

Active labour market policy across the competing, contrasting and converging growth models of Europe¹

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Introduction

The economic crisis has elicited, exacerbated and exemplified a variety of labour market problems across Europe – some of them common to the continent, but some of them relatively distinctive to particular growth models. Ostensibly, this paper looks ostensibly at active labour market policy (ALMP) ‘responses’ to labour market problems (unemployment, long-term unemployment, youth unemployment, precarious employment, under-employment, low wages, etc.) across several European countries. However, understanding the adoption of certain strategies and their apparent (or likely) performance requires that we problematise the rather functionalist framework in public policy analysis which holds that economic problems located in the private or market sphere are tackled sequentially by responses through the political sphere.

The paper therefore offers a conceptual interrogation of the relationship between active labour market policy and wider forms of economic organisation, by way of establishing a path towards a comparative political economy of active labour market policy. Specifically, the paper develops a new typology based on the level and types of ALMP expenditure, and the relationship of country-level ALMPs to wider economic statecraft. It argues that ALMP across Europe has been misinterpreted because it has been looked at in isolation. A partial exception to this is the UK (the chief progenitor of the latest developmental phase of ALMP in Europe), whereby ALMP is understood by political economists as part of a wider neoliberal framework reflected in welfare retrenchment and an eschewal of demand-management at the macroeconomic level (although, perhaps because of this contextualisation, ALMP programmes in the UK are rarely studied in detail by political economists).

Although the paper’s objectives are primarily theoretical, it offers a brief empirical account of, firstly, ALMP policies spending across Western Europe, focusing on the UK, Germany, France, Sweden, and Italy. Secondly, the paper locates such practice in wider economic reforms (pre- and post-crisis) across these countries, and thirdly, offers a case study of the development of ‘short-time work’ policies to elucidate its argument in this regard. It

¹ This paper draws heavily upon the author’s recent working paper for SPERI, ‘The hyper-Anglicisation of active labour market policy: facilitating and exemplifying a flawed growth model’.

concludes that there is a need to see ALMP in Europe as facilitating and exemplifying a range of different growth models, albeit in the context of Europe's growth model becoming increasingly Anglicised. In general, the economic crisis has deepened this process.

Section 1. The emergence of active labour market policy

Active labour market policy is the archetypal 'supply side' policy interventions. As such, ALMP encapsulates interventions designed to improve the employability of individuals, most specifically those seeking work – it can be contrasted with interventions designed to increase the demand for labour (although supply-side interventions of course do not preclude demand-side interventions). Many of the instruments now associated with ALMP have long existed in policy-makers' toolkit across European countries, but their characterisation as part of ALMP, and indeed of labour allocation mechanisms as a marketplace, emerged alongside a renewed focus on the supply of labour among economic policy-makers, as efforts to manage labour demand were marginalised, to some extent, in many European countries.

ALMP generally takes two main forms. Firstly, support for individuals seeking work; the state will offer intermediary services so that job-searches are more effective. Secondly, support for individuals to improve or reorient their skills, to better match available job opportunities. The latter is probably closer to the conventional understanding of what a supply-side economic strategy looks like, yet the former is arguably more dominant within actual policy interventions. A third form of intervention is the provision of employment subsidies. Although subsidised employment might seem to suggest an anti-market orientation, in practice subsidies are generally designed to, firstly, improve the employability of jobseekers by enabling them to gain experience of work for a limited period, and secondly, encourage employers not to create new jobs, but rather offer existing job opportunities to people that have experienced unemployment. As will be explored below, different countries have adopted different ALMP strategies, employing a different mix of these types of intervention.

Giuliano Bonoli (2010) offers a useful chronological account of the development of ALMP in Europe. He presents the UK as a pioneer, at it developed a new framework of interventions designed to support unemployed people into work in the 1990s (coupled with greater conditionality regarding the receipt of out-of-work benefits. For Bonoli, however, the UK was able to pioneer ALMP in this regard precisely because it had *not* invested significantly in supply-side labour market interventions in previous decades. In the early post-war period, Europe exhibited high growth and high-skilled labour shortages, so countries sought to enhance their skills base through training programmes ('upskilling'); Scandinavian and German-speaking countries led the way. In the 1970s and 1980s, low growth and industrial restructuring created an over-supply of labour, so countries moved towards the creation of employment opportunities in the public sector. However, path-dependency matters: it was the French-speaking countries that pioneered this approach, having not substantially taken up upskilling in the earlier period – and this itself creates a web of entitlements and habitual

practice which problematises moving towards alternative forms of intervention when the rationale for occupation wanes.

The emergence of the ‘post-industrial employment problem’ – of strongly growing economies which create primarily low-skilled jobs – in the 1990s necessitated efforts to, firstly, support disadvantaged groups into employment, and secondly, incentivise employment in lower-quality jobs. As discussed further below, interventions designed to achieve these objectives have become common across Europe – although they are only dominant type of ALMP intervention in the UK and, to a lesser extent, the Netherlands. However, it is probably too simplistic to argue that this approach to ALMP was pioneered by the UK because it had neglected to implement supply-side interventions in previous decades. Rather, we need to see the emergence of this approach to ALMP is emblematic of the form of capitalist organisation, and associated economic statecraft, prevalent in the UK.

This invites two important amendments to Bonoli’s chronology: firstly, the UK established ALMP as a distinctive policy area ahead of other major European countries not simply because it had little embedded practice in terms of other supply-side interventions, but rather because its particular growth model meant it was first to experience the ‘post-industrial employment problem’. Second, other European countries did not follow the UK simply because the UK had showed ‘what works’ in addressing this problem; in practice, the adoption of ALMP occurred alongside the inheritance of the post-industrial employment problem, at a later stage, as the continental European economy ‘Anglicised’, to some extent, as neoliberalism became ascendant in the Western world. A full discussion is beyond the scope of this paper, but it is worth noting here that the creation of the European Single Market, an agenda driven by the UK, helped to problematise the pursuit of demand-side interventions, upon which previous supply-side interventions had been founded.

Table 1 shows that the UK spends significantly less on ALMP programmes than most of its closest neighbours (2010 is the latest comparable data available for the UK). The UK spent around 0.4 per cent of GDP on this policy area in 2010, compared to 1.1 per cent in France, 0.9 per cent in Germany, 1.1 per cent in Sweden, 1.9 per cent in Denmark, and 1.2 per cent in the Netherlands. Among major European economies, only Italy spent less than the UK. We also have comparable data (also shown in table 1) among European countries for expenditure on *type* of active labour market policy (with types defined by the European Commission). The variety of commitments made across different types of intervention, indicates the relatively limited value of assessing headline spending rates alone. The UK spends around 0.3 per cent of GDP on ‘labour market services’ (primarily job-search services, but also job-matching also short-term training programmes designed to facilitate successful job searches), equivalent to 81 per cent of its total spending on ALMP. Germany and the Netherlands both spend more than the UK on this type, but this spending represents only, respectively, 41 per cent and 33 per cent of their total expenditure. Denmark and France spend around the same as the UK on this type of intervention, but this spending represents only, respectively, 40 per cent and 27 per cent of total expenditure. Compared to only 4 per cent of total expenditure for the UK, several European countries spend a significant portion on training programmes, including 41 per cent in Italy, 33 per cent in France and 32 per cent in Germany. Italy and

Sweden stand out for committing more than 40 per cent of active labour market policy expenditure to ‘employment incentives’ (primarily hiring subsidies for employers). However, while the *proportion* spent on training or subsidies may be similar across certain countries, the total *amount* invested (as a percentage of GDP) varies significantly.

Similarly, while most European countries included here spend little on ‘supported employment’ programmes (such as operating intermediate labour markets for individuals furthest away from formal employment), Denmark and the Netherlands spend, respectively, 0.7 per cent (35 per cent of total spending) and 0.5 per cent of GDP (40 per cent of total spending) on this type of intervention. The European Commission’s categorisation of ALMP also includes ‘direct job creation’ and ‘start-up incentives’. The former represents the direct placement of unemployed people into public sector jobs, and the latter is benefit support or soft loans to enable self-employment. Alongside supported employment, arguably these three categories are not ALMP interventions in any straightforward sense, since they remove individuals from formal engagement in the labour market in terms of securing employment. However, it is probably correct to characterise them as public policy interventions into labour supply, and therefore in broad terms are part of the ALMP toolkit.

[1] Active labour market policy spending by type across selected European countries, 2010

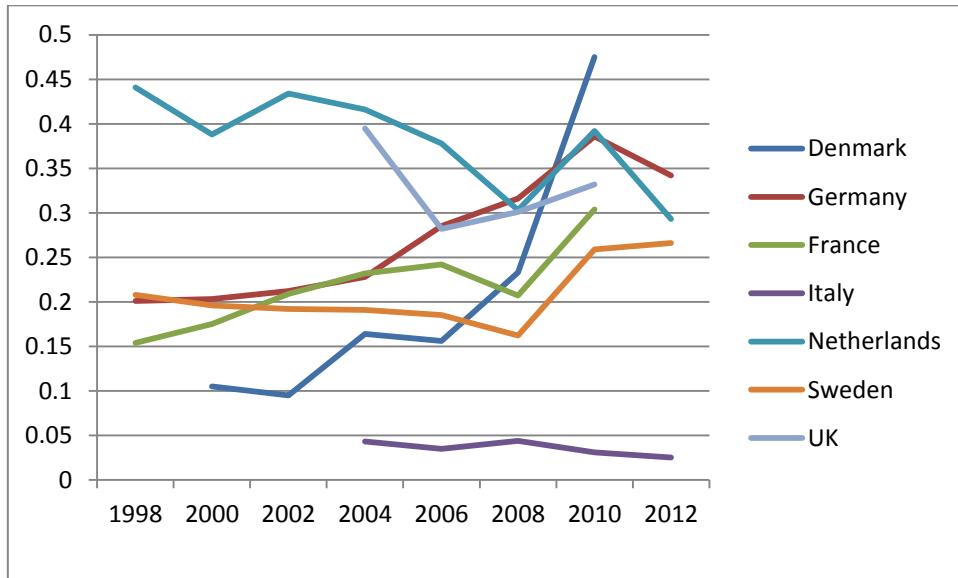
		TOTAL	Labour market services	Training	Employment incentives	Supported employment	Direct job creation	Start-up incentives
Denmark	% GDP	1.87	0.48	0.41	0.32	0.66	-	-
	% total	-	39.84	22.14	17.17	35.29	-	-
France	% GDP	1.14	0.30	0.3	0.11	0.07	0.22	0.06
	% total	-	26.71	33.39	9.49	6.50	19.07	4.83
Germany	% GDP	0.95	0.39	0.31	0.10	0.03	0.05	0.08
	% total	-	40.80	32.24	10.04	3.59	5.07	8.25
Italy	% GDP	0.35	0.03	0.14	0.15	-	0.01	0.02
	% total	-	8.78	40.79	43.34	-	1.42	5.67
Netherlands	% GDP	1.19	0.39	0.14	0.18	0.48	-	-
	% total	-	32.89	11.49	15.44	40.18	-	-
Sweden	% GDP	1.13	0.26	0.09	0.52	0.24	-	0.01
	% total	-	22.98	8.25	45.79	20.94	-	1.06
United Kingdom	% GDP	0.41	0.33	0.02	0.01	0.01	0.04	0.00
	% total	-	80.98	4.39	3.17	1.71	9.51	0.24

Source: European Commission (2014)

Charts 2-4 show how spending on particular types, has changed over time, using the latest available comparable data. As will be discussed further below, there appears to be a decisive convergence in ALMP across Europe. Almost universally, labour market services have come to be much more important (although expenditure on such services has actually reduced in the Netherlands, the country that started with the highest expenditure in this regard). There is now far less being spent on training, albeit with some evidence of a reversal in this regard after 2008. In terms of subsidies, the picture is more mixed. Generally, levels of subsidy expenditure finish where they started in this period (although they have halved in France).

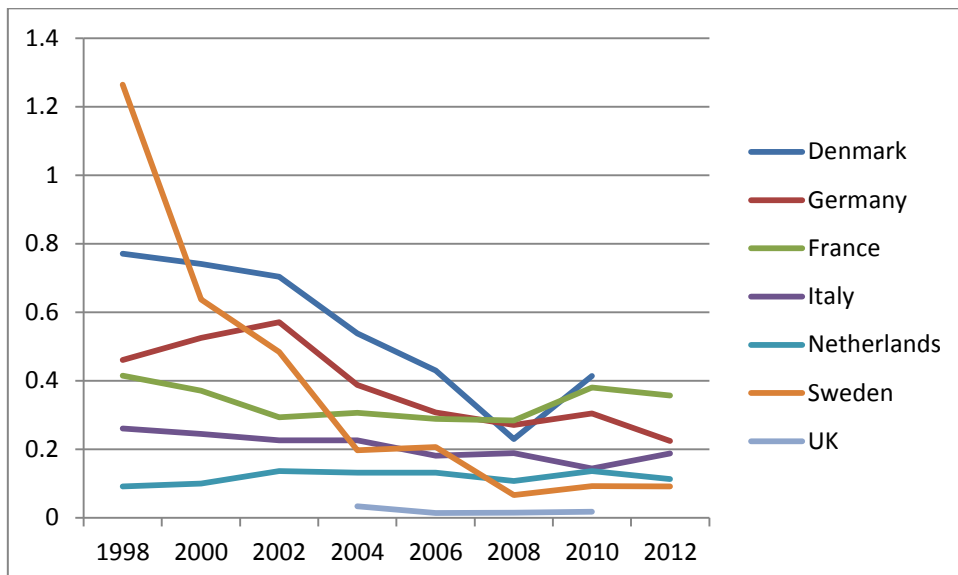
Sweden and Denmark started with the largest subsidy budgets – whereas in Sweden it has increased further, in Denmark it has declined.

[2] Expenditure on labour market services across selected European countries (%GDP), 1998-2012



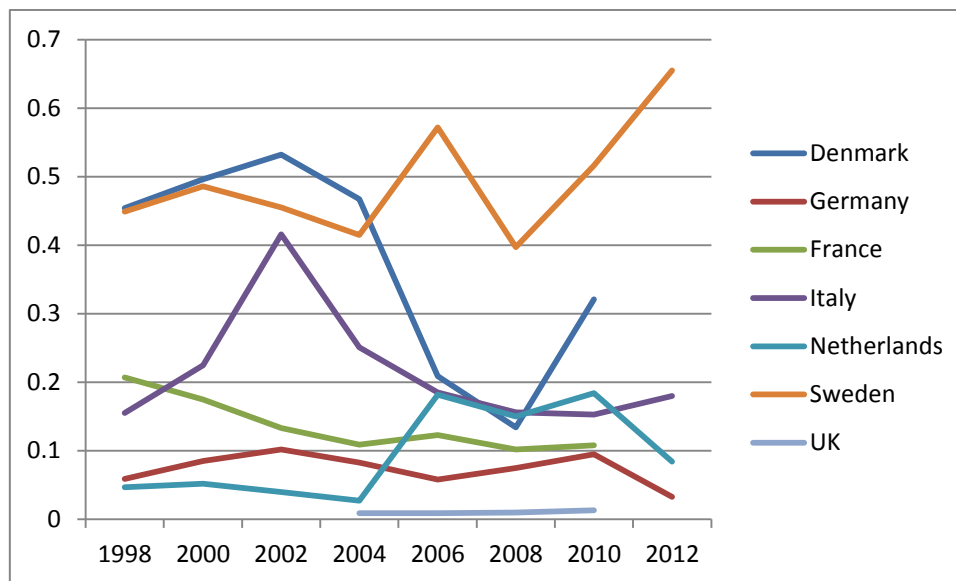
Source: European Commission (2014)

[3] Expenditure on training across selected European countries (%GDP), 1998-2012



Source: European Commission (2014)

[4] Expenditure on employment incentives across selected European countries, 1998-2012



Source: European Commission (2014)

Section 2. Towards a typology of active labour market policy in Europe

There have been two main attempts to characterise different approaches to active labour market policy. Hartley Dean's characterisation of welfare-to-work 'regimes' across the Western world posits two dimensions: the extent to which regimes are egalitarian or authoritarian (that is, the difference between an entitlement to work and a duty to work), and the extent to which regimes are competitive or inclusive (that is, whether they help people to compete in the labour market, or rather dampen the intensity of competition).

Dean (2007) defines Denmark and the Netherlands as focused on 'human capital development' in that they are both egalitarian and competitive: the state will help all individuals develop the skills they need to compete for work. He argues that the UK belongs in this category too, up to around 2006 (when, as discussed below, the Freud report signalled a step-change in UK policy). According to Dean the UK now belongs alongside the United States in the 'workfare' category, that is, regimes that are both authoritarian and competitive. The Nordic countries are defined as focused on 'active job creation' in that they are both egalitarian and inclusive: the state will shape the labour market through subsidies for those unable to find work. Finally, Dean defines France in terms of 'insertion', in that it is both authoritarian and inclusive: the state will insist on individuals working, but will create jobs in the public sector rather than subject them to the labour market.

Problematically, Dean's typology does not find a place for Germany. Clearly, his two-dimensional categories are ideal-types, and many countries will straddle the regimes and/or incorporate elements of several regimes. Yet it means that his typology fails to capture what might be distinctive about German active labour market policy, so that its real-world

experience in this area can be better appreciated; Germany's importance to the European and indeed global economy makes this a particularly unfortunate oversight. As will be noted below, Germany developed novel forms of employment support in response to the economic downturn. Similarly, Dean offers no place for Italy, Europe's fourth largest economy (neither Germany nor Italy are mentioned in the paper in question). In contrast to Germany, Italy spends very little on ALMP programmes, and on this basis its exclusion from any typology may be justifiable. However, the UK would probably have to be excluded on the same basis – yet the literature on ALMP across Europe, including Dean's contribution, consistently treats the UK as an exemplar of ALMP.

Giuliano Bonoli (2010; 2012) offers an alternative (albeit similar) typology for approaches to ALMP across Europe. Bonoli posits two dimensions in his typology of active labour market policy: the extent to which different approaches exhibit a pro-market orientation, and the extent to which regimes invest in human capital. Approaches with a strong pro-market orientation and strong investment in human capital focus on 'upskilling', that is, extensive job-related vocational training programmes. Regimes that are weak in both domains focus on 'occupation' or 'the preservation of human capital'. This is the authoritarian/inclusive regime in Dean's typology, focusing on keeping jobless people occupied in public sector positions with limited potential for progression. Bonoli characterises the regime with a strong pro-market orientation but weak investment in human capital as focused on 'employment assistance' or 'improving matching'. This regime facilitates individuals putting existing human capital to use through job-search services and improving job-acquisition skills. Bonoli's final ideal-type regime focuses on 'incentive reinforcement' or 'putting pressure'; it is strongly pro-market but offers no or negligible investment in human capital, and instead uses wage supplements in the form of tax credits, and conditionality in the form of low out-of-work benefits and sanctions, to underline the incentive to find work.

The strength of Bonoli's typology is that it overlaps with his chronology of ALMP. Different countries have adopted different approaches – or different mixes of approaches – at different times. On the other hand, however, this renders Bonoli's analysis strangely disconnected from actual policy rationales. He acknowledges the influence of the legacy of established ALMP institutions, yet suggests that countries adopt different approaches based on evidence of what works in other countries (with learning often transmitted through international organisations). This leads him to adopt broad, geography-based groupings of countries such as 'English-speaking' and the highly unsatisfactory 'continental Europe' (again, Germany and Italy are barely mentioned, although France is distinguished) as few clear patterns in terms of varieties of approaches in practice emerge. Bonoli is absolutely correct to demonstrate the evolution of public policy practice, but his understanding of the drivers of change is too simplistic. It appears to derive from the determination, common among the public policy literature in this area, to study ALMP largely in isolation from other policy areas, as a 'solution' (or set of solutions) designed to address labour market 'problems'.

Problematically, Dean makes no attempt to relate his welfare-to-work regimes to actual ALMP expenditure. For instance, Denmark and the Netherlands are not among the highest spenders on training, despite being characterised as focused on human capital development.

Furthermore, while Sweden does spend a significant amount on employment subsidies, Norway and Finland do not (European Commission, 2014) – problematising the notion of a Nordic ALMP regime. However, Dean’s analysis concentrates on the ethical or normative foundations of ALMP approaches rather than actual policy; this enables him to develop several important insights, yet undermines the utility of his typology to some extent.

Bonoli (2010), in contrast, does consider spending, referencing OECD data to show the balance of ALMP priorities in particular countries over time. Yet he does not utilise this evidence as effectively as he might. He rightly points out the dangers of relying on expenditure statistics, and indeed highlights particular problems with the OECD data. Although considering data on spending allows Bonoli to make some important observations about changes in priorities over time, he does not reflect on the several ways in which the data appears to repudiate his typology. It clearly shows the error of placing the UK alongside Nordic countries in terms of ‘employment assistance’, because of significant difference in spending on employment subsidies – in terms of both levels and proportions. Furthermore, looking at the level of overall spending alongside types of spending shows, firstly, there is certainly no common ‘continental Europe’ approach (because Southern European countries tend to spend far less than central European). Secondly, and paradoxically, it is too simplistic to separate out French-speaking countries from their continental neighbours – this was perhaps accurate once, but certainly not any more, especially in the case of France.

Finally, there are clearly no major European economies that fit the ‘putting pressure’ or ‘incentive reinforcement’ regime. This would involve limited expenditure (or none) on active labour market policy, and a focus instead on incentivising work through the benefits system. Yet according to the European Commission (2014), only four European countries spend less than 0.3 per cent of GDP on active labour market policy – Bulgaria, Estonia, Malta, Romania and Greece – and their spending is focused on different areas: respectively, direct job creation, job-search services and training, job search-services, and job-search services and employment subsidies (both Romania and Greece). Incentive reinforcement is best considered an intervention that is used *alongside* various other forms of intervention – it has been used extensively in the UK and Netherlands, and also Denmark, Germany and Sweden to some extent (Dolphin & Lawton, 2013; Grigg & Evans, 2010).

This paper therefore offers an alternative typology of approaches among Western European, based more directly on different types of expenditure. The approaches are most usefully classified according to the type of active labour market policy they focus on: job-search and related services; training and employment subsidies; training and job-search services; and employment subsidies and job-search services. The most important approach is that which concentrates on training alongside services such as job-search and job-acquisition skills, exemplified by Europe’s two largest economies, France and Germany. Extensive provision of job-search and related services is relatively novel in both countries, but has become increasingly important, especially in Germany (where this type of expenditure is now larger than training expenditure). France has bucked this trend to some extent, and actually increased its expenditure on training since the economic downturn. It also spends more than

Germany on direct job creation in the public sector, arguably necessitating the creation of a sub-category within this broader approach.

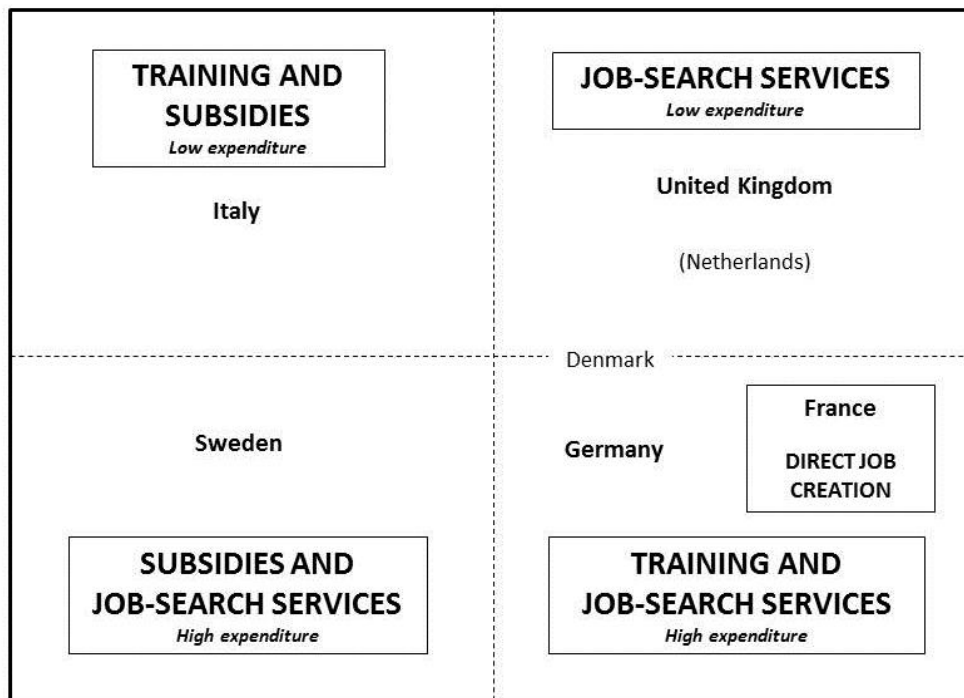
The UK exemplifies an approach which focuses almost exclusively on enabling people to find work – any work – quickly. Interestingly, subsidies were briefly introduced during the 2009 recession by the Labour government, and Labour in opposition has promised to restore a version of this policy if it replaces the current coalition government in 2015 (although matching Sweden’s spending is extremely unlikely) – yet they have never been a substantial part of the UK’s ALMP architecture. The Netherlands also typifies this approach, despite devoting more resources to supported employment programmes than job-search. Supported employment programmes are designed for people who would suffer extreme disadvantage in seeking employment. The Netherlands’ support for this type of intervention, which accounts for its very high level of active labour market policy expenditure, should be seen as an aspect of the country’s welfare provision, rather than its supply-side employment strategy. It has little bearing on its approach to enabling employment in the ‘mainstream’ economy. The UK commits very little expenditure to such interventions – and even less than suggested in table 6 since the withdrawal of funding for Remploy factories by the coalition government – although the experience of StepUp in the early 2000s will be discussed below.

Sweden’s active labour market policy is focused on employment subsidies; employers are incentivised to create jobs for those unable to find work. Sweden is often grouped with other Nordic or Scandinavian countries in terms its welfare regime. Yet in relation to active labour market, it is clear that there is no single Nordic or Scandinavian approach – only Sweden offers an approach distinctive to others evident across Western Europe. Both Norway and Finland concentrate expenditure on training – although the latter spends far more than the former – and Denmark spends more on job-search services, training and supported employment than it does on employment subsidies, although it is increasing spending on subsidies (for the sake of brevity, Finland and Norway are not included in the paper’s typology). However, as discussed further below, the wider Nordic/Scandinavian welfare regime would appear to be relevant to Sweden’s approach, in that a strong commitment to universal education in Sweden mitigates the need to ‘upskill’ those unable to find work; employment subsidies are therefore used to improve employability by demonstrating and enhancing individuals’ soft skills and work experience. Employment subsidies in Sweden have traditionally focused on providing employment for older workers whose skills had become obsolete, but who were unlikely to benefit from retraining; increasingly, subsidies focus on young people (Cook, 2008: 3-5).

Finally, Italy represents a fourth main approach to active labour market policy in Western Europe, focused on both training and employment subsidies. This combination is strongly evident in only one other European country, that is, Greece (both Spain and Portugal can be seen as partial adherents to this approach, although both also spend a significant amount on job-search services). However, perhaps the distinguishing feature of this approach to active labour market policy is that it is relatively *inactive*. As noted above, Italy spends less than the UK on ALMP. This is despite the UK’s focus on relatively inexpensive job-search programmes, and the fact that among Europe’s largest economies, Italy has one of the highest

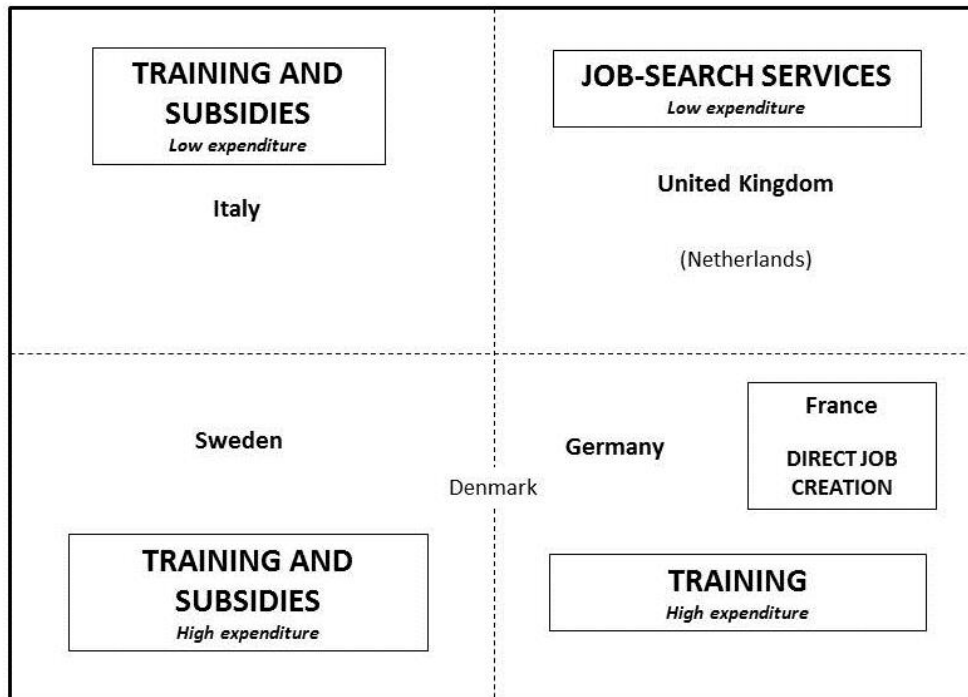
unemployment rates. This underlines the fact that active labour market policy does not simply respond to labour market conditions, but also helps to shape them. The limited spending on active labour market policy in Italy and Greece may be associated with the relative ‘inflexibility’ of the Italian and Greek labour markets. In contrast, the coincidence of a low level of ALMP expenditure in the UK with relatively low unemployment would appear to be testament to the flexibility of the UK labour market.

[5] Typology of active labour market policy approaches across Western Europe, c.2010



As the above discussion notes, several countries have implemented changes to ALMP practice very recently, in response to the financial crisis. However, the evidence on ALMP expenditure presented in the first section demonstrates that several countries have seen significant change in their approach to ALMP over the past 10-15 years, with responses to the financial crisis modifying this longer-term trend relatively lightly. As such, the figure below demonstrates what our typology might have looked like in the late 1990s or early 2000s. Visually, the changes are subtle, but the implications are highly significant. The approach to ALMP typified by Sweden is one based on training programmes, with subsidies an important but secondary feature. Since this period, Sweden have moved away from training fairly radically, focusing instead on job-search and related services. France and Germany are in the same positions, but their approach(es) were not characterised in this earlier period by the provision of job-search and related services to any significant degree. The same applies to Denmark. Whereas now its subsidies expenditure is minimal, previously it committed significant amounts to both training and subsidies, and little to job-search and related services.

[6] Typology of active labour market policy approaches across Western Europe, c.2000



This earlier picture renders the typology of current practice somewhat anachronistic. Like any snapshot, a typology offers only a partial picture of underlying trends. Observed over a longer period, the dominant approaches to ALMP in Europe clearly portray a process of Anglicisation, as several major European economies increasingly adopt policy instruments previously only favoured in the UK (and the Netherlands), and eschew interventions designed to improve human capital.

Section 3. Active labour market policy and the evolution of economic statecraft in Europe

It is important to note the seemingly limited relationship between both the level of expenditure and its distribution among types of intervention, and headline labour market outcomes. The UK is among the lowest spenders in Europe, but has relatively low unemployment. Denmark is the highest spenders, but has an unemployment rate similar to the UK's – although Denmark has a lower rate of long-term unemployment. Interestingly, Austria has the lowest unemployment rate of the countries included in Western Europe, but is not among the highest spenders on active labour market policy overall. France spends almost as much as Austria on training programmes, but has a much higher unemployment rate. Germany and the Netherlands have very similar unemployment rates, although they spend vastly different amounts on interventions such as training, which is much higher in Germany, and supported employment, which is much higher in the Netherlands (see Berry, 2014 for the full analysis).

The absence of a clear pattern points us towards an important insight, that is, that ALMP cannot be understood as simply a *response* to unemployment, or particular forms of unemployment. Equally, active labour market policy seemingly helps to facilitate and shape particular labour market practices. Job-search services, for instance, will operate very differently in different labour market contexts, where they may be offered to very different target groups. This does not mean, of course, that countries with similar labour markets necessarily exhibit identical levels and types of expenditure; Denmark and the Netherlands are probably the European labour markets most similar to the UK, but they are at the opposite end of the expenditure table to the UK. However, the types of interventions they spend more on than the UK are actually those closest to the UK's approach, in that they are generally pro-market in orientation, or led by employer demand.

It is clearly necessary, therefore, to place ALMP in the context of wider economic statecraft. As noted above, both Bonoli and Dean understand ALMP as existing alongside, or even encompassing, welfare-based unemployment assistance (or more precisely, the conditions attached to such assistance). In this sense, benefit conditionality acts, on the one hand, as a supplement to ALMP in that it may determine how and when individuals enter ALMP programmes. On the other hand, it may operate in place of formal ALMP if it serves to compel individuals to accept jobs without the assistance of employment support services. Bonoli argues there has been a move towards greater conditionality across Europe as a response to post-industrialisation. But such changes surely have to be seen in tandem, as ALMP helps to mould the kind of workforce which incentivises investment in low-skilled services industries.

In addition to benefit conditionality, there would appear to be three, further domains immediately relevant to ALMP. On the supply-side, ALMP operates in tandem with employment protection regimes, and vocational education. But it is also impossible to fully appreciate the nature and purpose of ALMP in particular countries without also understanding how it relates to demand-side interventions, most immediately, industrial policy. With reference to the UK, Germany, France, Sweden and Italy, the remainder of this section reflects briefly on how ALMP operates alongside policy in these four areas. Crucially, evidence on change across these areas – and how this has affected ALMP – is also considered.

Benefit conditionality

Conditionality attached to benefits is common to many European countries – it is particularly important to the UK, Germany and Sweden – with failure to satisfy these conditions generally leading to sanctions in the form of the removal or reduction of benefits. The threat of the full removal of benefits has long existed in the UK, but acquired extra purchase from the 1980s as the activities required to prove recipients were actively seeking work were increasingly formalised. New Labour's infamous 'no fifth option' intensified this threat as part of a general (but limited) increase in ALMP services. The coalition government's Work Programme replicates the mandatory nature of ALMP programmes; it has also introduced

Mandatory Work Activity (MWA) for out-of-work benefit claimants, in advance of the Work Programme, which primarily consist of four-week work placements of up to 30 hours per week (delivered by private contractors). Incredibly, in the first year of MWA, 46 per cent of those referred to the programme by Jobcentre Plus either gave up JSA voluntarily as a result, or had it removed when they failed to complete their placement (DWP, 2013).

Similar conditions have also traditionally been attached to out-of-work benefit receipt in Germany, with the threat of temporary (6-12 weeks) full removal of unemployment assistance (which is more connected to previous earnings than in the UK) for individuals that voluntarily give up employment, refuse employment, or fail to comply with ALMP programmes. However, the application of sanctions is at the discretion of local employment offices. Interestingly, in the early-2000s, while formal conditions did not change, the use of sanctions appears to have risen significantly following the issuance of new guidance on their application for local centres. This coincided with the *reduction* of the level of sanctions that could be applied some instances – so sanctions were more strictly applied as part of the benefit system in Germany, yet not as severely (Bruttel & Sol, 2006; Hofmann, 2008). In Sweden, conditionality is not as strict as in Germany or the UK (Stovicek & Turrini, 2012), but was tightened following the election of the centre-right government in 2006 (as part of more general reductions in benefit levels), yet the sea-change in obligations placed on benefit recipients to find work or participate in ALMP programmes is best considered to have occurred in 1998, albeit with local discretion on how sanctions are applied (Kananen, 2012).

Germany and Sweden's embrace of benefit conditionality demonstrates a high degree of Anglicisation – albeit from different bases, and at different paces – while the UK has 'hyper-Anglicised' (Berry, 2014). Crucially, the recessionary conditions following the 2008 financial crisis were *not* the trigger for these changes in Germany and Sweden, although they are relatively recent. France and Italy have more complex unemployment benefit systems (although also different from each other, with France's far more generous); presumably making conditionality more difficult to apply, but also problematising the identification of clear patterns in this regard. However, Italy has moved towards greater conditionality, as part of more general attempts to simplify and enhance unemployment insurance and assistance, in the wake of the economic downturn (Ciccarone, 2011). It is interesting that France has seemingly not sought to introduce greater benefit conditionality (despite tightening eligibility for unemployment insurance) while at the same time following Germany and Sweden in increasing expenditure on job-search services. However, unlike most other comparable countries, France's expenditure on training and direct job creation has been largely stable in recent years.

Employment protection

Different European countries uphold different levels of employment protection. Contrasting employment protection regimes is obviously not straightforward, given that protections come in many different forms, yet it is possible for our purposes to discern that France is among the

countries with the strictest employment protections, followed by Germany and Italy. The UK has the most liberal employment protection regime, and Sweden (which began liberalisation in this regard in the 1980s) generally falls between the UK and Germany/Italy (Heyes & Lewis, 2012; OECD, 2013). While there has been a general, limited relaxation of employment protection throughout Europe since the 1990s, since the financial crisis only Italy has substantially relaxed its employment protection regime. There has been *some* liberalisation in both the UK and France – countries at opposite ends of the spectrum in this regard (OECD, 2013).

It is therefore difficult to discern, initially, a clear relationship between changes to ALMP and changes to employment protection – there may be a general process of Anglicisation in Europe as many countries seek to move towards the UK’s liberal model, but much variety in practice, even once the different starting points of different countries are accounted for. It is of course interesting that Italy have liberalised more than the other countries considered here, yet at the same time have shown the least appetite to mimic the UK’s focus on job-search services, or indeed invest further in ALMP more generally. Similarly, France has the least liberal employment protection regimes, and demonstrated only limited reforms, and all commit a large portion of their ALMP budget to training – indeed, France has the least liberal of all, which may offer an explanation as to why it continues to invest in direct job creation as well as training and, increasingly, job-search and related services. Until recently, however, Sweden was among the heaviest investors in Europe in training programmes, despite having a fairly liberal employment protection regime – yet significantly, it has now largely eschewed training expenditure.

The fact that the UK’s regime has been liberalised further adds weight to the ‘hyper-Anglicisation’ thesis. When viewed alongside increasing benefit conditionality, we can also associate Italy with Anglicisation, albeit a selective form. Does the fact that Sweden has not undertaken further employment protection liberalisation mean that it cannot be associated with the Anglicisation process? On the other hand, we could view reform of both ALMP and benefit conditionality in Sweden as ‘catching up’ with its Anglicised employment protection regime as part of a more general shift. Similarly, while Germany has seemingly not sought to liberalise its employment protection regime, it has, like several other European countries, undertaken reform of its labour market regulations more generally by introducing ‘short-time work’ (STW) in the wake of the financial crisis. STW arrangements enable employers to reduce the working hours of new or existing staff; many STW schemes were already in place before the recession, alongside compulsory or publicly-subsidised training for participating employees, but have seen a much greater take-up in recent years (OECD, 2010: 50-52). The increased prevalence of STW schemes is worth noting because their use probably helps to explain why few countries have increased marginal hiring subsidies in response to the recession; reducing working hours can be conceived as a less expensive form of employment incentive for the general unemployed population. However, in Germany, short-time work has been made more available *alongside* marginal employment subsidies as Germany sought to promote the creation of new part-time jobs (with precise arrangements determined at sector

level through corporatist mechanisms). This represents the so-called ‘German answer’ to the European jobs crisis (Brenke et al, 2013).

Italy also significantly strengthened the availability of STW during the economic downturn, albeit largely to preserve existing jobs rather than incentivise job creation or recruitment (Ciccarone, 2011). STW has of course not been evident in the UK, but that does not mean that it is unrelated to Anglicisation. According to Karl Brenke, Ulf Rinne and Klaus Zimmerman (2013), STW has been ‘abused’ in Germany, as there has been a significant rise in STW in industries unaffected by the recession. Jason Heyes (2012) reports that very few short-time posts created since the recession encompass training opportunities, as originally envisaged. We can associate Italy’s embrace of STW with its employment protection liberalisation, and even though the latter has not occurred in Germany, nevertheless it is perhaps possible to conclude that the ‘German answer’ to the recession actually represents German accommodation to the Anglo-liberal growth model. STW would not be relevant in a UK context due to its existing liberal labour market regulations.

Vocational education

Spencer Thompson’s (2013) recent survey of transitions from education to work for young people across Europe offers a wealth of information on Europe’s contrasting vocational education regimes. Again, Anglicisation is evident, albeit unevenly across the different models. Traditionally, Germany has offered extensive vocational pathways through its ‘dual apprenticeship’ system, whereby the vast majority of young people enter a vocational pathway in post-secondary education, undertaking training across both educational establishments and actual workplaces. This equips young people with firm-specific skills, with recognisable sector-specific qualifications, and therefore offers a clear route into formal employment. Yet such pathways appear to be contracting in Germany, as manufacturing becomes more specialised, and temporary employment becomes more common (explained by Thompson as a route around Germany’s strict employment protection). In the mid-1990s, around 80 per cent of young people in Germany took the dual apprenticeship pathway, but by 2011 fewer than half did so.

This represents partial Anglicisation in that the UK offers virtually no vocational pathways for young people (see Berry, 2014 for a longer discussion). Apprenticeships are rare, and not standardised. Successive governments have sought to encourage and, more recently, compel young people to remain in education until the age of 18, yet without ensuring that qualifications has a significant vocational component. Traditionally, Sweden has a similar commitment to vocational education as Germany, albeit in a different framework. Apprenticeships in Sweden are also patchy. Sweden has followed the UK in focusing increasingly on secondary education. Interestingly, this appears to be one of the reasons that Sweden’s ALMP expenditure on training has declined, as vocational pathways are refocused on educational establishments rather than workplaces – with hiring subsidies therefore taking on a more important role to incentivise the recruitment of young people lacking an automatic

route into work. In France and Italy, young people tend to stay in formal education for longer, although like the UK, qualifications are not necessarily vocational in nature. France offers high quality apprenticeships, albeit a relatively small number. Thompson equates France and Italy's high unemployment rate for young people with a paucity of entry-level positions in most sectors.

Industrial policy

Regimes for benefit conditionality, employment protection and vocational education represent key supply-side factors, operating alongside ALMP interventions. It is also important to consider, however, how the supply-side operates alongside the demand-side labour market interventions in the form of industrial policy. It is worth noting, initially, that the UK lacks any tradition of active industrial policy. Indeed there have been few initiatives targeted directly at supporting high-productivity sectors such as manufacturing, with industrial policy largely represented by support for regional development and small to medium-sized enterprises (SMEs) that does not discriminate between sectors – New Labour favoured the former, offering some funds to Regional Development Agencies to direct industrial investment, but the coalition government predominantly favours the latter. Policy interventions are general aimed at the micro level, and take the form of 'soft' support, such as advice services, gateway services and the dissemination of best practice. The UK prefers tax credits and weighted public sector procurement practices to direct subsidies, and insofar as subsidies are offered they are generally targeted, understandably, at the most needy regions, rather than strategically important industries (Buigues & Sekkat, 2009). It is an approach that appears to fit seamlessly with the type of ALMP favoured in the UK, that is, interventions to smooth the function of the labour market rather than enhance human capital (Berry, 2014).

Germany is Europe's archetypal industrial policy activist, associated with its sector-by-sector corporatist arrangements. Interventions take the form of direct subsidies as well as tax reliefs. German industrial policy is, however, highly decentralised, aided by its federal structure and regional banking system. As such, German industrial policy does not focus on 'picking winners', but rather fostering an environment in which high-productivity industries can flourish, in particular by supporting R&D in medium-sized firms in the absence of venture capital. The German approach has, however, been partially transformed in the last twenty years. Traditional subsidies have been withdrawn, to some extent, yet replaced by new or greatly increased investment in East Germany, and the energy sector (Buigues & Sekkat, 2009). Sweden's industrial policy is probably best conceived as sitting between that of the UK and Germany. It has a stronger tradition of industrial intervention of than the UK, although offers limited direct support to particular sectors, focusing instead on seeking to foster innovation. There was, however, a radical increase in subsidy expenditure in the 1970s as Sweden turned to industrial policy to cope with manufacturing decline (Grabas & Nützenadel, 2013).

France and Italy offer an alternative model of industrial policy, more focused on promoting national champions, predominantly through public ownership. Industrial policy in this approach is highly-centralised, although France has moved towards nurturing regional clusters (as in Sweden). It is not focused on producing innovation, but rather sustaining employment (especially in Italy). In both countries, investment has in recent years been significantly reduced – a change coinciding in France with a greater concentration on key sectors (Buigues & Sekkat, 2009; Di Maio, forthcoming; Grabas & Nützenadel, 2013). It seems plausible to associate the strong commitment to industrial policy in Germany, France and Italy with key aspects of ALMP – a greater focus on training is required by the state, to meet the demand for labour supported via industrial policy (Italy’s lower expenditure in this regard could be associated with its less strategic approach to industrial policy).

Conclusion: Anglicisation, ALMP and models of economic growth

While forensic examinations of specific areas of policy are always useful, comparative analysis that focuses on a single policy area across different polities can also be highly problematic. It is not simply the precise policy arrangements that differ across countries, but also the wider political, institutional and economic contexts that policy is located within. At the extreme, identical policy agendas can actually have very different impacts and implications if the practices they are embedded within are different. Similarly, divergent agendas can actually be shown to have a similar intent. This paper has argued that ALMP must be considered in this light. Noting the differences between countries does not by itself help to explain those differences. Moreover, it may serve to overlook underlying commonalities – and obscure patterns of convergence.

Clearly, far more research is necessary in this regard; the paper has offered a largely conceptual interrogation of this territory, albeit via the presentation of empirical material on ALMP expenditure in order to elucidate a new typology of ALMP across Europe. Crucially, this typology is not conceived as an end in-itself, but as a step towards considering the role of ALMP in wider economic statecraft, or the competing, contrasting and converging growth models of Europe. It is based on actual expenditure rather than an attempt to apply qualitative labels to the various types of ALMP approaches evident in Europe – because the latter strategy is futile when ALMP is looked at largely in isolation, and appears to have led to some misleading characterisations of ALMP regimes in the existing literature.

It is apparent that ALMP in Europe is undergoing a process of Anglicisation, albeit perhaps selectively. Of course, ALMP is itself an Anglicised notion – that it is now used to describe longstanding supply-side labour market interventions, which in fact may not have been conceived as such, is itself indicative of this process. Job-search and related services provision is becoming increasingly important to ALMP regimes across Europe, and training – which depends more on operating in tandem with demand-side interventions – is now less central.

Yet we have to consider wider economic statecraft to appreciate the significance of these changes – and indeed to recognise where evidence on ALMP reform, or otherwise, can lead to some misleading conclusions. For instance, Italy has *not* moved towards Anglicised ALMP – yet has appeared to have established some of the conditions concomitant to the UK’s ALMP approach, especially since the financial crisis, by reducing employment protection and strengthening benefit conditionality. The goal of labour market flexibility is therefore clearly identifiable. France has taken a similar strategy trajectory – in a less pronounced way, but arguably its transition started at an earlier point in time than Italy. However, it *has* moved towards Anglicised ALMP, perhaps because France, unlike Italy, has traditionally invested heavily in ALMP programmes. Moreover, we can perhaps see Italy’s (limited) embrace of employment subsidies as a form of Anglicisation; although the UK does not (usually) spend a great deal on employment subsidies, that this route has been chosen, in place of training expenditure, may be an attempt to overcome supply-side rigidities in a relatively illiberal labour market, as the wider growth model is Anglicised.

Although starting from a different base in terms of industrial policy, employment protection and vocational education, we may be able to see Sweden’s embrace of subsidies in similar the same terms. Sweden and Germany have of course embraced job-search services in recent years more than the other countries considered here. This convergence on an Anglicised form of ALMP appears to signify a wider convergence on an Anglicised growth model. Strictly speaking, neither have reduced employment protection in recent years, but Sweden undertook such reforms much earlier, and Germany has effectively reduced protection through wider labour market reforms. Germany has maintained industrial policy expenditure, but this may be explained by the peculiarities of German reunification and its energy sector. Both countries have scaled back their commitment to post-secondary vocational education, albeit in different ways. Across all of the countries considered here, the financial crisis appears to have exacerbated the trend towards Anglicisation in employment policy (including the UK, which can be said to have undergone ‘hyper-Anglicisation’). But we *cannot* claim that the crisis represented a trigger for ALMP reform in particular. The Anglicisation of ALMP was already being experienced, in different ways, throughout Europe, as and when it was necessary to coincide with related economic reforms.

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