Arbeidsvoorzieningsbeleid in Nederland. De rol van de overheid en de sociale partners.
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Summary

This book discusses the significance of power processes in terms of labour market policy and the need to acquire greater insight into the mechanisms involved. Although many studies show that labour market policy has generally delivered poor results in the past, they often fail to explain why. The crucial question posed by this study is directly related to this. What explanations can be offered for the poor performance of Dutch labour market policy?

This study addresses the issue by examining an intermediate link that has not been researched to date: how labour market policy is conceived. The central themes are the formulation of labour market policy and the role of key players in this process.

Theoretical Principles

This study identifies the weakness of labour market policy in the Netherlands as lying essentially in the separation of labour market functions, i.e. job brokerage and ALMP referral on the one hand, and unemployment benefit administration on the other. In addition, it examines the persistent emphasis placed on benefits within this division. In most European countries these functions have been integrated, certainly at a policy-making level and often at an institutional level (see Table 1.1). In the Netherlands, policies geared towards job brokerage and referral – labour market policy in the strictest sense – have developed separately from policies on unemployment benefits. This dividing line and the emphasis on benefit administration have impeded the development of an active labour market policy and have hence contributed to the poor performance of labour market policy as a whole.

In a broad sense, labour market policy comprises all activities involving job brokerage, referral and benefit administration. In addition to government activities, it includes policy initiatives undertaken by employer and employee organisations. Job provision is pre-eminently linked to employers and employees and their respective organisations. Effective policy therefore requires cooperation between these key players. Labour market policy is only partially the business of government.
The perspective adopted in this study reflects this view. Labour market policy is a joint product. The theoretical angle is derived from a network perspective. Public labour market policy is seen from the perspective of an interactive process between different players with diverse objectives and interests. The key players in the co-production of labour market policy are the government and the employer and employee organisations. Jobseekers rarely contribute directly to this process because they lack organisation. Decision making is a bargaining process between different positions and different levels of interest. Bargaining, persuasion and bartering are crucial elements in reaching mutual consensus. No single player has enough power to dominate the process.

The relationship between government and society has changed radically in recent decades. Government involvement in the policies of societal organisations and, conversely, the involvement of societal organisations in government policies have resulted in a multitude of forums for debate. Some parties have responded to this intertwined relationship by calling regularly for a return to the primacy of politics. This would then lead either to stronger hierarchical government coordination, or to a government that withdraws in favour of self-governing private organisations in a market environment.

However, less cooperation between the parties would be counterproductive, because in modern societies, characterised by complexity, dynamics and pluriformity, interaction between government and society is even more essential if the stipulated policy goals are to be achieved. Hence, the parties will, in some way or another, re-establish contact to solve any problems that arise, such as the reconciliation of supply and demand in the labour market, where unemployment may exist side by side with vacancies. The need for coordination will therefore continue to exist and new forms of control will be needed.

One new form of control that attempts to do justice to these aspects is 'negotiating governance' (onderhandelend bestuur). Negotiating governance is a form of public government ('socio-political governance') whereby public decisions on the preparation, adoption and implementation of public policies are dependant on the outcome of negotiations and consultation within a more or less permanent set of relations between government bodies, the civil service and, most often, private-sector organisations and groups.

Governance in this sense should be seen as opposed to neo-corporatist consultation. Neo-corporatist government consists of tightly organised relationships of employers and employees, who commit themselves and the broader
workforce to policies agreed with the central government in return for public status and political influence. The system is characterised by centralisation, concentration and rank and file compliance. To give shape and substance to the organised trading of interests, government agencies must be able to exercise a substantial degree of control over the conduct of their members and have an interest in exercising that control.

Although negotiating governance may involve the same well-established social partners that played a leading role in establishing the neo-corporatist structure, it differs from this model in several respects. It is concerned with horizontal rather than vertical coordination, with integral problem solving rather than a barter of interests, and it was deliberately created by the legislature as an instrument of control. In other words, it has become an ‘intentional policy instrument’. By contrast, the neo-corporatist model has developed from the bottom up.

Explanations are sought for labour market policy using the neo-corporatist control model and the negotiating governance model as two network variants. The strategic conduct of the players may lead to different commitments depending on the parties’ interests and the changing circumstances under which they are achieved. This dynamic adjustment to developing circumstances has changed the nature of the network and, subsequently, policy itself.

Dutch labour market policy can be divided into three phases, each of which is discussed in a separate chapter.

**Empirical Results**

*Chapter 2* analyses the diverging development of brokerage and employment-benefit administration from an institutional perspective. The government takes care of brokerage and referral, while the social partners administer benefits. Neither party has managed to assume control of labour market policy. This has resulted in flawed, passive, introvert labour market policy that has developed separately from policies on benefits. As a consequence, little has come of the integration of the unemployed in the labour process. Pillarisation is cited as the determining force in relation to policy disintegration.

*Pillarisation*, or the specific form that neo-corporatism has adopted in the Netherlands, created a situation in which the institutional organisation of labour
market policy was largely dictated on the basis of ideological considerations. This led to a highly segregated structure within which labour market policy, which had inevitably evolved in the process, was unable to provide solutions for the problems it faced. Ideological considerations go hand in hand with pillarisation. A significant difference between the denominational pillars and the socialist pillar is that the socialists ultimately pinned their faith on government based on the principle of *functional decentralisation*, whereas the denominational elements were opposed to a strong government, claiming their own autonomy based on the principles of *subsidiarity* (Catholics) and *group sovereignty* (Protestants). The liberals, who believed in the separation of state and society, also advocated a limited government role. The denominational advocates of ‘self-government’ arrogated their own brokerage and insurance against illness, accidents and unemployment. The ensuing debate went on for years. However, no initiatives for large-scale brokerage emerged. The explanation for this lies in the nature of the service. Effective brokerage requires a certain scale. As the various pillars were fragmented, the Catholic trade unions and employers, in particular, found that they were unable to assert their power. In addition, the animosity inherent in the relationship between employers and the employed did little to create the necessary atmosphere of mutual trust, as the interests of the various parties were too divergent. Consequently, brokerage and referral ended up in the hands of employment institutions in the public sector. The shift in responsibility towards the government that took place in brokerage was not accompanied by a similar shift in unemployment insurance. Unemployment benefits remained under the control of the trade associations. To neutralise the insurance costs during wage disputes, employers offered to jointly establish industrial boards that would manage the insurance. The crisis of the 1930s eventually forced the employee organisations to agree. Unlike brokerage, this activity continued to be administered by employer and employee organisations.

Although post-war economic growth alleviated much of the tension in the labour market, the absence of any legitimacy on the part of employers and employees led to a lack of involvement, and has since prompted the different parties to develop their own labour market policies. It took the deep crisis of the 1980s to re-unite them. In the course of the 1980s, it became clear that the government alone could not solve the unemployment situation using existing instruments. Its resources were largely reactive and indirect and did not extend to the actual workplace. This made the social partners realise that criticising labour market policies from the outside would not improve the situation. At the same time, some aspects of labour market policy were becoming increasingly integrated in the
consultations between the social partners. In the 1980s, these issues generated a cautious process of rapprochement. The shift in the relationship between the government and the social partners initiated and sealed by the consultations on employment conditions in the Wassenaar Agreement of 1982, culminated in the decision to create a tripartite decentralised employment organisation for labour market policy in 1990 and a more prominent role for the private sector: the state monopoly on employment brokerage was at its end.

Chapter 3 includes a network analysis of the conditions under which tripartite boards can enhance the effectiveness of labour market policy at a meso level. The envisaged effectiveness of labour market policy mainly had to be achieved at a regional level, where policies could be closely linked to regional requirements. A broad, active approach of this nature requires policy freedom. Decision making in tripartite boards has, however, come under pressure. Tension has arisen between the needs of the broader workforce and those at a regional level, which includes jobseekers who are not involved in the decision-making process.

The following questions must be addressed in this regard. Do the various parts of the boards have sufficient scope to conduct a policy that transcends the partisan interests of the broader workforce? Will the envisaged comprehensive policy aimed at winning back the lost legitimacy be established? Will the policy take account of jobseekers who are excluded from decision making? In tackling these questions, specific efforts have been made to identify factors that could hamper the realisation of effective policy.

The conclusion is that at a meso level a tripartite board can indeed justify its added value under certain conditions, but that evolution into effective governance is not automatic. The policy freedom of the representatives certainly needs to be closely monitored. The solution might lie in legal guarantees, a careful recruitment procedure for candidates and/or organisational measures such as the separation of management from implementation.

The outcome of a parliamentary evaluation conducted four years after the start of the tripartite experiment provided little encouragement. The results, which primarily related to policies at a macro level, were instrumental in triggering a change in the course of labour market policy. The government withdrew from the board and switched to a policy of remote management. Unemployment benefit policies that came under heavy criticism around that time were also transformed and the three functions were considered in relation to each other, so that labour
market policy eventually became integrated. Attempts are being made to halt the strong growth in the number of unemployed and partially disabled by using market incentives to activate individual jobseekers and employers. The institutional setting within which this activating policy takes place can be dubbed ‘orchestrated deregulation’. It includes introducing market forces under the auspices of national government. Since this policy is still largely to be implemented, it is too early to offer a conclusive opinion.

Chapter 4 investigates what, theoretically, may be expected of this ‘orchestrated deregulation’ in terms of effectiveness on labour market policy. But how does the government intend to prevent the fragmentation of labour market policy? And how will the government legitimise its policy with the shift in responsibility from collective to individual players?

One conclusion that can be drawn from this analysis is that in opting for orchestrated deregulation, the government has been forced to tighten its statutory and supervisory regulations in order to achieve the reintegration objective. The link between the three labour market functions (PES core functions) is shaped in such a way that the emphasis in the relationship between the three functions falls entirely on benefits. To achieve a reduction in volume, instruments such as financial incentives, own risk components and market forces are employed at an executive level with the aim of stimulating the parties to speed up re-integration in the employment process. Thus, the brokerage and referral functions still primarily serve the payment of benefits.

The emphasis on this activating labour market policy prevents the establishment of labour market policy that extends beyond limiting the payment of benefits and addresses recurrent problems by improving the overall performance of the labour market.