

The EES and Activation Reforms: Exploring the Role of Key Politicians in  
the Netherlands and Germany

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## 1. Introduction

European welfare states are, for various reasons, in need of restructuring. Although the bulk of social policy legislation is still made and administered at the national level, their context of policy-making has changed in many respects including that social policy-making no longer takes place in splendid isolation. Since the late 1990s, the EU has started to play a more important role in what has become a ‘multi-level politics of welfare state reform’, the main theme dealt with in this Special Issue. However, the way in which the EU has been involved in social policy, clearly differs from ‘traditional’ ways of EU policy-making (Daly 2006). EU-level social policy has been described in terms of ‘new’ or ‘soft’ forms of governance, contrasting with classical hierarchical regulation through directives and regulations. A much debated example of recent EU involvement in social policy is the European Employment Strategy (EES), based on the employment title of the 1997 Amsterdam Treaty. The EES requires member states to draw up annual National Action Plans (NAPs) for labor market policy in line with common guidelines decided by the Council of Ministers.<sup>1</sup> The underlying ambition was to modernize ‘passive’ employment and social policy schemes by making them into curative and activating ones. To reach this aim, the EES included rather specific targets under the comprehensive approach towards unemployment.<sup>2</sup> Member states should gradually achieve the average of their three most advanced peers and a percentage of at least 20 per cent. This so-called comprehensive approach should help to transform Europe’s first class social protection systems from safety nets, which defended acquired skills and social status, into springboards for new skills and new jobs (Larsson, 2000).

We argue in this paper that in order to understand better how the multilevel politics of welfare state reform work, we need to focus more on how domestic actors (i.e. key politicians) are embedded in these politics.’ Soft’ mechanisms of governance provide these actors with opportunities to influence reform processes, both at the EU-level and domestically. While the EES may provide ideas about policy reforms (van Gerven and Beckers, 2009), these ideas have to be taken up and put into practice through domestic policy-making, presupposing the presence and willingness of actors in this process. Based on this realization, the paper will address the intersection between the two levels by focusing on the role of key policy makers as ‘shapers and takers’ of policies (Börzel, 2003). This leads to the expectation that key policy-makers influence and/or make strategic use of EU-level policies in order to bring about reforms that are politically contested.

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<sup>1</sup> These action plans (currently called National Reform Programmes) are the basis for an iterative process of monitoring, benchmarking, and peer pressure. As the EES is no legally binding instrument without legal sanctions. In the event the European Commission sees room for improvement in national policies, it may draft a recommendation, a measure resembling merely a political sanction..

<sup>2</sup> Unemployed persons who are under the age of 25 should be offered a new start through a job, (re-) training, work practice, or another employability measure within the first six months of their unemployment, as opposed to twelve months for those who are over 25 (laid down in Guidelines 1 and 2, later integrated in Guideline 1). Moreover, member states were stimulated to fix a target for the number of persons benefiting from active measures to improve their employability (Guideline 3, later Guideline 2). To promote member state compliance to these goals, the European Social Fund (ESF) provides financial support to the actions undertaken in pursuance of the EES and the annual guidelines on employment.

Therefore, the main question guiding this article asks in what ways domestic key policy-makers use EU level social policy.

The paper is organized as follows. Section 2 presents the theoretical rationale underlying our argument about key politicians as a particular mechanism of multi-level reform that connects domestic and EU-level policies. The third section sketches the background of Bismarckian welfare states and traces how activation of unemployment insurance has taken hold in two prominent examples of such welfare states, the Netherlands and Germany since the mid-1990s. To illustrate our argument, we focus on key policy-makers in these two countries, analyzing how they made use of EU-level social policy in important domestic reforms. Sections 4 and 5 present our case studies of main activation reforms of Dutch and German unemployment insurance schemes after the launch of the EES. In the concluding section, we revisit our findings. First, both countries have undergone important activating changes, although the intensity and timing differed. Second, in both countries, EU-related arguments indirectly contributed to domestic changes (while uploading seems to depend on more specific enabling factors). Third, we briefly evaluate two of the research hypotheses from the editorial introduction on the differences between EU and domestic policy structures and pressures for change.

## **2. Key Politicians as Nexus between Europeanization and National Policies**

For decades, the dominant view of European integration was ‘bottom up’, implying that member state governments were driving European integration and policy-making (as depicted by intergovernmentalist approaches, see e.g., Taylor, 1991, Moravcsik, 1991, Moravcsik, 1998). Alternatively, theories of neofunctionalism and multilevel governance pointed to other actors such as business associations, trade unions, or regions, which pushed for further integration to promote their economic or political interests (e.g. Sandholtz and Stone Sweet, 1998, Hooghe and Marks, 2001). Both were concerned with conceptualizing and explaining how member states affected processes and outcomes of European integration. In the 1990s, the focus shifted towards how member states respond to the impact of European integration through ‘Europeanization’. Supranationalist theories (e.g. Weiler, 1981) presume that the EU is a polity resembling democratic welfare states (Leal-Arcas, 2006), and that member states merely respond to pressures trickling down from the EU-level. Later, also this ‘top-down’ perspective has been found ill-suited to explain EU governance (Scharpf, 2001). Currently, we see a growing consensus amongst scholars that the relationship between the EU and its member states should not be seen as a one-way street and that it varies, both across policy fields and over time. Member states are not merely passive takers of, for instance, EU prescriptions of social policy. Rather, they affect these prescriptions and objectives at an earlier stage. Thus, Europeanization could be seen as a ‘two-level game’ (Putnam, 1988), where a systematic relationship emerges between domestic and EU politics with governments (and other actors) in between. The

latter approach attempts to link the ‘shaping’ (or decision-making) and the ‘taking’ (or implementation) phases of EU policy processes, which is considered necessary for a better grasp of how the relationship between member states and the EU works (Börzel 2005). Some attempts have been undertaken to conceptualize the interplay between EU integration, Europeanization, and subsequent feedback loops affecting both levels (Haverland and Holzhaecker 2006)<sup>3</sup>. Complementing their finding about the importance of national governments for understanding how Europeanization and subsequent processes of integration and cooperation are connected (ibid: 12), we suggest to focus on the micro-level, paying attention to the role of individual government actors, who actually propose, justify and assemble support to adopt policies.

We think that national key politicians are an important analytical focus for understanding how EU social policies affect domestic policy-making. First, there are good arguments for paying closer attention to actors with important policy-making competences when trying to explain domestic reform adoption. The literature on the role of ideas in policy-making, and more specifically, on discourse and framing-related explanations of policy reforms (Schmidt, 2000, Radaelli, 2000) claims that policy ideas are not epiphenomenal but influence policy adoption in their own right. To locate elements of such discourse and its key policy ideas, we need to consider who conveys them: typically, these are actors with sufficient authority and competence to launch policy proposals. In this context, the argumentation of domestic key politicians to get (domestic) reforms adopted is important. Key politicians, in particular ministers, have been shown to successfully justify welfare state reforms by pointing to the cognitive (i.e. relating to how a reform solves policy problems) and normative (i.e. relating to societal norms and values on a policy issue) relevance of underlying policy ideas (Stiller, 2007 and Stiller, forthcoming). Second, we think that the EES offers opportunities to domestic politicians to push their policy agendas – by either influencing the cyclical EES process or by trying to legitimize domestic reform plans (or both). This facet of the argument is inspired by the literature on agenda-setting by member states in the EU (e.g. Björkdal 2008, Börzel 2002, Liefferink and Andersen 1998) and by work on policy learning (e.g. Sabel and Zeitlin, 2008, Visser, 2009) and policy transfer (Dolowitz and Marsh, 2000). Related to the previous argument, policy ideas conveyed by domestic politicians may be inspired by the cognitive prescriptions found in EU policy instruments such as the EES guidelines. Therefore, if politicians use them for domestic reforms, this may be indicative of the Europeanization of domestic policy-making (see for the dual logic underlying this impact Börzel and Risse 2003). Previous research indicates that actors made explicit reference to the EU to overcome domestic

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<sup>3</sup> Haverland and Holzhaecker propose a temporal approach ‘by explicitly asking how Europeanization has affected preferences for modes of cooperation and integration among member states’ and they suggest three explanatory mechanisms: socialization, path dependency and learning. The dual processes of Europeanization and European integration are seen as ‘a rotating cork-screw lying on its side: each upward rotation of the cork-screw represents a particular aspect of European integration, the subsequent movement downward the resulting impact on the member states,– Europeanization’ (2006:13).

opposition to reform, for instance, with pension reforms in Italy (Stiller, 2006) or, more generally, in social policy reform in Southern and Eastern European countries (Kvist and Saari, 2007).

More generally, the EES offers a mode of governance that differs from the traditional ‘community method’ with its institutionalized, rigid prescriptions and binding legislation. Applying a typology of governance modes with emphasis on the policy dimension (Treib et al., 2007: 14), the EES could be classified as either a even more likely, as ‘voluntarism’ (combining a non-binding instrument with flexible implementation) or a ‘targeting’ mode (combining a non-binding or soft policy instrument and rigid implementation). Importantly, it offers room for domestic government actors to legislate reforms in line with their preferences and strategic objectives as long as they are commensurate with the general objectives of the EES. Additionally, since the EES includes periodic revisions of its objectives, it gives them opportunities to participate and influence these objectives (possibly in strategic cooperation with other member states) to push their preferences. In short, the EES may be a cognitive and strategic resource for these actors.

Connecting these insights to the dual conception of Europeanization referred to earlier (bottom-up/uploading and top-down/downloading approaches, or perhaps, taken together, ‘duploading’),<sup>4</sup> we formulate our expectations as follows:

- 1) National key politicians transfer policy ideas held at the domestic level to the EU level.*
- 2) National key politicians make use of EU-level ideas for initiating and/or facilitating the adoption of national reforms (justification, strategic use).*

Obviously, investigating these expectations is not unproblematic. Evidence of uploading ideas can at best be partial, as other factors may influence the adoption and further evolution of the cognitive dimension of the EES, e.g. its objectives and benchmarks. Similarly, evidence for the downloading of ideas, i.e. the use of EU-level argumentation for justifying domestic reforms is difficult to find. Key politicians may use ideas underlying EES guidelines without explicitly referring to their origin or hold these ideas even before the EES was adopted. Furthermore, research is confronted with ‘an administrative merger of EU and national levels’ (see also van Keulen, 2006), which makes it unclear, which actors and institutions (at different levels and in different phases of policy-making) are responsible for which policy outcomes. In the subsequent case studies,

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<sup>4</sup> In line with the insights from the contemporary literature on Europeanization, and following comments by a co-referent on an earlier version of this paper, we may refer to this particular mechanism of multi-level reform as ‘duploading’. In other words, policy-makers both upload their preferences to the EU political agenda and, at a later point in time, they use EU in the implementation phase.

cannot resolve these problems but, try to detect as much evidence as possible, resorting to sources of indirect evidence, if available.

### **3. The Netherlands and Germany: part of the universe of Bismarckian welfare states**

The two case studies presented below deal with domestic activation reforms in Germany and the Netherlands. The countries belong to the family of Bismarckian (Palier and Martin, 2008) or conservative welfare states (Esping-Andersen 1990, 1996) which are often portrayed in the literature as the countries in most need of recalibration of their passive social protection systems (Hemerijck, Manow and van Kersbergen, 2000). At the same time, these countries often depicted as the most resilient welfare state model against change (Esping-Andersen, 1990; 1996). This frozenness is typically explained by the institutional characteristics: the contributory benefits granted in these countries enjoy a particularly high level of legitimacy and are therefore difficult to cut back radically. Furthermore, insurance-based transfers and the interests of workers in Bismarckian countries are commonly fiercely protected by well-organized trade unions. Union involvement in the administration grants also the social partners a de facto veto power against welfare state reforms (Bonoli and Palier, 1996). Against this background, the reforms, if any, are suggested to take form of only minor adjustments. This also the insight derived from the work by Peter Hall (1993) distinguishing different levels or orders of policy change. Hall defines 'first order change' as being those through which certain policy instruments are adapted to external pressures or new policy regulations; 'second order' changes occur when the entire range of policy instruments adopted within a specific policy field are transformed without altering the established policy goals; 'third order' change or 'paradigmatic' change occurs when all the inherited ends and goals are replaced by a new set of values and instruments (Capano and Howlett, 2009). Based on his study on development of macro-economic policy in Britain, Hall suggests that changes most commonly take place in existing instruments (first order) or institutional settings (second order), but not in the general goals (third order change) of the system. More recent literature has, however, questioned such statements of stability. Palier and Martin (2008) show convincing examples of changes in Bismarckian countries. In the area of unemployment policies, Hemerijck and Eichhorst (2009) describe an overall broad transformation of Bismarckian welfare states, including Germany and the Netherlands, from policies aiming at labor shedding towards a more employment-friendly and activating schemes. Also, recent work by Clegg (2007) on unemployment insurance reform suggests similar developments.<sup>5</sup> Tracing the changes implemented in Germany and the Netherlands shows indeed, as indicated in Table 1 below, that the countries have addressed the problem of unemployment by implementing a series of changes since the 1980s.

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<sup>5</sup> Clegg, however, argues that qualified cost-containment and reactionary recalibration towards activation has been developed mainly at the margin, focusing on the "outsiders" of the labour market.

<i>Year</i>	<i>Reforms in Germany</i>	<i>Reforms in the Netherlands</i>
1980s	Reducing generosity of unemployment benefit/assistance yet extension of duration of unemployment benefit (1984-1987) 'Activation' of unemployment	Cuts in benefit rates (suspension of indexation 1982-1985, cuts 1984) Tighter access rules (1981, 1986) WW Act of 1986
1990s	benefit/assistance in several steps (1994-1997): reduction of generosity and tightening criteria for reasonable work	Guaranteed Work for Youth Act of 1991 More stringent access conditions (1994) Changes in administration and public employment services (1995, 1997) Act of 1997 on insertion of Jobseekers: integrated activation programmes for the young and long-term unemployed
2000s	Job-Aktiv Act (2001): introduction of obligatory profiling and integration agreements Hartz I and III Laws (2002/2003): tightening the criteria for reasonable work and the sanction regime Hartz IV Law (2004): creation of unemployment benefit II; tightening of obligations for jobseekers/benefit recipients	Administrative decision of comprehensive approach (2001) Changes in administration and public employment services (2002) Tightening rules of access, shortening duration and introducing more compulsory activation measures (2006)

Table 1. Overview of main reforms of unemployment insurance schemes in Germany and the Netherlands

The evolution of the unemployment insurance reforms in Germany and the Netherlands seem to follow rather clear sequences: recalibration is started by retrenchment, followed by gradual steps towards increased activation (see also Hemerijck and Eichhorst 2009, Bonoli and Palier 2007). After the end of the 'Golden Era' of welfare state expansion, and in the aftermath of oil crisis in the 1970s, reforms implemented in the Netherlands focused first and foremost on retrenchment and cost containment. Levels of the benefits were cut and an attempt was made to restructure the unemployment insurance programme. For instance, in 1984, benefits were cut twice by almost 3 per cent in nominal terms, and later in the year, the replacement rates were lowered from 80 to 70 per cent of the previous daily wage. The system revision in 1986 (Stb. 1986, 561-569) replaced the previous dual system of contribution financed WW and the tax financed WWV<sup>6</sup> by a single (contribution-based) WW. Under the revised WW act, benefit was divided into a basic benefit for all insured, a continuation payment for workers with a long work history, and a follow-up benefit (paid at the minimum wage level). Although the reform changed the structure of WW, it merely revised the existing, mainly passive, instrument. Also, to reduce the number of benefit recipients, access conditions were tightened in the 1980s and early 1990s. In Hall's

<sup>6</sup> The Act on Employment Provision (Stb. 1964, 485) paid benefits for people not meeting the insurance conditions (in most cases, the young and self-employed) or those having received the WW benefit for a maximum period (130 days in 1984).

terminology, these changes were first order changes, that is, adaptation of existing policy instruments. In the 1990s, the Netherlands saw rather drastic changes in the Dutch public employment services and administration of benefits, as the responsibilities of social partners in administering social insurances were drastically limited. Changes culminated in the 1997 Act, which gave the social partners merely an advisory role in the governance of social insurances. These changes in settings can be seen as second order changes in a Hallian perspective. In 1991, that is, already prior to the launch of EES, the first nationwide work creation programmes were introduced in the Netherlands. This was obviously a step towards activation, but as discussed further in the next section, the implementation of a nation-wide activation scheme for all workers facing involuntary unemployment met fierce resistance. The extension of activation to all, and paradigmatic or third order change (that is, a change that alters the inherited ends and goals by a new set of values and instruments) was not reached until in 2001 when an administrative decision was taken to extend the activation to all workers and public employment services were revised to provide an institutional framework for this. Later in 2006, a new, 'leaner and meaner' WW was implemented to encourage labor market participation by more stringent access, shorter duration and more compulsion.

Turning to the evolution of unemployment insurance in Germany, we observe two trends from the mid-1990s. First, transfer payments were selectively retrenched during this period (i.e. exempting, for instance, unemployed persons with children (Bleses and Seeleib-Kaiser 2004: 61), while core workers had to accept small-scale benefit cuts. At the same time, activation began to play a role in the granting of formerly 'passive' transfer payments. The latter meant a greater focus on employability and stricter work requirements for those claiming benefits with unlimited duration (unemployment assistance and social assistance), but also for those claiming unemployment benefit during a longer period (Clasen 2005b: 69-70).<sup>7</sup> After the Red-Green coalition took office in 1998, the first notable legislation to pursue activation further was the Job Aqtiv Act (2001), which notably increased the obligations of the part of jobseekers (see also Section 4). The real breakthrough of activation, however, came with the laws based on the 2002 report of the Hartz Commission, in particular Hartz IV (and to some extent Hartz I, see further Section 4), which restructured the existing inefficient three-pillar benefit scheme into two pillars and prioritized individual responsibility of jobseekers over status maintenance.

Therefore, over a period of roughly ten years, 'passive' systems of unemployment provisions in the Netherlands and Germany have departed from the Bismarckian principle of status maintenance based on wage-centered insurance. Instead, we have seen the creation of systems based on income replacement vis-à-vis activation. Here, basic security is provided through social insurance schemes, which are complemented with innovative changes such as new benefit administration settings (van Gestel et al 2009) and/or means-

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<sup>7</sup> Additionally, active labour market measures were used extensively to combat rising unemployment, and incentives for early retirement introduced during the 1980s were replaced by other measures

tested unemployment benefits (Bleses and Seeleib Kaiser 2004, Büchs and Hinrichs 2007). The magnitude of the changes goes beyond mere first- and second-order changes in terms of the Hall framework. After a series of first order changes (cuts in benefit levels and tightening of eligibility rules), we saw the creation of new policy instruments in combination with new policy goals that require unemployed do their share in order to get back to employment. Notwithstanding the different timing of the reforms in the Netherlands and Germany, they have been characterized as threefold structural reform (Stiller 2007) or as ‘paradigm shift’ (van Gerven and Beckers, 2009, Eichhorst et al., 2008).

What the above summary shows is that both countries have taken steps on activation in line with the EES objectives. This gives us a reason to explore where the nexus lies between transnational social policies and changes at the national level. The main question we ask in both cases is if and how the EES has influenced national actors and policy-making via the nexus of domestic key politicians. In doing so, we evaluate the expectations formulated above on key actors’ transfer to the EU-level (uploading) and/or use of ideas (downloading) on activating reforms. Are these patterns comparable in both countries and do they differ? It is important to note that these two cases constitute little more than a preliminary exploration of our expectations but should lead to the formulating of working hypotheses.

The data comprises original interview data gained in conversations with Dutch politicians, trade unionists, and civil servants both at a national and EU level and with German observers of the ‘Hartz IV’ reform process. For the Dutch case, the total of 19 interviews were conducted in the framework of studies (2001-2002 and 2007) evaluating the effect of EES for the Dutch employment policies (see also Zijl et al., 2002, van Gerven, 2008a). For the German case, 15 respondents from political parties, ministries, trade unions and labor market policy experts were interviewed between 2005 and 2006. Furthermore, we used secondary literature as well as government documents.

#### **4. Man fighting against the windmills: Dutch activation policies and Minister Melkert**

##### *The Dutch domestic context and the content of the reforms*

Similar to its continental neighbours, the Dutch system of social security has been characterized by a strong Bismarckian preference for earnings replacement and protection of (male) wage workers (Esping-Andersen, 1990). Under the *Unemployment Benefit Act* (WW, 1949, Stb. 432), (male) workers were covered by generous insurance benefits administered by the social partners. Apart from the requirements to register at the

Employment Office and to accept a job or training option if it was offered, the WW procedure contained very few provisions related to activation up to the early 1990s.<sup>8</sup> Since the 1970s, however, the Dutch labour market was increasingly haunted by a low participation rate (concerning women and older workers) and a rising number of benefit recipients. Between 1970 and 1985, the number of people depending on income transfers (from all programs) doubled from 1.6 million to 3.2 million (Visser and Hemerijck, 1997: 128). Regardless of policy measures taken to reduce social expenditure in the 1980s, the number of unemployed skyrocketed from 65,000 in 1980 to over 410,000 in 1994 (UWV, 2005: 14, Table 2.1). Cures for the ‘Dutch disease’ of low economic growth and high levels of social security beneficiaries were searched, for instance, in activation of the young and long-term unemployed. Already in 1984, subsidized temporary work programmes (*Jeugdonthoofdbanen* or ‘job schemes’) had been introduced for the young. Also, the idea to create temporary jobs for unemployed youth was mentioned in the coalition agreement of Prime Minister Lubbers’ third Cabinet (1986-1989) of Christian Democrats and Social Democrats. Subsequently, a plan for youth employment (*Jeugdwerkgarantieplan*) was sketched in informal negotiations with the Association of Netherlands Municipalities (*Vereniging van Nederlandse Gemeenten*; VGN) and representatives of employers’ and employees’ organizations (for this process, see TK 1989/1990, 21 352). In 1991, the existing piece-meal measures were formalized under the *Guaranteed Work for Youth Act* (JWG Stb. 1991, 250). The JWG codified the nation-wide approach for the activation of those up to 23 years of age, and provided that they should be offered a temporary part-time job or training place during the first six months of their unemployment.

*The expected key politician: Ad Melkert*

After defeating Lubbers’ cabinet at the polls, Prime Minister Wim Kok’s new ‘purple’ coalition of Social Democrats and two liberal parties entered office in 1994.<sup>9</sup> The core of its social and economic policies and the main goal of its Minister of Social Affairs and Employment, Ad Melkert (1994-1998) were to increase the level of labor market

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<sup>8</sup> In 1980, the *Unemployment Benefit Act* (WW, 1949, Stb. 432) provided generous insurance benefits (80 per cent of previous daily wages) to employees for 130 days, after which the *Unemployment Provision Act* (WVV, Stb. 1964, 485) took over benefit provision for another two years (yet at a slightly lower rate, 75 per cent of previous daily wages).

<sup>9</sup> To cure the ‘Dutch disease’, Prime Minister Lubbers’ third cabinet had introduced in 1991 a controversial welfare reform package that intended to reduce the level of protection, lower the entitlements to sickness and disability benefits, and close off other labour market exit routes. Although there was widespread agreement that the changes were necessary, their implementation turned out to be politically risky: the Lubbers administration was defeated in the 1994 elections.

participation. Although Dutch governments had been rather keen on the idea of activation in general since the mid 1980s, the instruments used in the social protection remained rather passive, with the exception for those directed to the youth and long-term unemployed. Next to JWG plans to the youth, in 1996, subsidized (so-called) ‘Melkert jobs’ were introduced to the long-term unemployed. However, the Dutch political environment in the mid 1990s was much against extending activation to adult workers. The coalition parties (Social Democrats and Liberals), the Netherlands Bureau of Economic Policy Research (CPB) and the Ministries of Economic Affairs (EZ) and Social Affairs and Employment (SZW) were all strictly against it as it was regarded as too expensive (*interviews EU2, NL8 and NL9*). This can be partly understood on the basis of the economic climate of the mid 1990s: the economy was in a dip and the economic growth was staggering. Despite the high unemployment in the early 1990s, it was difficult to find support for measures raising social expenditure. Rather, the prevailing philosophy at the Ministry of Finance was that the scarce resources should go to young people and to the most difficult cases of the long-term unemployed (Visser, 2004: 18).

Indeed, the *principles* underlying the unemployment protection prior to the EES were set out to compensate workers against loss of income through generous insurance benefits, and active policies aimed at the insertion of ‘normal’ unemployed (adult worker) were for most parts absent. Since 1994, the Dutch Public Employment Services (PES) had applied a *procedure* with a diagnosis instrument for job seekers, a kind of graduated ruler that measured the distance of jobseekers from the labor market (van der Meer and Visser, 2004: 49), but the majority of existing activation measures (training schemes, job mediation, subsidized jobs and work experience places) were aimed at the long-term unemployed. With respect to *instruments*, very little guidance was offered to adult workers, apart from the registration as jobseeker and maintaining vacancies. With regards to the later EES Guideline 2, the ‘comprehensive approach’ providing a new start in the form of training, retraining, work practice, a job or another employability measure within twelve months for adults (over age of 25) did thus not exist at the time in the Netherlands.

The Minister of Social Affairs and Employment (1994-1998), Ad Melkert, had nevertheless a vision to extend activation also to cover the groups of adult workers and he kept on pushing his ideas despite the opposition faced by the governing coalition, and by his own civil servants. According to one of our respondents at the European level (*interview EU2*), ‘Melkert was ‘a man with a clear vision in the sense that he had a goal and the motivation and he could articulate his ideas’.

*Uploaded ideas: strategic use of EU during the agenda setting phase*

Minister Melkert wanted to change Dutch social policy from ‘a hammock to a springboard’ (*interview NL4*). Together with his fellow countryman Hans Borstlap, who at the time of

preparations for the Amsterdam Treaty conveniently chaired the European Labor Market Committee (the predecessor of the current Employment Committee), Melkert wanted to introduce the comprehensive approach through the European path of coordination (*interview NL1, EU2*). Respondents did not believe that Melkert fought for this issue in order merely to improve the European social model and common good. Rather, the matter was more pragmatic (and strategic): after encountering opposition to his plans at home, Melkert turned to Brussels (*interviews EU2 and NL7*). In particular, Melkert met opposition from his Liberal coalition partners, who held the two important Ministries of Finance and Economic Affairs. Behind their hesitations was the fear that it would add pressure to increase European funds and they criticized the EES as overly bureaucratic. Instead, these Ministries favored the Broad Economic Policy Guidelines and ECOFIN's (Economic and Finance) guardianship of the Stability and Growth Pact (see also Noaksson and Jacobsson, 2003). In matters of labor market and employment regulation, they also rather referred to the cognitive views of the OECD than the ones of the EU (*interview NL4, NL6, NL7*)<sup>10</sup>. However, due to the fragmented nature of the Dutch political system (see e.g., van Keulen, 2006), Dutch ministries possess rather strong departmental autonomy within the administration. This gives them much leeway to pursue their goals, and facilitates the promotion of novel ideas and innovations, also at the European level. Arguably, this made it possible for Melkert to push so forcefully to achieve 'his' goals, despite the disagreement with the other ministries.<sup>11</sup> Subsequently, the Minister used European pressure for domestic purposes, lobbied vigorously to include the comprehensive approach in the EES, and consequently, realized it in the Netherlands.

Notably, Minister Melkert had an excellent window of opportunity to promote his goals during the Dutch EU presidency in the first half of 1997. The Intergovernmental Conference on Social Policy and Economic performance (January 1997) was an important moment for the Dutch to argue for their vision of social policy as a productive factor. That vision saw social policy contributing to economic performance rather than prohibiting it, as is commonly argued in the economic sphere. At this conference, top EU social policy makers met with representatives of trade unions and employers' organizations as well as with top academics in the field of the welfare state. The outcome of this conference was a strengthening of convictions of economic value of social policy to modern standards (Hemerijck, 1998). This view was confirmed by our respondents (interviews EU2, NL1, NL2 and NL3). According to one respondent at the EU level (interview EU5), '*it was crucial for the Employment Chapter in Amsterdam Treaty that Melkert came with the argument that labor market policy is economic policy*'. Another vital fact was political change in Europe, as most countries, including the UK, Germany, and France now had centre-left governments in place. Also, the EU accession of some Nordic countries had

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<sup>10</sup> Whereas BEG and Ecofin approach the labour market issues from economic and finance perspective, EES is claimed to embed a more social (policy) element. (for more see Noaksson and Jacobsson, 2003)

<sup>11</sup> It was also told during the interviews (interview EU2) that Melkert was not so keen on the OECD, and perhaps therefore he so rigorously promoted the EU pathway to achieve his national goals.

path-breaking effects: to reassure Finland, Sweden, and Denmark that enlargement of the EU would not mean the end of the social democratic model, a significant part of it – active labor market policy and the goal of full employment – would have to be ‘exported’ to Europe. Arguably, together these favorable circumstances made it possible to achieve member state support for the proposed employment chapter. Here, Minister Melkert, having a clear vision, good examples of activating the young, a venue (during the Dutch Presidency), strategic allies (the chairman and fellow-Dutchman of European Labor Market Committee) and a favorable momentum (with a number of pro-welfare state governments in power) succeeded to upload some ideas to the EU-level.

*Downloaded ideas: strategic use of EU during the decision-making phase*

In 1997, the year when the EES was launched, the *Act on the Insertion of Job Seekers* (WIW Stb. 1997, 760) was passed. WIW replaced the JWG and other acts and job creation measures (e.g. ‘Melkert Jobs’) and stipulated that every young person who signed on at the employment office and claimed benefits was offered an integration programme that included training and work experience. Activation of the young was desired by almost all political actors (governing coalition and parliament, social partners, municipalities), and actively pursued prior to the introduction of the comprehensive approach in the EES. At this stage, however, the tide had still to turn in the Dutch politics, and in 1997, the WIW covered only the groups at the margins of the social protection: the young and long-term unemployed. However, the turning point in thinking about activation was just around the corner. In the coalition agreement of 1998, the government finally embraced the idea of extending the activation to adult workers in risk of long-term unemployment (12 month unemployed or more) and, subsequently, the modernisation of the unemployment insurance and employment services (Regeerakkoord 1998). Although, social partners traditionally play a prominent role in policy making of the Dutch employment policies and services, in the quest of the introduction of a more comprehensive approach to unemployment, the role of social partners remained rather silent. Our respondents indicated that social partners agreed with the main objectives of activation, but that questioned government’s intension of how the policies were going to implemented (*interview NL5*).<sup>12</sup> On the background of these debates were the enduring changes in the Dutch consultation structure. Since the influential parliamentary enquiry by Buurmeijer in 1993 declaring the inefficiency of tripartite governance of social security and employment services, the social partners had gradually lost most of their self-administrative role in unemployment insurance and public employment services. This might partly explain the silence of social partners in the matter related to social security and employment services. Another explanation for the relative stillness was that, at the same time period, the social

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<sup>12</sup> Our trade unionist respondent draw attention to problems with bad monitoring and steering of the policies at the local level and government’s attempts to increase liberalization of the reintegration services (*interview NL5*).

partners were intensively occupied by another important task, namely, the debate on flexicurity and flexibilization of the Dutch labor market (Wilthagen and Tros, 2004).<sup>13</sup>

The term of Ad Melkert as Minister of social affairs and employment ended in August 1998 and he very quickly withdrew from social policy matters thereafter.<sup>14</sup> He had, however, been the catalyst for bringing about a turning point in Dutch thinking about Dutch labor market policies by consistently arguing that they were not activating enough (as confirmed by our interviews). It is remarkable, however, that in his speeches in 1997 he hardly made a reference to the EU. Although Dutch politicians and civil servants saw the importance of complying with the EES and the EU's priorities, the readings from governmental documents reveal that the extension of activation to wider groups of workers was considered to be a national innovation. This was also confirmed by our respondents. The EES process (and the preparations of NAPs in particular) was seen to have speeded up the actual implementation of Guidelines 1 and 2, and, consequently, the extension of activation measures to all new unemployed (*interviews NL1, NL2 and NL3*). In the words of two respondents (*interviews NL8 and NL11*): *'If the EES had not been there, the Ministry would never have had the money... Before the EES, politicians were not ready to spend money on the newly unemployed.'*

With the additional financing (250 million gulden) delivered through Kok's purple coalition, the comprehensive approach for adult workers was introduced by an administrative reform and fully implemented in 2002, a year earlier than proposed in the coalition agreement of 1998. When it comes to the use of EU in this process, we learn from the governmental documents, that the cognitive influence of the EES on reform of labor markets and social protection is claimed to be minimal. For instance, in a letter from the Minister of Social Affairs and Employment to Parliament (24.11.98), which set the scene for the extension of comprehensive approach there was no reference to the EES (TK 23972, 1998). Similarly, from the coalition agreement of 1998 and the Social Nota for 1999, can be obtained that the necessity for extending activation beyond the young and long-term unemployed stems from the failings of national policies and the socio-economic situation. This was also the essence of the talks with many of our civil servant respondents who explained that: *'(...) national policies remain national affairs. Civil servants are influenced by matters coming from Brussels, knowledge spreads around Europe, but Dutch policy is formulated by the Dutch government'* (*interview NL4*). Where references to EU and EES were made, they remain rather secondary: the EES served as an additional justification for policies that would have been introduced anyways. At its best, the EES and EU social policy were used as an additional justification to legitimize government decisions. For instance, *'they [EU social policies] strengthen the case to be presented*

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<sup>13</sup> As Wilthagen and Tros have argued, Minister Melkert initiated the discussion on more flexibility in the labor market in 1996, but after facing opposition from the ministries of Economic and Finance, he delegated the task of laying down the ground rules for social partners. Within the Foundation of Labor, (a consultation and advisory body of employers' and workers' organization at the central level) an agreement on 'Flexibility and Security' was reached in 1996. Remarkably, this consultation document passed through the parliament without alteration and the Flexibility and Security Act entered into force on 1<sup>st</sup> January 1999.

<sup>14</sup> After this, Melkert was parliamentary leader of the Social Democratic Party (1998-2002).

*before the parliament. ...As a civil servant, one seeks support for the things you want to do, and if that is given by OECD or EU, so will be it. (Interview NL4), or, 'the EES offers a justification for national activities (...) But it is solely an extra argument. National policymaking dominates and the EES is merely used as an additional justification' (Interview NL8).*

In conclusion, in the Dutch case, Minister Melkert used the European route to get the issue of activation of adult workers out of a blind alley. Although Dutch governments have been rather keen on activation in general (this being fairly constant irrespective of changes in government composition since the 1980s), the translation into concrete policies faced major political opposition. To overcome this opposition, it took vigorous action by a visionary politician, Ad Melkert to make this happen. The main *principle* of the unemployment protection after Melkert was not only to provide income compensation in times of involuntary unemployment but also to improve workers chances in finding employment and remaining employed through operationalisation of the comprehensive approach to unemployment. *Instruments* to achieve this are now both the cash transfers and active labor market measures available for all unemployed. Also the *procedure* involves now much more active and reintegration measures offered also by private actors such as reintegration offices. Changes in principles, instruments and procedures (Hall 1993) enable us to claim a paradigm shift in the Dutch unemployment protection. With respect to multi-level mechanisms of welfare state change, our expectation that key politicians upload policy ideas held at the domestic level to the EU level was accurate in the Dutch case. Through Melkert, some ideas were put on the European table. With respect to our expectation on downloading, the Dutch case shows some evidence for the downloading of ideas from the EES. The EES gave policymakers an extra justification to extend activation to adult workers (and helped them to find the extra financing needed for this), and therefore, it helped speeding up domestic activation reforms.

## 5. ‘Belated’ activation in Germany: the Hartz IV reform and Minister Clement

### *The German Context of Activation Reforms*

Until well into the 1990s, German labor market policy was predominantly transfer-oriented and aimed at maintaining the former living standard of those affected by unemployment.<sup>15</sup> This is to say, this policy area was still largely based on Bismarckian welfare state principles. Before 1996, the German government had enacted hardly any reforms that would change the character of labor market policies towards a more active stance (Büchs and Hinrichs 2007). Subsequently, in 2001 the first Red-Green government (1998-2002) introduced the Job-AQTIV Act which thoroughly reformed active labor market measures and introduced some degree of activation. The law enacted, first, compulsory ‘profiling’ of jobseekers in order to estimate the risk of long-term unemployment and to take adequate individual measures. The second novelty was a new ‘inclusion agreement’ concluded between the unemployed person and the job centre at the beginning of the applicant’s unemployment to fix activities that both contracting parties have to undertake. Third, several elements of the Job-Aktiv Law extended legal possibilities for not yet long-term unemployed persons to participate in job-creation measures.

After the Red-Green coalition was re-elected in 2002, the passing of (some of) the Hartz reforms introduced a truly activating dimension to the unemployment protection system. Most important in this respect was the so-called ‘Hartz IV’ reform, which fundamentally changed existing arrangements. Until then, German unemployment protection consisted of two pillars: unemployment insurance (*Arbeitslosengeld*) and unemployment assistance (*Arbeitslosenhilfe*). From the 1960s onwards, an unofficial third pillar, the social assistance scheme (*Sozialhilfe*), provided a guaranteed minimum income available to anyone in need (if registered as unemployed or not). The tendency among these pillars to shift responsibilities about recipients back and forth, (‘shift yard problem’) slowly led to a consensus that further co-existence of the three programs was undesirable. Moreover, German reunification and massive shifts on the East German labor market contributed to successive incremental reforms of the unemployment benefit schemes during the 1990s. Since the mid-1990s, job-seekers’ obligations to search work, to accept job offers and placements in activation programs, as well as sanctions for non-compliance have been extended across the pillars, which led to more financial pressure on the locally administered social assistance scheme vis-à-vis the other pillars.<sup>16</sup> Despite these developments, no comprehensive reform had been put forward to tackle these problems.

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<sup>15</sup> This is not to deny the existence of active labour market policy such as training measures etc., which, however are not the focus of this article.

<sup>16</sup> This was because a reform that limited a certain sub-type of unemployment assistance led to savings in the federal budget that had to be compensated by rising expenditures of local governments and the federal *Länder*.

The proposal for ‘Hartz IV’ was the first attempt to do just that. Its core was the merger of unemployment and social assistance benefits to create a single scheme featuring the so-called ‘secondary unemployment benefit’ (*Arbeitslosengeld II*, or short *ALGII*). Since January 1<sup>st</sup> 2005, this new scheme provides a means-tested benefit for households of registered unemployed who do not qualify for unemployment insurance benefits.<sup>17</sup> Importantly for activation, with *ALGII*, requirements for the unemployed with respect to accepting suitable job offers were tightened. First, persons eligible for the new benefit must in principle accept any job offer (with some exceptions). Second, Hartz IV introduced sharper sanctions for those who refuse job or training offers, especially for the youth. The Hartz IV reform, together with the Job-Aktiv Law referred to earlier, changed the passive unemployment protection system into a more activating system of unemployment provision and implemented the comprehensive approach to Germany following the EES guidelines 1 and 2.

#### *The expected key politician: Wolfgang Clement*

To investigate how EU social policy was related to domestic reforms in the German context (and the Hartz IV reform in particular), we take a closer look at the communicative action of Minister of Economics and Labor Affairs Wolfgang Clement. Following the re-election of the Schröder Government in 2002, Clement was asked to head the newly created Ministry of Economics and Labor Affairs. This organizational change needed to be backed up with a strong modernizer in order to tackle the large reform agenda in labor market policy. Clement, known within the Social-Democratic Party (SPD) as such a modernizer and business-friendly reformist, took on the task with great fervor. His biggest challenge was to implement the recommendations of the Hartz Commission, published just before the 2002 elections, in a difficult political context. High unemployment, bad performance of the Social Democrats in the polls, internal resistance from left party factions against far-reaching labor market reforms, and a conservative-liberal opposition keen on attacking the government on their policy record so far were the main challenges Clement had to confront. Did Clement resort to EU arguments in order to fight his political battle to implement the Hartz reforms and in particular the most controversial reform, Hartz IV? Before exploring this question, we look at whether the Germans tried to influence EU social policy, i.e. the EES, in the first place.

#### *Uploading Ideas for the EES?*

Before the creation of the EES, activation, when understood as a greater focus on self-responsibility and inclusion of jobseekers in the labor market, was not on the agenda of the

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<sup>17</sup> The benefit level follows the level of ‘ordinary’ social assistance, which grants a guaranteed minimum level of income defined as a flat-rate amount plus the cost of housing. It is granted indefinitely, as long as claimants fulfil the qualifying conditions of unemployment and individual need

conservative Kohl Government (1994-1998). Thus, it is unlikely that ideas on the activation of jobseekers beyond cutting back transfer payments were brought to the fore by then Minister of Labor and Social Affairs Blüm. Although we lack evidence of concrete contributions of German ministers in this respect, the position of German governments in general position has been generally positive towards EU social policy including the EES (Büchs and Hinrichs 2007). Any evidence for the uploading of ideas would most likely be found during the German EU presidency from January to June 1999.<sup>18</sup> In this period, important events were the introduction of the Euro, the conclusion of Agenda 2000 (on agriculture and financing reforms), the strengthening of the Common Foreign and Security Policy (CFSP) and the resignation of the Santer Commission. Notwithstanding these events, one of the declared goals of the presidency, the fight against unemployment, brought a focus on employment policies. By proposing a new Employment Pact, Germany strove to intensify co-ordination and complement measures taken by member states to raise employment levels (Verheugen 1999). The Pact was supported by a new macroeconomic dialogue between the social partners and the European Central Bank. However noteworthy, these initiatives are more of a translation of practices from the German social market economy than an expression of greater activation, which was not (yet) on the German policy agenda at the time. To conclude, at this point we cannot present much evidence for the uploading of German policy ideas to the EU-level during the mid- to late 1990s nor identify particular key actors who have done so (as in the Dutch case). At a minimum (and speaking over uploading ideas more generally), we can state that Germany was intent to keep EU social policy objectives in line with the principles of the German social market economy, in particular by stressing the principle of subsidiarity (Büchs and Hinrichs 2007: 23).

#### *Downloading Ideas for Activation: the Job-Aktiv Act and the 'Hartz IV' Reform*

We now turn to the issue of actors' strategic use of EU-level ideas. Until the early 2000s, the Red-Green coalition saw the EES guidelines as supporting a traditional understanding of labor market policy (with a distinct Social Democratic flavor): active labor market measures next to passive social security, and tripartism at the EU-level. However, among other reasons, growing unemployment and a rising urgency to act contributed to a rethinking of policy, in which themes as activation, employability and flexicurity appeared. Since then, the Government referred to the EES to back up reforms proposals, which stressed these themes (Büchs and Hinrichs 2007).

A first outcome of this reorientation was the *Job-Aktiv Act* (2001). It included stricter job-search activities, job profiling, and the obligation for benefit recipients to participate in reintegration measures (as well as facilitated access to wage subsidies, training programs

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<sup>18</sup> At the time of writing, we do not have empirical evidence from interviews or other sources that illustrate attempts of uploading by the German politicians. Yet, based on the findings on the Dutch case, more interviews are planned to be conducted. In due time, we hope to add these results to this paper.

and business start-up options). These provisions largely corresponded to measures specified in the EES guidelines, in contrast to previous labor market reforms, which showed little imprint of EU influence (Zohlnhöfer and Ostheim 2005: 16).<sup>19</sup> Given that some reforms of the Red-Green coalition, e.g. the accentuation of a preventive approach, had not been mentioned in their election manifestos, the same authors conclude that the EES had ‘intensifier effects’ instead of direct effects, since measures are in line with the general direction of policy. Other observers maintain that the EES prescriptions might have given extra legitimacy to the reform plan (Büchs and Friedrich 2005). Trade unions largely welcomed the improvements for job-seekers contained in the Job Aktiv Act; they had influenced the legislation both during the preparatory stage (via the ‘*Bündnis für Arbeit*’) and through sponsoring amendments in the legislative process (Deutscher Gewerkschaftsbund 2001).

Hartz IV, the core piece of Red-Green social policy reforms, was the greatest single step towards activation so far. It not only integrated the schemes for social assistance and unemployment assistance, but also greatly intensified demands on job-seekers to accept work. The key slogan used by the Ministry to express this change, ‘*Fördern und Fordern*’ (‘carrots and sticks’), denoted a cognitive (problem-solving) and normative reorientation of labor market policy. In fact, this shift amounted to a paradigm change in thinking about jobseekers’ rights and obligation. Getting jobseekers to accept work below their previous level of training was seen to be more ‘just’ than granting them unemployment benefits over an extended period of time. Key politicians as Minister Wolfgang Clement played a key role in the process of getting the reform adopted: Clement, as an ideational leader, he kept pushing for a cognitive and normative ideational change in traditional thinking about labor market policy and tried to engineer necessary political support, in particular parliamentary majorities in *Bundestag* and *Bundesrat* (Stiller 2007). In doing so, he encountered opposition by the trade unions (as well as left-wing Social Democrats), who criticized - but could not prevent - the tightening in acceptability criteria and growing pressures on jobseekers, as well as the decoupling of insurance rights and benefit receipt for a growing group of unemployed. During the legislative process, more critique was voiced by opposition parties and local government associations about the centralistic features of administering the new benefit (which led to a delay of overall implementation) than about the shifts in principles concerning the unemployed (Stiller 2007). Only after the reform and its implementation law were passed did societal opposition (involving the trade unions) organize public protest against Hartz IV.

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<sup>19</sup> Zohlnhöfer and Ostheim (2005: 156) claim that, in analogy to the EES, most of the guidelines’ key elements reappear in the Job-Aktiv law: lifelong learning and strengthening of the preventive approach to labour market policies; offering an opportunity to obtain a secondary school qualification retrospectively to prevent youth unemployment; promoting the participation of older persons in working life; gender mainstreaming; the targeted promotion of women and the reintegration of housewives into the labour market. In addition, they find six explanatory statements explicitly referring to the guidelines (BT-Drs. 14/6944).

Concerning how EU social policy played a role in justifying this reform, the evidence is mixed. On the one hand, Chancellor Schröder's *Agenda 2010* was presented as a comprehensive answer to the EU's Lisbon Strategy in documents presented in a European context (Bundesrat 2003, Deutscher Bundestag 2003a; cited in Büchs and Hinrichs 2007). On the other, Minister Clement consistently referred to the failure of existing unemployment schemes as the main reason for enacting 'Hartz IV'. His pleas, both to Parliament and to the media, pointed to domestic necessities for reform, failing to acknowledge the role of the EU:

*The creation of a unitary benefit system of unemployment assistance for all who are able to work is a crucial step towards placing people faster in jobs and apprenticeships. And, by the way, it is one of the greatest structural reforms we have resolved to do. We will merge the two systems because their co-existence is inefficient and debilitates employment.[...] The most important goal of our reform – one cannot stress it often enough – is a faster and more precisely tailored placement of people fit to work (Clement, 08.04.2003).<sup>20</sup>*

Clements also repeatedly called for a new conception of social justice (i.e. normatively redefining policy goals) derived from the slogan '*Fördern und Fordern*':

*(...) 'Fördern und Fordern' at a one-stop agency' is more efficient and more equitable than anything we have achieved in labor market policy so far (...) who does not make an effort, should not be sustained by the grace of the public. Social justice is no one-way street. To sum up the question of whether 'Hartz IV' confirms to criteria of social justice, I am firmly convinced that the answer is yes (Clement, 01.07.04).<sup>21</sup>*

Despite the importance of domestic problems in the discourse on reform, the draft version of the reform legislation referred to the OMC as a way of justifying the reform (Deutscher Bundestag 2003b, 44). Therefore, the EES was used as an additional justification for reform, next to high unemployment and administrative inefficiencies. Close observers of the reform process (including party officials, societal actors and policy experts) confirmed this emphasis on domestic reasons when asked which factors had been decisive for the passing of the reform: problem pressure due to high and growing unemployment, and inefficiencies from the co-existence of two schemes were frequent answers. Moreover, the government had evident political reasons for adopting the reform: in the eye of the public, overcoming the resistance of the conservative-liberal opposition and local government associations about administrative implementation would earn them a 'reformist' image (Stiller 2007).

A number of observers support the idea that the EES was used as additional justification to get 'Hartz IV' adopted. Nevertheless, it remains difficult to establish whether policy ideas

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<sup>20</sup> Speech of Minister Clement to the SPD parliamentary party on 'Agenda 2010 für Wirtschaft und Arbeit', 08.04.2003, Berlin.

<sup>21</sup> Statement of Minister Clement at a BMWA press conference on the topic 'Ergebnisse des Vermittlungsausschusses Hartz IV' 01.07.04, Berlin.

actually trickled down from the EU level. Officially, only small positive effects of the EES have been found, and the incorporation of National Action Plan processes into domestic policy-making was not very pronounced at all (RWI/ISG 2002; Büchs and Friedrichs 2005 cited in: Heidenreich and Bischoff 2008; Zohlnhöfer and Ostheim 2005). Yet, the core of ‘Hartz IV’, the merger of different benefit schemes, corresponds to the EES guidelines, even though the EES was not mentioned publicly as the main motivation for reform (Watt 2004 cited in Heidenreich and Bischoff 2008; see also Behning 2006 for an account claiming that *Agenda 2010* reforms were firmly embedded in the EES). Interviews by Heidenreich and Bischoff (2008) suggest that the EES influenced reforms (including Hartz IV) at best indirectly through “learning by irritation” with European and national patterns of perception and behavior informing each other. Their interviews disclosed quite different views on the impact of EES (ranging from ‘major source of inspiration for domestic reforms’ over ‘a catalytic role in terms of justifying national reforms’ to ‘having no direct impact’). Yet another piece of work pointed to domestic context of policy learning as important factor, identifying a forum of labor market experts and ministerial working groups as the driving force behind the substance of the ‘Hartz IV’ reform (besides stressing the role of the Hartz Commission and the commitment by Schröder to implement its recommendations (Fleckenstein 2008). If labor market experts indeed had a large say in the ministerial preparation of ‘Hartz IV’, one cannot ascertain but also not dismiss a certain impact of the EES: policy experts tend to be open to, and to form part of the epistemic community that bridges domestic and EU-level policy arenas.

In conclusion, the German case shows that evidence for the downloading of ideas from the EU-level to speed up domestic activation reforms is mixed and often indirect. Therefore, we need to carefully judge our second expectation about key politicians. There were references to the EES to introduce and pass reforms in line with European objectives, but the communication of key political actors (Clement and to some extent Schröder) did certainly not depend on them. Notably, key politicians primarily stressed domestic reasons to justify reforms. References to the EES were sparse (in cognitive arguments about tackling the unemployment problem, or in normative arguments about how to redefine social justice), although cognitive and normative ideas in the reform process were in congruence with EES prescriptions (to what extent they also were inspired by EES objectives and policy measures cannot be established on the basis of the evidence at our disposal) In contrast, we cannot confirm our first expectation about the uploading of specific policy ideas about activation to the EU level on the basis of the evidence we have at this point. More generally, however, we can state that Germany sought to keep EU policy in line with its own ideas about a social market economy and preserve national jurisdiction as much as possible.

## 6. Conclusion

It is now time to summarize our findings about the evolution of unemployment protection in the two countries and to present some preliminary conclusions about key politicians as one of the mechanisms of multilevel reform in European welfare states. What has become of traditional conservative welfare states in the period from the 1990s until today? Starting with the Netherlands, the backbone of Dutch unemployment protection (the WW) is still Bismarckian in character. In line with the trends experienced by other Bismarckian welfare systems, Dutch unemployment benefits still provide reasonably generous income replacements, but now coupled with more activating policies. Similar to developments in many corporatist countries, the role of the Dutch social partners in policy-making and administration of unemployment has been weakened. Rather, these tasks seem to be the core business of state actors (Visser and Hemerijck forthcoming). Turning to Germany, the formerly strongly Bismarckian system of unemployment protection has experienced a shift towards activation. Accordingly, Bismarckian principles have been weakened and complemented by greater reliance on self-responsibility and a tougher sanction regime by public employment services. At the same time, the system of unemployment protection has been simplified and made less generous, although it still offers relatively generous benefits for the short-term. At the same time, recently some rules of the new activation regime have been softened for older workers. Furthermore, the tendency towards a growing group of (working) poor, including an increase in child poverty, is part of an ongoing debate and makes future adjustments quite likely. As for the role of the social partners, during the period investigated, their influence on policy-making has notably diminished: as Streeck notes (2009:62), they ‘lost their status as corporatist co-governors of the social security system’.

Second, we revisit the specific mechanism of multi-level reform that was the other central concern of this paper. Our expectation about key politicians uploading policy ideas from the domestic level to the EU-level proved to be accurate in the Dutch case. Through Minister Melkert, some ideas were successfully put on the European agenda. With respect to our expectation on downloading, the Dutch case shows some evidence for the downloading of ideas from the EES. The EES gave policymakers an extra justification to extend activation to adults (and helped them to gain access to extra financing they needed), and it therefore helped to speed up domestic activation reforms. Dutch Minister Melkert used the EU level strategically to bring about change in domestic activation policy, whereas we cannot show such evidence for the German case at present. With respect to the national decision-making about reform, both cases show that governments have aimed at keeping OMC-based policies from encroaching on the country’s national autonomy, observing the principle of subsidiarity. The Dutch referred to the EU-level merely as a secondary justification since the reform of social policy was, and still is, regarded as a national matter. In Germany, EU-related arguments were used as additional justification and possibly served as a source of inspiration for decision-makers on how to define and solve policy problems.

What do the overall findings from the comparative analysis of policy structure and the case studies tell us about the tentative hypotheses stated in the introduction of this volume? Let us first consider the hypothesis about the extent of difference (or similarity) between the EU policy structure and the national policy structure, (“the more powerful national actors are in uploading, the less probable it is for the EU policy structure to be different from the national policy structure”). The Dutch case revealed that holding the EU presidency and having successful examples of policy to refer to helped domestic actors to ‘upload’ national ideas to the EU-level. In contrast, in the German case such uploading was not forthcoming during the 1999 presidency, and ideas on activation were not yet held before 2001. As a consequence, the introduction of the comprehensive approach towards the unemployed was taken up in the EES guidelines adjusting the EU policy structure to some degree towards the Dutch one (and, some years later, formalized in the Netherlands). One could argue that the hypothesis holds to some degree for the Dutch case, keeping in mind that the national policy structure was adapted according to the policy ideas only later.

The second hypothesis dealt with the relationship between the difference between EU and national policy structures and the use of EU-related arguments for domestic change (“The bigger the policy misfit between the EU policy structure and the national structure, the more we will expect pressures for change on the national policy structure”). Our comparison revealed that at the launch of the EES, the discrepancy between its guidelines and domestic policies was greater in Germany (where activation was not yet on the agenda) than in the Netherlands, where activation for some groups was already practiced. Pressures to extend (in the Dutch case) or initiate (as in Germany) activation and adjust policy accordingly came predominantly from domestic sources with the EU argument functioning as an additional reason to opt for (more) activation measures. In any case, the relationship between ‘misfit’ and domestic reform pressure (when understood as increasing arguments for reform) was not direct, which means that we cannot confirm the hypothesis for the countries under consideration.

Our largely exploratory study illustrates one example of how actors work as mechanism of multilevel change in European welfare states. Surely it is but a small step towards a more complete understanding of the mechanisms of welfare state reform, but it points towards how to further pursue this goal. We are convinced that viewing key political actors as an important nexus between the national and European levels is a fruitful way of understanding how the EU has mattered in various national welfare states. At the same time, zooming in on actors has revealed that other contextual variables influence their chances to either upload ideas to the EU or download them for strategic use, calling for more systematic comparative research of actors’ strategies to get the full picture. Finally, our approach contributes to theory development on the role of transnational social policy in national welfare state reform.

## Appendix

### 1) Interviews used for the Dutch case study on the Europeanization of the activation of unemployed people.

NL1 Civil servant, SZW, 22 June 2007  
NL 2 Civil servant, SZW, 12 July 2007  
NL3 Civil servant, SZW, 12 July 2007  
NL 4 Civil servant, SZW/ESF, 27 September 2007  
NL5 Social partner FNV, 5 September 2007  
NL6 Politician 17 October 2001  
NL7 Civil servant, EZ, 9 November 2001  
NL 8 Civil servant, SZW, 12 October 2001  
NL 9 Civil servant, SZW, 17 October 2001  
NL10, Civil servant, SZW, 30 November 2001  
NL11, Social Partner FNV, 12 November 2001  
NL12 Civil servant, SZW, 2 November 2001  
EU1 Civil servant, EMCO, 16 August 2007  
EU2 Civil servant, EP, 16 August 2007  
EU 3, Civil servant, EMCO, 12 October 2007  
EU 5, Civil servant, EMCO, 30 November 2001

### 2) Interviews used for the German case study on the adoption of the Hartz IV reform.

1) Ministry of Labour Affairs of North-Rhine-Westphalia senior official, Düsseldorf, January 21, 2005.  
2) SPD Member of Parliament, Berlin, January 26, 2005.  
3) BMWA official, Berlin, January 28, 2005.  
4) FDP Member of Parliament, via email, January 31, 2005.  
5) SPD mayor and member of the Hartz commission, Leipzig, January 31, 2005.  
6) CDU/CSU parliamentary party official, Berlin, February 1, 2005.  
7) DGB official, Department of Labour Market Policy and International Social Policy, Berlin, February 2, 2005.  
8) Journalist *Der Spiegel*, Berlin, February 3, 2005.  
9) B90/Greens parliamentary party official, Berlin, February 3, 2005.  
10) VerDi senior official and member of the Hartz commission, Berlin, February 8, 2005.  
11) IAB labour market policy expert, via phone, March 8, 2005.  
12) Professor of Political Science and labour market policy expert, via phone, March 21, 2005.  
13) Assistant to the BMWA Parliamentary State Secretary, Berlin, August 19, 2005.  
14) BA board member, Nürnberg, October 4, 2005.  
15) Former BMWA State Secretary, Berlin, January 23, 2006.

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