardly a tax reform, but rather the preservation of the status quo. To exercise more pressure in a highly sensitive area such as the tax system would be a futile business for the Commission.

Regarding the second recommendation, the problem was in the structure of Danish ALMPs. As presented before in Table 1, Danish spending on training has doubled in the post-EES. On the other hand, Denmark was the first MS to introduce *Individual Action Plans* for the unemployed in PES, even before the EES-launch. Nevertheless, the recommendation condemns the evident imbalance between the active and preventive arm³ of the EGs, therefore Denmark should pursue '*incentives to encourage yet more people to take up employment, particularly through further development of the inclusive labour market...*'. Interestingly enough, Denmark has gradually converged with the EGs instructions on activation periods, so that from 2000 all unemployed under 30 have to participate in activation measures after 6 months of unemployment, whereas the ones over 30 have a 12 months unemployment benefit period before entering an activation program (Kluve 2006:103). However, periods before the unemployed had first contact with a PES agent mostly followed after 5 months and

³ By type of ALMP program in 2002, 44% of all activated unemployed participated in training programs, 36% in wage subsidy programs (employment incentives) and only 7% received job-search assistance (Kluve 2006:106).

quantitative targets on activation after 12 months were not met. Yet, although the Council did not “*blame and shame*” Denmark on specifics, interviews conducted by Mailand (2008) suggest Denmark could not afford to miscarry on such a central employability guideline. In response to the recommendation, the Danish government wrote in the NAP 2002 that a ministerial committee had been established “*for this reason*”, in order to prepare an action plan called “*More people into employment*” (Danish Government 2002:21). Two years later, Denmark reports in the NAP 2004 about the success of the action plan claiming that it contributed to a “*radical reform of the employment policy, leading to a stronger focus on an individual approach in employment measures...*” (Danish Government 2004:21).

In reality, this “radical reform” established an every-three-months obligation to contact the PES for job-search activities. The fact is that Denmark already had an active and preventive approach (*Individual Action Plans*), which traditionally inclined toward training schemes. Therefore, the settings of the PES changed scarcely (from 5 to 3 months), but the principles did not. To talk of an EES-induced change would be a potential misjudgement, since, on one side, official documents show a dose of reflexivity on ALMPs’ weaknesses and willingness to react “for this reason”, while on the other, Mailand’s interviewees point to Government’s strategic use of the EES in arguing for a preventive approach (Mailand 2008:357).

4.3 United Kingdom and ALMPs

4.3.1 ALMPs in the Pre-EES Period

The UK’s (UK) employment policies in the pre-EES period were mainly aimed at regulating and retrenching the rights of the unemployed in the labour market. Contrary to the post-WWII

Labour government's aspirations to strengthen the state-role in enhancing employability of the workforce through education and training programs (Geyer et al. 2005:70), Margaret Thatcher's period in office (1979-1990) marked a return to the liberal roots of the British welfare state.

Whereas the prosperous times after WWII followed a logic of *embedded liberalism*, Thatcher followed a neoliberal public policy track of cutting unemployment benefits and abolishing the "*Earnings-related supplement*" for the long-term unemployed, which was based on previous earnings (Clasen 2007:76). This move signaled further convergence to the traditional Beverdgian flat-rate system, since contributions made during employment were barely reflected in unemployment benefit rates. The Conservative government "*stressed workfare as the central element of their policies*" (Daguerre and Taylor-Gooby 2003:631). The workfare orientation was not just visible in retrenchments, but also in the 1986 *Restart* program. It introduced mandatory interviews with the PES staff as a condition for benefits for the over-6-months unemployed, in order to intensify their job-search activity (Clasen 2006:203). Conditioning benefits to active job-search was updated in 1996 with the *Jobseeker's Allowance (JSA)* which stressed activation even more. The JSA merged insurance-based (earnings-related) benefits and means-tested social assistance into one scheme, constrained the earnings-related benefit period to six months and conditioned it on job-search activity during that period (Seeleib-Kaiser and Fleckenstein 2007:429).

The focus of British ALMPs on quick job placement, accompanied by meager unemployment benefits and sanctions on non-compliance, mirrors an overall punitive activation strategy aimed at effective job-matching, not at employability enhancement. The UK generally sympathized workfare policies, and disfavored benefit-dependency. Curiously, both Conservatives and Labourists endorsed the JSA reform, implying a "*cross-party*

consensus...around the problem of “welfare dependency”, the emphasis on a “stricter benefit regime”, and supply-side labour market policies.” (Clasen 2007:81).

4.3.2 ALMPs in the Post-EES Period

The preventive reform pattern which started with the Thatcher administration was continued after the election of Tony Blair’s Labour Party in 1997. The Labour party was among the frontrunners in the new social democratic thinking promulgated in the Third Way manifesto in 1999 as the shift from *“the safety net of entitlements into a springboard to personal responsibility”* (Blair and Schröder, as cited in: Seeleib-Kaiser and Fleckenstein 2007:439). Impetus for new reforms emerged primarily from the shift in people’s sentiments towards inactive *“benefit claimants”* (Clasen 2007:88), who were seen as irresponsible welfare-dependents unwilling to search for job.

However, the Labour government saw balancing out between rights and obligations of the unemployed as the cornerstone of their activation policy, and thus planned to put more emphasis on upskilling via compulsory training. On one hand, the realization of that plan followed in the *New Deal* (1997) programs, which established a mandatory training scheme for those unemployed longer than two years (Daquerre and Taylor-Gooby 2003:631). First, however, the unemployed had to undergo a *Gateway* period of four months of coordination with the PES in individualized job counseling.

On the other hand, the tax system was reformed simultaneously, in order to incentivize people to take up jobs. Tax deductions on low-wage earners, social security exemptions and a national minimum wage were to guarantee that working pays off (Kluve 2006:148). In short, the new activation system intensified and incentivized job-search activity, but marginally

cared for the long-term unemployed, since it took almost two years before an ALMP measure other than individual counseling stepped in.

EES' influence on any of these reforms was non-existing. They were purely domestically induced changes. The first EGs of the EES were not even developed when the *JSA* and the *New Deal* were launched. Once the EGs were launched, similarity between the EES and British activation measures was staggering. The preventive arm of ALMPs (job-search) and activation (training and tax incentives) coincided with both of the EGs highlighted in the EES.

Reasons to believe that the high degree of fit between EU-promoted policies and the British model was a matter of “*coincidental convergence*” came both from the Commission and the literature. European Commission's mid-term assessment acknowledged that British reforms “*coincide with main principles of the EES*” (bolded by author) (European Commission 2002a:25). Similarly, Geyer et al. (2005:69) speak of “*coincidental convergence*” in the UK-EES policies and notably low “*adaptational pressure*” from the EES.

However, one ALMP recommendation has been a recurring issue both in JERs (2000, 2004) and Council recommendations (2004) over several years. The predominantly preventive activation strategy in the UK was a thorn in the Commission's eye. Active measures followed only after 2 years, whereas job-search assistance started immediately after job loss. Conversely, the EGs recommended a 12-months threshold for applying training measures. Partly because a mandatory training measure was proscribed only after 2 years of unemployment, and partly due to the limited public capacity to accept the unemployed into training (Martin 2004:54), hardly 14.2% of unemployed adults participated in these ALMPs (Geyer et. al 2005:84). Even worse, spending on training tumbled in the post-EES (Table 1;

Seeleib-Kaiser and Fleckenstein 2007:430). Curiously, scholarly analysis even concludes that reluctance among private firms to hire on-job-trainees was much higher than in the Danish case for example, as the British enterprise sector favoured cheap and “*job ready*” workforce (Martin 2004).

Therefore, the UK was blamed for “*over-reliance on job search*” (JER 2000:195), and subsequently asked to “*supplement job-search schemes*” and prevent “*de-skilling*” (Council 2004:58) of the long-term unemployed. They were asked to introduce training schemes after 12 months of unemployment. British response in the NAP 2002 was rather resolute in argumentation in favour of the *JSA* and the *New Deal*, but against the recommendation:

*“This approach works effectively, with **most jobseekers leaving JSA very quickly**...before six months and less than a tenth never reach 12 months unemployment...Large-scale programmes for the adult unemployed before this point would lead to **significant deadweight costs**. Perhaps more importantly, **participation on such programmes could distance jobseekers from the labour market**. ”* (NAP 2002:11-12)

This panegyric response is a sign of strong positive policy reflexivity on strengths and effectiveness of the in-and-out character of British ALMPs. It is also an expression of trust in liberal ideological stances and domestic priorities concerned with economic cost-efficiency calculations (deadweight losses), PESs effectiveness (short unemployment) and possible drawbacks (locking-in effect) of large training schemes.

Although year 2004 witnessed a reduction of the activation threshold to 18 months in reaction to the recommendation (Geyer et al. 2005:84), this move represented merely a tokenistic measure of semi-compliance, at best. Neither was the threshold in accordance to the EG, nor could any significant effect be achieved. EES’ adaptational pressure proved to be poor.

To conclude, potential reasons for the insignificant influence of the EES on British ALMPs could be found in EESs low appearance in the media, but also in the eurosceptic character of the British voter population (Mailand 2008:358-362). Perverse as it sounds, legitimizing UK reforms by referring to EES would be a potential act of suicide.

4.4 Germany and ALMPs

4.4.1 ALMPs in the Pre-EES Period

Until the 1990s, German LMPs traditionally aimed at preserving workers' status during unemployment through generous and unlimited earnings-related unemployment benefits. Germany had one of the highest replacement rates among OECD countries (Jacobi and Kluve 2006:5). Sure enough, PLMP' spending heavily outweighed ALMPs with little prospects to end long-term unemployment and incentivize job-search activity. ALMPs that did exist before the 1990s were mainly human-capital-oriented training measures, with the task of either skill-upgrading or adjustment to labour market needs (Wunsch 2006:24), but sanctions on non-participation in job seeking was rarely applied.

However, German unification in 1990 came at the expense of climbing unemployment (over 10%) and an overburdened social security system. As Offe (2000:23) explains, the implementation of West German institutions and setting in an East German context was a strategic move to wash away Soviet institutional influence, but caused wages to rise over the level of productivity, drove firms to bankruptcy and left tens of thousands of East Germans out of work. Therefore, much of the German fiscal capacity was desperately directed towards East-Germany and spent on direct job creation and training schemes for East-Germans who lacked competence in the labour market (Jacobi and Kluve 2006:6). The conservative Kohl

administration reacted with increasing unemployment insurance contribution rates and tighter eligibility criteria to keep the system alive, but substantial turn toward an active and preventive approach was not pursued as Kohl hesitated to carry out retrenchment and sanctions like his Anglo-Saxon counterparts (Klassen and Schneider 2002:61). Finally, change in government in 1998 and Social democrats led by Chancellor Schröder departed radically from the status and PLMP-oriented welfare state.

4.4.2 ALMPs in the Post-EES Period

To embark on a reform track for the German “*unemployment issue*” in a highly neocorporatist environment was a difficult task for the German social democratic government. In a highly contested period that followed, Chancellor Schröder made his intentions clear early in his mandate: “*Whoever is able to work, but refuses an appropriate job, should have the support cut. There is no right to laziness in our society.*” (as cited in: Vail 2008:346). This sentence clearly signaled a commitment to the Third Way agenda of stressing personal responsibility and early activation, in whose dissemination Schröder was among the vanguards. Two reform packages followed: the *Job-Aktiv* and the *Hartz reform*.

In 2001, the *Job-Aktiv* law was introduced as the first reform package for the German labour market. The PESs received the tasks to implement “profiling and integration agreements”, entailing individualized counseling with the unemployed and the creation of tailored profiles for each unemployed person (Vail 2008:347). The law also introduced new vocational training programs, additional employment subsidies, and job-creation schemes. Prominent examples featured job-rotation, modeled after the Danish example, and already familiar start-up incentives called “*bridging allowances*”. The attempt to implement

personalized service in a highly bureaucratized PES-structure hallmarked the first step toward an activation turn in German ALMPs.

The *Job-Aktiv* was very positively received in the EU. European Commission's *Taking Stock* even spoke of the *Job-Aktiv* as a “*direct response to the EES*” (European Commission 2002a:23), whereas the JER 2002 commended Germany's efforts to strengthen the preventive approach, and the guidance function of PESs (JER 2002:65). European Commission's claims gain even more weight as the *Job-Aktiv* was not included in the social democrats' arty election Manifesto (Stiller and Gerven 2012:126). On the other hand, a report (RWI and ISG 2002) that was ordered by the German government in 2002 to assess the relationship between the EES and *Job-Aktiv* only reaches fuzzy conclusions. In their opinion, EES guidelines “*correspond*” to German policies, which are assumed to have been guided by EES' active and preventive discourse, but not their instruments. Notwithstanding the vagueness of this conclusion, some degree of informedness by the EES principles is almost certain, although a discernible proof of influence does not exist. Moreover, there is no evidence of EES-induced peer reviewing in that regard. Nevertheless, a more nuanced reflection on the EES-impact would be to acknowledge EES' discursive power and policy learning from the Danish and British best practices.

A more encompassing reform was pursued in Schröder's second term under the Agenda 2010. The *Hartz laws*, named after the chairman of a commission set up by Chancellor Schröder in order to reform the German PES and ALMPs in general, reformed German LMPs from the ground. It could be argued that the impetus of change emerged with the PES scandal (*Vermittlungsskandal*) in 2001 when the *Federal Court of Auditors* discovered significant discrepancies between the proclaimed mediation effectiveness of the BA and their true performance (Weise 2011:69). Schröder ordered a swift revision, which came with the Hartz I and Hartz III laws. The PES was reformed functionally and

organizationally, thereby embracing a NPM culture and introducing more targeted and need-based profiling of clients (Jacobi and Kluve 2006:9). Alongside these reforms, a more market-oriented activation policy was introduced, applying stricter sanctions for non-compliance. The suitable work definition changed so that the unemployed had to accept any job after 12 months of unemployment. Their job-search activity was mediated and monitored in the “*binding integration agreement*” with the PES (ibid., 11).

New activation measures offered additional incentives to work. *Ich AG* was the successor of the bridging allowances, and *Mini-jobs* targeted low wage earners and offered considerable social insurance deduction and exemptions (Kemmerling 2006:97). Finally, a comprehensive revision of the unemployment benefits discouraged long-term unemployment, as the unemployment benefits after 12 months dropped almost to the social assistance level. In sum, the overall workfare and market-oriented nature of the reform largely deteriorated training measures. Only “*short-term training*” gained in importance, with the function of assistance via application training and testing clients’ abilities (Stephan 2008:8).

Feelings about the EES-impact on the *Hartz reform* are mixed. Whilst some scholars regard the unemployment benefit reform concurring with the EES guidelines on “*reviewing placement rates and benefit duration*” (Kemmerling and Bruttel 2006:104), others observe negligible adaptational pressure from the EES due to scarce parliamentary discussion and media coverage of the EGs and NAPs (Fleckenstein 2006:292). NAPs alone reveal a high level of positive reflectivity not only on the implementation of an active and preventive approach, but also on the tax-benefit system which incentivizes low wage earners to activate (NAP 2002:12,45). They respond to Council’s suggestions on lowering tax burdens and reducing non-wage labor costs (Council 2004:50).

Mixed responses came from politicians themselves as well. On one hand, Schröder displayed his *Agenda 2010* as a response to the *Lisbon strategy*, the Minister of Economics and Labour Affairs Wolfgang Clement spoke of high unemployment and inefficiency of the existing schemes as factors driving the reforms, on the other (Stiller and Gerven 2012:127). However, more productive influence was certainly cast by best practice countries – Denmark and the UK. Expert interviews report considerable learning and reference to British PESs (*JobCentre*) in strives to enhance German PES' efficiency (Seeleib-Kaiser and Fleckenstein 2007:440). However, policy learning took place outside EES' formal peer-review procedure, but via “*informal bilateral communication*” (Fleckenstein 2006:295). The fact that the Bertelsmann Foundation established bilateral communications with the UK in order to inform the Hartz laws with useful practices (Seeleib-Kaiser and Fleckenstein 2007:441), bolsters the previous assertion. Hence, it is more reasonable to expect that the EES consolidated the activation paradigm in Germany, rather than impacted its direction substantially.

To sum up, Germany's reform pathway demonstrates a clear break with the benefit-dependency tradition and a shift towards highly preventive and slightly active LMPs. Key actors (Schröder and Clement) were strongly determined in their reform strives, and their agency was mainly influenced by an “*interpretative change*” (Seeleib-Kaiser and Fleckenstein 2007:439) in reformist social democratic thinking featured in the self-responsibility discourse of the Third way politics. Their commitments were additionally accelerated by sudden “*windows of opportunity*” (Kingdon 1984) (PES scandal) and facilitated by conceptual diffusion of activation policies in the EES and by non-EES related policy learning (UK's JobCentre, plus Danish Job rotation and individual agreements).

4.5 Convergence of ALMPs in the EU

This quantitative observation of the development of ALMPs in the EU distinguishes between the periods before and after the EES-launch. In order to measure sigma convergence of spending, convergence is operationalized through the *coefficient of variation*. The *coefficient of variation* is suggested as the best measure for observing potential reduction of variation in ALMP spending between MSs over time (van Rie and Marx 2012:343). It divides standard deviation by the mean, resulting in a percentage of variation.

Table 1 summarizes ALMP spending/GDP, divided by unemployment rates across countries. The table is based on Nelson's (2013) dataset, but calculations on means, standard deviations and coefficients of variation are the result of this MA thesis.

Countries are clustered in welfare regimes. Generally, MSs from the social democratic regime tend to spend the most in relative terms, conservative MSs moderately, whilst liberal regimes the least, both before the launch of the EES and after. Although Ireland exhibits a strong rise in ALMP spending, spending activity of welfare regimes seems to be in line with expectations in the literature (Bertola 2001). It is interesting to note three things. First, social democratic countries spend by far the most on training measures before and after the launch of the EES. Second, liberal regimes exhibit a tendency to spend more on PES in the post-EES period, especially the UK. Third, conservative regimes display a tendency to invest more in employment incentives after the launch of the EES, while there is a slight increase in direct job creation spending. These results are a good starting point in testing the developed hypotheses on welfare regimes, and a potential amplifying effect of the EES resulting in selective application of ALMP measures. Overall, whilst social democratic regimes indeed favour training measures, and liberal regimes PESs, conservative regimes stick to more demand-side oriented ALMPs.

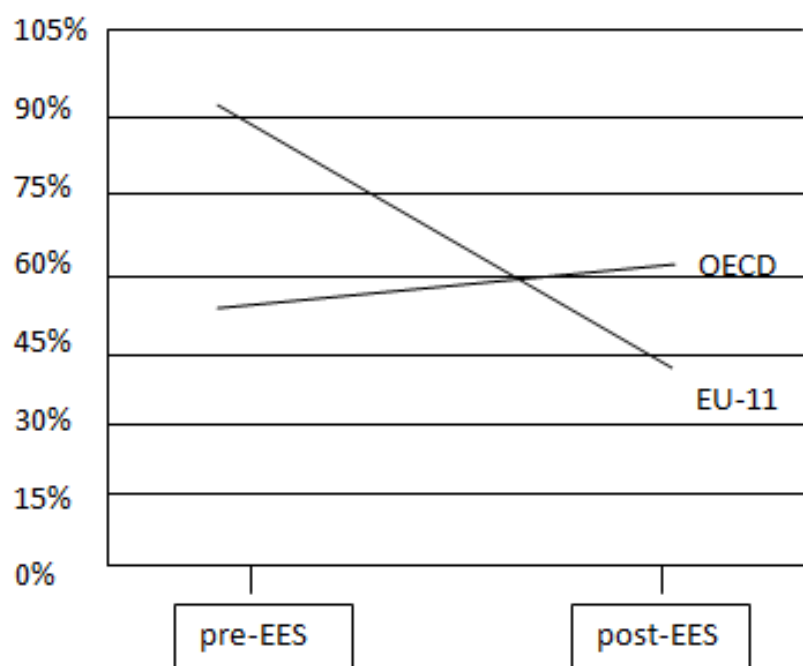
Table 1. ALMP means of EU-11 by regime and OECD, pre- and post-EES

	Direct job creation		Training		PES		Employment incentives		Total	
	Pre	Post	Pre	Post	Pre	Post	Pre	Post	Pre	Post
Denmark	0.86	0.58	6.33	12.04	1.32	5.97	5.99	6.06	14.50	24.65
Finland	5.29	1.23	5.30	4.56	2.22	1.87	1.06	1.19	13.87	8.85
Sweden	6.23	0.73	18.86	7.61	7.40	3.91	13.82	7.03	46.31	19.28
<i>SD mean</i>	<i>4.13</i>	<i>0.85</i>	<i>10.16</i>	<i>8.07</i>	<i>3.65</i>	<i>3.92</i>	<i>6.96</i>	<i>4.76</i>	<i>24.90</i>	<i>17.60</i>
Austria	0.79	0.96	4.15	7.31	3.10	3.70	0.69	1.48	8.73	13.45
Belgium	5.14	5.12	1.32	2.25	1.56	2.37	0.58	2.82	8.60	12.56
France	1.52	3.39	4.10	3.71	1.58	2.42	1.37	1.68	8.57	11.20
Germany	3.19	1.89	5.76	4.60	2.99	2.80	0.78	0.88	12.72	10.17
Italy	0.11	0.31	1.93	2.57	0.81	1.06	0.56	2.78	3.41	6.72
Luxembourg	0.40	4.12	3.81	3.92	2.40	1.94	2.62	4.73	9.23	14.71
<i>CON mean</i>	<i>1.86</i>	<i>2.63</i>	<i>3.51</i>	<i>4.06</i>	<i>2.07</i>	<i>2.38</i>	<i>1.10</i>	<i>2.40</i>	<i>8.38</i>	<i>11.47</i>
United K.	0.69	0.14	3.08	0.57	2.13	5.23	0.11	0.32	6.01	6.26
Ireland	2.56	5.96	3.27	5.57	1.80	2.77	0.29	1.77	7.92	16.07
<i>LIB mean</i>	<i>1.63</i>	<i>3.05</i>	<i>3.18</i>	<i>3.07</i>	<i>1.97</i>	<i>4.00</i>	<i>0.20</i>	<i>1.05</i>	<i>6.97</i>	<i>11.17</i>
<i>EU-11 mean</i>	<i>2.43</i>	<i>2.22</i>	<i>5.26</i>	<i>4.97</i>	<i>2.48</i>	<i>3.09</i>	<i>2.53</i>	<i>2.79</i>	<i>12.72</i>	<i>13.08</i>
<i>EU-11 s.d.</i>	<i>2.22</i>	<i>2.07</i>	<i>4.76</i>	<i>3.14</i>	<i>1.76</i>	<i>1.48</i>	<i>4.10</i>	<i>2.21</i>	<i>11.62</i>	<i>5.49</i>
<i>EU-11 coef. of variation</i>	<i>0.91</i>	<i>0.93</i>	<i>0.90</i>	<i>0.63</i>	<i>0.71</i>	<i>0.48</i>	<i>1.62</i>	<i>0.79</i>	<i>0.91</i>	<i>0.42</i>
Australia	0.83	1.28	0.97	0.18	1.75	3.37	0.69	0.18	4.24	5.01
Canada	0.31	0.43	2.79	1.34	2.35	2.56	0.05	0.14	5.50	4.47
Japan	0.00	0.18	1.15	0.84	10.16	4.19	0.85	0.43	12.16	5.64
New Zeal.	2.02	0.14	6.29	4.26	1.86	2.44	1.34	0.63	11.51	7.47
Norway	3.95	1.93	7.27	9.21	3.38	3.56	1.51	0.93	16.11	15.63
Switzerl.	0.00	0.00	2.91	7.07	6.53	3.63	0.08	1.97	9.52	12.67
USA	0.15	0.21	1.61	1.20	0.91	0.87	0.05	0.00	2.72	2.28
<i>OECD mean</i>	<i>1.04</i>	<i>0.60</i>	<i>3.28</i>	<i>3.44</i>	<i>3.85</i>	<i>2.95</i>	<i>0.65</i>	<i>0.61</i>	<i>8.82</i>	<i>7.60</i>
<i>OECD s. d.</i>	<i>1.47</i>	<i>0.60</i>	<i>2.52</i>	<i>3.51</i>	<i>3.33</i>	<i>1.10</i>	<i>0.62</i>	<i>0.68</i>	<i>4.85</i>	<i>4.81</i>
<i>OECD coef. of variation</i>	<i>1.41</i>	<i>1.00</i>	<i>0.77</i>	<i>1.02</i>	<i>0.86</i>	<i>0.48</i>	<i>0.95</i>	<i>1.11</i>	<i>0.55</i>	<i>0.63</i>

Source: Dataset Nelson (2013); Author's own calculations

Figure 4 testifies about a large increase in convergence of ALMP spending across EU-11 MSs from a 91% variation before the EES, to 42% after its launch. However, previous micro-level analysis reveals that this convergence is hardly EES-induced, although it is a good indication of a distinct European process, because OECD members tend to diverge in ALMP spending, as displayed.

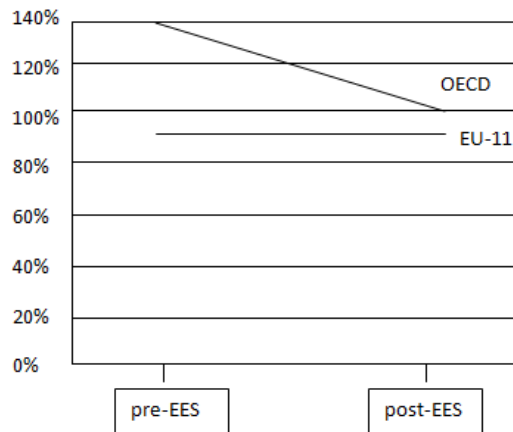
Figure 4. Coefficient of variation, total ALMPs



Source: Author's own calculations.

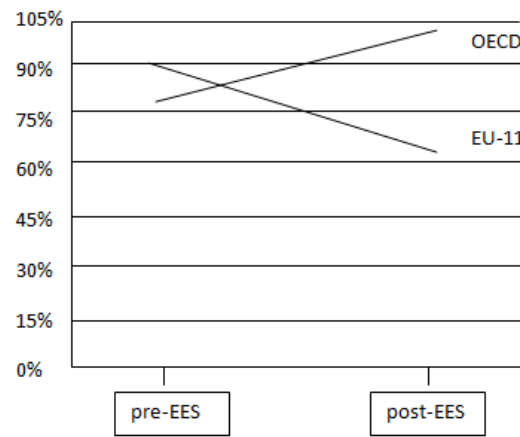
Figures 5, 6, 7 and 8 explicate convergence trends by type of ALMP. Although there is little evidence of convergence of direct job creation spending, other measures seem to converge significantly, especially training measures and PESs, with mean training spending slightly falling, and mean PES spending rising.

Figure 5. Coefficient of variation, direct job creation



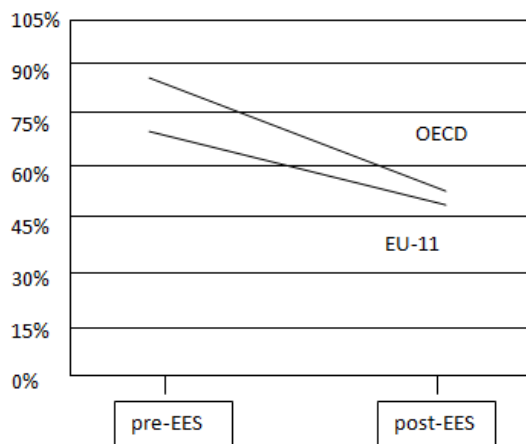
Source: Author's own calculations.

Figure 6. Coefficient of variation, training



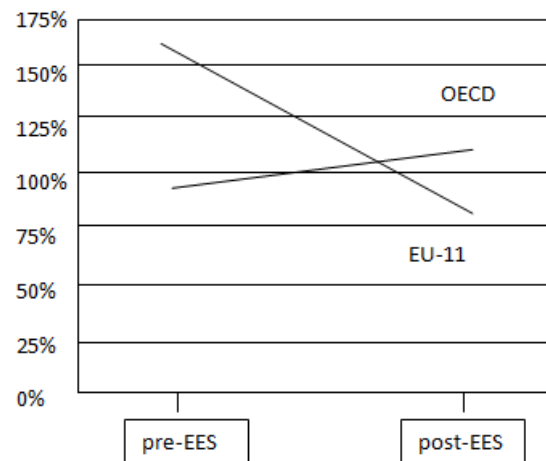
Source: Author's own calculations.

Figure 7. Coefficient of variation, PES



Source: Author's own calculations.

Figure 8. Coefficient of variation, incentives



Source: Author's own calculations.

A general tendency of a convergence trend in ALMP spending in the EU is visible. Still, the spending data tells us little about the fine-grained processes behind the EES like the country insights did. Although the EES might have contributed to the convergence trend, qualitative country insights revealed regime-specific orientations in Denmark and the UK which speak against the quantitative trends.

4.6 Hypotheses Testing

The process-tracing in Denmark, the UK and Germany and the convergence analysis from the previous sections cast more light on the proposed hypotheses. This section gathers clues from the previous sections to conclude on hypotheses one to six.

H₁ on social democratic welfare regimes predominantly relying on human-capital-oriented ALMPs, was confirmed in the Danish case. Early ALMP schemes in 1985 and 1988 already emphasize training. Job-rotation and on-job subsidies that were introduced alongside the activation paradigm shift in 1994 continued the human capital trend. Finally, post-EES spending on training doubled, and Council recommendations condemned the predominantly activation-oriented ALMPs in Denmark, but with marginal impact. These clues are a “*smoking gun*”, therefore offer sufficient evidence to confirm H₁.

Denmark adopted the activation paradigm in the early 1990s and was a best-practice country in the post-EES period. Therefore, the EES hardly impacted Denmark through policy learning or policy diffusion. Conversely, EGs and recommendations were either instrumentalized for pre-existing policy strategies (e.g. tax-freeze), or only had a symbolic first-order effect on the settings of policy instruments (e.g. PES counseling after 3 months, instead of 5). These clues offer sufficient evidence to confirm H₅. Denmark reflected positively and negatively (taxes, PES) on the EES, but was resilient to any significant policy change. Table 2 summarizes process-tracing of Denmark.

Table 2. Process-tracing tests for Denmark

<p>H1. Social-democratic regimes rely on human capital oriented ALMPs.</p> <p>Clues. 1985, 1988, 1994 training schemes, doubled spending on training, Council recommendations.</p> <p>Inference. A strong human capital orientation was reflected in ALMP orientation. Denmark stressed training and skills-investment as the primary weapon in tackling unemployment, spent on training measures more than on anything else. EU recognized this orientation and suggested more balance between prevention and activation, but with little success.</p> <p>Summary. These clues pass a <i>smoking-gun</i> test and confirm H1.</p>
<p>H5. EES influences national ALMP through policy reflexivity.</p> <p>Clues. Job rotation, best practice example, tax freeze, PES settings.</p> <p>Inference. The European Commission promotes Denmark as a best-practice country, and other countries peer-review Danish activation policies. On the other hand, Denmark symbolically changes the settings of job counselling, introduces a pre-defined tax freeze and instrumentalizes it for the purposes of the NAP.</p> <p>Summary. Clues yield a <i>smoking-gun</i> test and confirm H5.</p>

Source: Author’s own calculations.

H₂ assumed that labour market services, i.e. job-search assistance and counseling, are the most important type of ALMP in liberal welfare regimes. The case of the UK confirms this hypothesis overwhelmingly. Even before the activation turn, mandatory interviews in the PES were introduced. The JSA conditioned benefits on job-search, and a cross-party consensus was reached on the pitfalls of “welfare dependency”. The Third Way manifesto stressed personal responsibility, and the New Deal programs favoured job-search activity (Gateway period) instead of activation. The UK shows continuity in stressing prevention.

The EES-influence on activation and ALMPs was rather non-existing. British reforms preceded the EES and inspired it with best practices (Jobcentre). The European Commission even admitted that the EES-UK relationship was one of “coincidental convergence”. The UK demonstrated great resilience to adaptation in the NAPs and reported on domestic pathways positively. Reactions to recommendations were symbolic and affected only settings of instruments (activation after 18 months, instead of 2 years). Contextual factors like

euroscepticism and low media coverage most probably added to the domestic insignificance of the EES. Hence, only H₅ is confirmed. Positive reflexivity resulted in denial of substantial change. Table 3 summarizes the finding for the UK.

Table 3. Process-tracing tests for the UK

<p>H₂. Labour market services are the most important type of ALMPs in liberal welfare regimes.</p> <p>Clues. Restart 1986, JSA 1996, cross-country consensus, Third Way manifesto, training after 2 years.</p> <p>Inference. Benefits were conditioned upon mandatory interviews in 1986 (Restart) and 1996 (JSA). Parties across the ideological spectrum condemned benefit dependency. New Deal programs introduced by the Labourists had little effect and stepped in only after 2 years of unemployment. The initial 4-month Gateway period of job-search, however, was crucial.</p> <p>Summary. Clues are sufficient indicators to confirm H₂, thus H₂ passes the <i>smoking-gun</i> test.</p>
<p>H₅. The EES influences national ALMPs through policy reflexivity.</p> <p>Clues. Coincidental convergence (<i>Taking Stock</i>), reflexivity in NAPs, Euroscepticism, low media coverage.</p> <p>Inference. Activation reforms in the UK preceded the EES. Most of the British ALMPs coincide with EGs. The UK hardly reacted to criticism on over-reliance on preventive measures, but reflected on its success in the NAPs. Minor but irrelevant adjustments were made in the settings of the activation period.</p> <p>Summary. Clues are sufficient indicators to confirm H₅, and weaken H₄ and H₆. Therefore, H₅ passes the <i>smoking-gun</i> test.</p>

Source: Author's own calculations.

H₃ presumes that members of the conservative welfare regime are resistant to the activation paradigm. In the German case, this hypothesis is rejected. Although the Kohl administration was hesitant to a market oriented LMP reform in the 1990s, the Schröder administration introduced some path breaking reforms in the German LMPs. Reformists among the social democrats were committed to the Third way politics of self-responsibility. Both *Job-Aktiv* and *Hartz laws* witnessed a paradigm shift from benefit-dependency to active and preventive policies. Benefits were tied to active job-search, individualized guidance for the unemployed was guaranteed and employment incentives introduced (*Mini-jobs*, *Ich-AG*).

In regard to the EES, conclusions from the German case certainly demonstrate the existence of policy learning. Unfortunately, these practices mainly operated outside the

structures of the EES and included informal bilateral exchange of information and practices. Inconsistency between official documents, reports, and interviews points to a vague impact of the EES on German ALMP reforms. The EES did certainly not initiate the ALMPs' transformation, but rather contributed to the diffusion and anchoring of the activation paradigm. True impetus for change came from the domestic context (unemployment, placement scandal), reformist agency (Schröder and Clement), and international best-practice (Denmark, UK). Hence, evidence supports H₆ on the EES-influence through policy diffusion. However, the EES exerted little impact on substantial change. Table 4 summarizes the German case.

Table 4. Process-tracing tests for Germany

<p>H₃. Conservative regimes resist active and preventive ALMPs. Clues. Third way politics, Job-Aktiv, Hartz laws Inference. German reality contradicts the hypothesis on conservative path-dependence. The Schröder administration committed itself to a fresh look at LMPs, and introduced some path breaking reforms (Job-Aktiv), which reformed existing PESs, introduced new ALMP measures and conditioned benefit receipt on activation. Summary. Clues clearly reject H₃. H₃ is eliminated in a <i>double-decisive</i> test.</p>
<p>H₆. The EES impacts domestic ALMPs through policy diffusion. Clues. Lisbon strategy, Job-Aktiv, reports, informal bilateral meetings. Inference. Since activation was new to Germany, it is reasonable to expect an EES contribution to the diffusion of the active and preventive approach, but not more. Politicians referred to EU strategies as a reference for reform, and the Job-Aktiv was inspired by EES guidelines. However, policy learning happened outside the OMC mechanisms. Summary. Clues are neither sufficient nor necessary conditions to confirm H₆, but do confirm the relevancy of H₆.</p>

Source: Author's own calculations.

CHAPTER 5: CONCLUSION

This MA thesis has mainly dealt with tracing down micro-level ALMP reforms in three prototypical representatives of welfare regimes. Subsequently, a macro-level analysis of ALMP spending patterns in the EU-11 was conducted in order to uncover broader trends in ALMP convergence across MSs under the influence of the EES. A more general aim of these analyses was to bridge the existing gap between the welfare state literature, which neglected the EES influence in explaining welfare state change, and the Europeanization literature, which missed out welfare-regime-specific impediments to an EES-induced change of ALMPs.

In regard to the first research question whether MSs foster welfare-regime-specific approaches to ALMPs in absence of EES guidance, evidence from the micro-level analysis has shows more regime continuity in social democratic regimes (Denmark) and liberal regimes (the UK), but to a much lesser extent in conservative regimes (Germany). Whereas Denmark continued to foster human-capital-oriented ALMPs and the UK a more market-oriented preventive approach in line with expectations on regime path dependence, Germany experienced a radical shift in LMPs, from PLMPs to activation policies inclining towards the liberal model of preventing long-term unemployment. On the other hand, spending patterns speak in favour of the macro-level findings, since the social democratic regime seems to spend more on training measures, whilst the liberal regime spends more on PESs.

When it comes to the question to what extent the EES affected ALMPs and their convergence across MSs, evidence speaks in favour of a marginal EES influence on domestic change. Both Denmark and the UK embraced activation policies before the launch of the EES, continued to be best-practice countries and felt hardly influenced by EES guidelines. There is no evidence of policy learning in these two cases, however the EES mostly induced reflexivity on own strengths and weaknesses, but it triggered only marginal changes in ALMP

instruments' settings. The German case revealed a limited EES impact in fostering policy learning about ALMPs, but the EES contributed in diffusing the activation paradigm, although the rationale for a paradigm shift rested outside the EES. Conversely, spending data displayed significant convergence of total ALMP spending across the EU. However, spending patterns hide the inner dynamics of ALMPs. Country insights revealed that MSs hardly embrace the EES in totality, but perpetuate their own regime-specific focus on certain ALMP instruments.

Implications of these findings on further research are twofold. The first implication concerns welfare state change. Germany, as part of the conservative cluster, has proven to be volatile in terms of activation modality, unlike Denmark and the UK whose ALMP reform pathways resemble regime-specific human capital/workfare orientation. It might easily be the case that significant welfare state change is more likely in conservative regimes than in other regimes. Therefore, further research should investigate to what extent and in which circumstances conservative welfare states depart from PLMPs and incline toward either social democratic or liberal activation models. The second implication pertains to future prospects of Europeanizing ALMPs through soft mechanisms like the OMC. EGs and peer reviews had a negligible effect on activation policies in the three case studies. One of the reasons why the EES influence was limited to policy diffusion and reflexivity could be the lack of conditionality or blaming and shaming of the established MSs. Therefore, scholars should focus on new MSs which are net-recipients in the EU and heavily rely on EU funding. For instance, European Social Fund (ESF) money is sometimes conditioned on the implementation of the EES, whereby the ESF constitutes a *"shadow of hierarchy"* (Zartaloudis 2013:1181). In other words, soft mechanisms of the EES might be more effective when complemented by the ESF. Thus, an EES-induced change may be observable in these instances.

Finally, although the limitation of this MA thesis lies in its weak generalizability, the author hopes it contributes to the existing literature by its rigorous application of research methods, its ambition to start closing the gap between welfare state literature and Europeanization literature, and by opening up niches for further research.

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