

# NAV IN AN INTERNATIONAL CONTEXT

Tom Christensen • Anne Lise Fimreite (eds.)



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## Summary

The Nav-reform is one of the largest coordination-oriented reforms in recent Norwegian public administration history. Following years of debate and negotiation, the government decided to *merge* two sector organizations with long traditions – the employment and national insurance services - into a new entity called the Norwegian Labour and Welfare Service (NAV) and to establish a *partnership* between the local branch of Nav and the municipalities which provide local social services. Norway is however not the only advanced welfare-state in Europe which has taken onboard this sort of reform-strategy when the welfare administrations are to be changes. Denmark, Germany and UK have all tried out reform-models that in many ways resemble the Norwegian one in this particular field. This report presents three papers that address those reforms by focusing on the role of parliament in the reform-processes, on the significance of ministries' task portfolio in the same processes and on how the local branches of welfare administrations are organized.

## Sammendrag

Nav-reformen er en av de største forvaltningsreformer i norsk historie. Etter år med diskusjon og forhandling ble Trygdeetaten og Aetat slått sammen i et felles direktorat og til en felles etat. Samtidig ble den sammenslåtte etaten integrert med kommunene gjennom partnerskap i de lokale Nav-kontorene. Norge er ikke den eneste europeiske velferdsstat som har prøvd ut denne typen reformer. Danmark, Storbritannia og Tyskland har alle introdusert reformer som på flere punkt ligner den norske Nav-reformen. I denne rapporten presenteres tre paper som ser på nasjonalforsamlingens rolle i reformprosessene, på betydningen av departementenes oppgaveportefølje i de samme prosessene og på hvordan den lokale delen av velferdsforvaltningen er organisert.

## Introduction

Tom Christensen and Anne Lise Fimreite

The Nav-reform is one of the largest coordination-oriented reforms in recent Norwegian public administration history. The aims of the Nav-reform are to make the welfare service more user-friendly, more holistic and efficient and to include more people in the work force. The reform was launched as an initiative that would increase the capacity of government to address «wicked problems» that cut across existing policy areas. Following years of debate and negotiation, the government decided to *merge* two sector organizations with long traditions – the employment service and the national insurance service – into a new entity called the Norwegian Labour and Welfare Service (Nav) and to establish a *partnership* between the local branch of Nav and the municipalities which provide local social services. The governance-structure is by this made more multi-layered, hybrid and complex and has now features which resemble what in the literature (Christensen and Lægveid 2007) is labelled «whole-of-government» or post-NPM.

Norway is however not the only advanced welfare-state in Europe which has taken onboard this sort of reform-strategy when the welfare administrations are to be changed. Many European countries have been criticized for poor coordination between employment, national insurance and social services. Recognition of this has led to the introduction of measures to increase the capacity and efficiency of governance. This includes a particular focus on improving coordination between different parts and levels of government and between networks of public and private service providers. Denmark, Germany and UK have all tried out reform-models that in many ways resemble the Norwegian one in this particular field. The new organization of the welfare administrations as such are not the theme in this report neither are the changes and adjustments in the chosen models that take place in all countries at the moment. What we focus on are the reform processes – the role of the parliaments and the organizing within government – and the similarities in the organisational forms chosen locally.

Three papers are presented. The first paper *The role of Parliaments in reorganizing welfare administrations* by Tobias Bach and Paul G. Roness addresses the role of parliaments in reorganizing welfare administrations in Germany and Norway. As the authors point out, studies of administrative reforms often take the cabinet or the political leaders in the ministries as the point of departure. According to a parliamentary chain of government however, the executive is supposed to be an instrument for the parliament. This implies that the parliament should be interested in administrative reorganization, even though lack of capacity and giving the executive leeway to organize its own apparatus may make this somewhat difficult to follow up. In this paper the parliaments`

role in different phases of the process leading to reform in the welfare administrations in the two countries are presented and discussed. The parliaments in both countries were involved though in different ways and with different strength in the agenda setting, in policy formulation and in decision-making. In the implementation and evaluation phases the parliaments are not strongly involved in either countries though ex post monitoring and control through parliamentary questions, public hearings and scrutinizes have been activated both in Germany and in Norway.

The second paper *Breaking the Deadlock in Welfare Restructuring. The Role of Ministerial Portfolio Allocation* by Christof Schiller focuses on the way the reform process is organized *within* government in Germany and Norway. The argument is that understanding this organizing may add to the understanding of the origins of complex welfare reforms while the role of expertise and common problem definitions are necessary for enabling welfare restructuring: Assignment of ministerial responsibilities, degree of monopolization of expertise and degree of co-operation and common understanding between civil servants and politicians are identified by the author as crucial features in reform-processes. Re-arrangements of ministries and by that monopolized expertise in one ministry and no other ministry or other external actors challenging this monopoly were according to Schiller significant for the outcome of the reform process in Germany as well as in Norway.

The third paper *One-stop-shops for Social Welfare: The adaptation of an Organizational Form in Three Countries* is written by Jostein Askim, Anne Lise Fimreite, Alice Moseley and Lene Holm Pedersen. This paper is about the local organizational forms chosen in the welfare administrations in Denmark, Norway and UK. All three countries have introduced some sort of one-stop-shops at local level. In the Danish case municipal Job Centres provide information, advice, social benefits and case work to the unemployed via a single entrance. In Norway the Nav-reform has merged employment and national insurance administrations and partnered this new structure with municipal benefits and social services and in the British case the Jobcentre Plus system provides access to training, employment and benefits via a single gateway. Through analytical dimensions the authors describe the different one-stop-shops solutions and assess preliminary the effectiveness of the models with regard to the problems they were supposed to solve, first and for most lack of coordination in welfare provision.

All three papers were presented at the session *Reorganizing the Welfare State: The merger of labour market and social administration* in the section «Organizing Government: Theoretical and Empirical Perspectives» at the 5<sup>th</sup> ECPR General Conference in Potsdam, Germany in September 2009.



# The Role of Parliaments in Reorganizing Welfare Administrations

Tobias Bach and Paul G. Roness

## Introduction

In December 2001, the Standing Committee on Social Affairs in the Norwegian Storting unanimously asked the cabinet to review how the municipal social services administration, the national insurance administration and the national labour market administration could be merged into one service. The request was part of the recommendation on the budget of the Ministry of Social Affairs for 2002, and did not get much attention during the plenary debate. Nevertheless, some years later this initiative led to one of the largest reorganizations in Norwegian public administration, where the two central government services were merged, combined with more formal collaboration with the local government social services administration (the Nav-reform).

In the beginning of 2002 the German Federal Court of Audit reported that the federal employment service's statistics regarding the placement of jobseekers were seriously flawed. The report got a lot of public attention and developed into a political scandal. What followed was a large-scale reform of the labour administration (better known as the Hartz-reform) which involved the merger of two benefit schemes that had been under the responsibility of different administrations. This reform is one of the most controversial policies of the past few years in German politics. However, whereas there was a broad political consensus on the level of benefits, the question whether local government or the public employment service should administer the new benefit scheme turned out to be the most controversial issue in the legislative phase. The result was a political compromise, involving joint federal–local delivery units, which in the end of 2007 were declared unconstitutional by the Federal Constitutional Court.

In this paper we will examine the role of parliaments in reorganizing welfare administrations. The emphasis is on developing an analytical framework, drawing on relevant theories and concepts, but we will use the Nav-reform and the Hartz-reform as empirical illustrations. In Europe, with regard to reorganizations of central governments, the role of parliaments has been examined to a lesser extent than the role of the political executive. Thus, studies of administrative reforms often take the cabinet or the political leaders in the ministries as the point of departure. Questions like to what extent they can (re)design ministries and agencies, and whether the effects of the

reorganizations are in line with their intentions, have been central. However, according to a parliamentary chain of governance, the executive is supposed to be an instrument of the parliament. This implies that the parliament should be interested in reorganizations (designs as well as effects) of ministries, agencies and ministry-agency relationships.

In political science, parliaments and central governments are often examined separately, reflecting a traditional division of labour between students of legislatures and public administration respectively. Moreover, in both subfields the emphasis on organizational aspects varies a lot, and these aspects are often neglected. To a large extent, our analytical framework draws upon ideas and concepts from organization theory, but we will also include elements from the literatures on parliaments, legislative–executive relationships and public administration in general.

Our point of departure is broader organizational aspects of parliaments, public administration and reforms. Firstly, *what* is being reformed? Are the reforms focusing primarily on welfare administration, or are they more comprehensive covering public administration at large? Are the reforms primarily related to the formal organizational structure, or are they concerned with managerial autonomy? Are benefit schemes or labour market tools reformed at the same time? Secondly, *how* are reforms being affected and controlled by parliaments? How do parliaments make an impact on welfare administration reforms? What is the importance of the internal organization of parliaments and how the legislative–executive relations are organized? Thirdly, *when* are reforms being affected and controlled by parliaments? In which phases of the reform processes may parliaments make an impact? What is the importance of the ways in which the processes are organized?

We start by outlining different types of reforms and different types of parliamentary control. Here, we include some examples on Norway and Germany, not exclusively concerning welfare administration. Then, in separate sections, we present some events of the Nav-reform and the Hartz-reform, related to different phases of the reform processes (cf. Howlett, Ramesh and Perl 2009; Jann and Wegrich 2007): agenda setting, policy formulation, decision-making, implementation and evaluation. The emphasis is on the role of the parliament in these phases, but more by providing some empirical illustrations than a comprehensive examination. Based on these presentations we also have a discussion comparing the relationships between parliaments and welfare administration reorganizations in the two countries, and conclude by providing some directions for future research on the role of parliaments in reorganizations in the public sector.

The empirical presentations of the reform processes are to a large extent based on previous studies of the Nav-reform and the Hartz-reform (Askim and Christensen 2009; Askim et al. 2009, forthcoming; Christensen, Fimreite and Lægreid 2007; Fimreite and Lægreid 2009; Fleckenstein 2008; Kemmerling and Bruttel 2006; Knuth 2009; Seeleib-Kaiser and Fleckenstein 2007). However, particularly for the implementation and the evaluation phase we supplement these studies with some information from public documents, mainly produced by parliaments.

## Types of Welfare Administration Reorganizations

In this section, we address the content of welfare administration reforms. The bottom line of our argument is that policy content affects policy processes (Lowi 1972). We first distinguish between different types of reorganizations in the public sector. How the public sector is organized and how it changes over time are questions of enduring academic interest (Bach and Jann 2009; Læg Reid et al. forthcoming; Roness 2007). The degree of specialization within the public sector affects which interests are taken into account or ignored and which issues are considered together or separately (Læg Reid and Roness 1999). Here, we distinguish between a vertical and a horizontal dimension of administrative reorganization. The vertical dimension includes reorganizations along the lines of agencification or devolution within the public sector, whereas the horizontal dimension includes reorganizations characterized by joined-up government (Christensen and Læg Reid 2007; Pollitt 2003). Secondly, we discuss typical patterns of reorganizing welfare administrations, where we distinguish between reorganizations taking place with or without major changes of benefits and policy tools.

### Modern Agency and Joined-up Government Reorganizations

The vertical dimension of administrative reorganization follows the modern agency reform model, which has both structural and procedural aspects (Bach and Jann 2009; Pollitt et al. 2004). In structural terms, this type of reform is characterized by moving organizations further away from governmental departments towards more autonomous organizational types such as executive agencies or state-owned companies. In terms of procedures, public sector organizations may be granted higher levels of autonomy regarding the management of their resources such as finances and personnel. The main question here is whether public sector-wide regulations such as public service laws or budgetary procedures fully apply or whether the organization has some degree of discretion in taking management decisions (Pollitt et al. 2004; Verhoest et al. 2004). How a public organization is controlled by its parent ministry is another procedural aspect. Here, the main question is whether the traditional way of input-control in the public sector via the budget and detailed instructions has been replaced or supplemented by mechanisms of output-control via performance measurement and performance reporting. Taken together, these aspects of vertical specialization constitute the ideal type of modern agencies (Pollitt et al. 2004; Talbot 2004). In practice, reorganization can also take the opposite direction, e.g. by (re)integrating an executive agency into a ministry, by withdrawing managerial discretion or by a shift towards more input-control.

The horizontal dimension of administrative reorganization is related to the division of labour in the public sector, e.g. according to purpose, processes, clients or geography (Gulick 1937). This division of labour inevitably creates the need for coordination within and across public sector organizations. In recent years, especially the pioneer countries of public sector reform following the New Public Management (NPM) doctrine have initiated so-called whole-of-government or joined-up government

reforms, aiming at a better coordination within an increasingly fragmented public sector (Christensen and Læg Reid 2007; Pollitt 2003). The main focus of those reform initiatives is on improving horizontal coordination in order to address wicked issues cutting across organizational and policy area boundaries. In the policy formulation phase, joining-up may take the form of policies aiming at a specific group such as long-term unemployed or a specific problem such as demographic change, possibly supported by the creation of inter-ministerial collaborative structures. A typical example for joined-up implementation is the creation of one-stop shops providing multiple services, either as a more or less formal cooperation between different administrative units or the merging of different organizations at the same level into a new organization. In Norway, the Employment Service and the National Insurance Service were merged into one organization. Also, both in Norway and Germany, welfare reorganizations resulted in the creation of one-stop shops at the service delivery level in which national employment services and local governments formally cooperate. As in the case of the vertical dimension, reorganizations may take the opposite direction, e.g. by creating a new ministry in a distinctive policy area or by splitting an agency into separate agencies for service provision and regulation.

### Welfare Administration Reorganizations: Substantive or Administrative Policies?

The study of welfare administration reorganizations bridges two often separated types of literature. Scholars of public sector reforms often take administrative reform policies such as the NPM doctrines as the starting point of their analysis. They understand administrative policy making as intentional efforts by political and administrative actors to change organizational structures, procedures, and personnel of the public sector (Christensen, Læg Reid and Wise 2002). Administrative reform policies are institutional policies, focusing on the state apparatus as reform object (Wollmann 2003). They are indirect policies which via changes in the state apparatus try to alter public sector performance and eventually the output or product of the public sector. Ideally, administrative reform policies are based on assumptions about causal relations as to the effects of different ways of organizing the public sector (Christensen, Læg Reid and Wise 2002; Egeberg 1994). Also, administrative reform policies typically focus on the whole administrative apparatus irrespective of policy sector or organizational task, as in the case of the compulsory use of management-by-objectives-and-results contracting in the Norwegian state administration (Læg Reid, Roness and Rubecksen 2006).

This type of reforms or policies can be contrasted with substantive policies, e.g. in health policy, environmental policy or labour market policy (Wollmann 2003). Those policies focus directly on the policy environments via policy tools that governments have at their disposal to achieve specific goals (e.g. unemployment benefits to avoid social hardship or active labour market tools such as trainings or subsidies for starting new businesses in order to reduce unemployment). In general, most scholars dealing with labour market policy pay little attention to issues of administrative organization.

The welfare administration reorganizations we are dealing with lie somewhere in between comprehensive administrative reform policies and substantive policies. They

are cases of administrative reorganization (a key concern of the first type of studies) in a particular policy area (the focus of the second type of studies). As such, welfare administration reorganizations may be affected by comprehensive administrative reform policies or doctrines, as in the case of the introduction of performance management in the German employment agency following the NPM doctrine of management by results (Kemmerling and Bruttel 2006). However, sector-specific reform ideas that have been imported from other countries may also play a role for welfare administration reorganizations. For instance, the integration of various unemployment-related services in one-stop shops has been pursued in several countries such as the UK or Australia (Wiggan 2007).

Finally, we distinguish between two types of welfare administration reorganizations, drawing on a classification of welfare administration reforms by Knuth (2009). The first type of reorganization involves a simultaneous change of benefit schemes or policy tools and organizational structures. This is what happened in the case of the Hartz-reform in Germany. The second type of reform leaves benefit schemes or policy tools untouched, while it involves major organizational restructuring, which pretty well characterizes the Norwegian case. In contrast to Knuth (2009), we do not address those reforms which leave organizational structures more or less untouched. Taking into consideration the reform trajectories in Germany and Norway, a third type of reform could be added, namely those reforms that involve administrative units at various levels of government.

## The Organization of Parliaments and Welfare Administration Reorganizations

Whether and how parliaments may affect reorganizations in the public sector like those concerning welfare administration depends on the internal organization of parliaments as well as on how the legislative–executive relationships are organized (cf. Roness 2001). In this section we start by outlining main aspects of how parliaments are organized, particularly with regard to the horizontal dimension. We then present the most relevant aspects of legislative–executive relationships, including lawmaking, budgeting and legislative oversight.

### Internal Organization of Parliaments

The most important internal subdivisions of parliaments are divisions into separate chambers, specialized committees, party groups and leadership bodies (cf. Strøm 1995:65). How parliaments are organized varies across states and time, potentially affecting the role of the parliament in welfare administration reorganizations.

With regard to the existence of *separate chambers*, until the autumn of 2009 the Norwegian parliament was a combination of a one-chamber and a two-chamber system. All 169 legislators were elected to the Storting as a whole, but when dealing with legal issues the Storting was divided into the Odelsting and the Lagting. These issues were first discussed in the Odelsting, and the resolution passed by the Odelsting was then

handed over to the Lagting, where it was either approved or rejected. All other issues were dealt with by the Storting in plenary sessions (Rommetvedt 2003:43).

In Germany, the Bundestag is the major legislative assembly at the federal level. Its 598 members are directly elected by the population based on a modified proportional representation electoral system. The Bundesrat consists of 69 representatives of the state governments, usually the prime ministers and cabinet members. The number of votes of each state depends on the population size and varies between at least three and maximum six votes. The votes are cast *en bloc* by each state in the plenary sessions usually taking place every three or four weeks. Although Germany is frequently considered as a two-chamber system, the Bundesrat is «not a true second chamber» (von Beyme 1998:30) which consists of members of state executives. Yet it has the right to propose federal bills and plays a key role in the policy-making process. Constitutional changes require two-thirds majorities in both the Bundestag and the Bundesrat, and laws affecting state finances or administration need the Bundesrat's consent. This applies to roughly half of all federal laws, and it is still unclear whether the constitutional reform of 2006 which aimed at reducing the number of consent laws will be effective (Burkhart, Manow and Ziblatt 2008). In addition, the Bundesrat has a qualified veto position with regard to all other federal legislation (Schmidt 2003). In the remainder of this paper, we usually refer to the Bundestag as the German parliament.

*Specialized committees* may be created ad hoc or on a permanent basis. In general, the use of permanent (or standing) committees increases the parliament's capacity for attention and produces more experience and policy-specific knowledge (Olsen 1983: 56). In Norway, almost all issues dealt with by the Storting are first handed over to one of the 12–13 standing committees. The committee prepares a recommendation, which forms the basis of debates and voting in the Storting (Rommetvedt 2003:49–50). The standing committees denote a large extent of specialization. Thus, Norway is the only country in Western Europe totally fulfilling the conditions of a specialized committee system in the sense that each legislator is a member of one and only one committee (Mattson and Strøm 1995:271). Since 1993, the policy areas to be dealt with by each standing committee are no longer specified with reference to the corresponding ministry, but decided by the Storting based on the needs and requirements of the Storting itself (Rommetvedt 2003:75–77). For example, in 2001 issues on social security and social welfare were under the Standing Committee on Social Affairs, while issues on labour market policy were under the Standing Committee on Local Government. Nevertheless, ministerial reshufflings may still affect the committee structure. Thus, reflecting changes at the ministerial level, in 2005 the Storting decided to include all these issues under the new Standing Committee on Labour and Social Affairs.

The bulk of legislative work in the Bundestag is handled by the permanent committees, which generally mirror the federal ministries' portfolios, whereas only few committees' competences cut across departmental boundaries (Saalfeld 1998). In contrast to the early years when committees were created on an ad-hoc basis, their number is now quite stable, with 22 permanent committees in the 2005–2009 legislature. In the first legislature of the red–green government of Gerhard Schröder, and parallel to the ministerial portfolio, labour market and social policy were organized in the same committee. In the second term of the government labour market and economic policy

were merged in one ministry, and the responsibility for beneficiaries of social assistance qualified for employment remained in the same ministry. The Bundestag committee's responsibilities changed in the same manner. In general, the Bundestag has developed into a highly specialized working parliament, in which the committees' recommendations are in most cases adopted in the plenary (von Beyme 1998). The deliberations of the committees are usually not open to the public. However, a parliamentary reform in 1995 opened the possibility to give the public access to concluding committee sessions on bills or specific issues (Saalfeld 1998).

In most parliaments, members are elected as representatives of specific *parties* in specific constituencies and form party groups in parliament. In the case of Norway, it has been emphasized that party groups are very important for binding together the actions of representatives in the committees and plenary debates (Christensen and Peters 1999:69; Olsen 1983:62). Thus, what is regarded as major issues are first discussed in the party groups, and in some parties (e.g. the Labour Party) a majority may tie up the whole group in the voting. In the German Bundestag, party groups play a major role in organizing and determining legislation which «takes place within the shadow of the party state» (Schmidt 2003:91). The various intra-party working groups have a strong influence on the votes of committee members, and the main function of the party group leaders is to ensure that MPs vote along party lines in plenary decisions. The position of the parliamentary groups is usually decided beforehand within specialized working groups of the parties, and a «trustee» of the party group ensures that the committee work harmonizes with the party group's position (von Beyme 1998).

In the Norwegian and German parliaments, like in other parliaments, *leadership bodies* such as presidents and speakers coordinate the parliamentary agenda, e.g. by assigning issues to committees and by regulating and chairing plenary debates. However, in general, in our context these elements of hierarchy are less important than the elements of specialization noted above.

Like for other types of issues, the capabilities of parliaments to affect welfare administration reorganizations are also dependent on the form and extent of *professional support staff*. In Norway, each of the standing committees have for some time had their own secretary, while the number of party group secretaries and political advisers have grown substantially during the last decades. This may imply an increased importance of parties as compared with committees (Rommetvedt 2003:84–85). There are basically three types of professional support staff in the Bundestag (Rudzio 2006). The first type is the scientific service of the Bundestag, which also includes a library, monitoring of the press and the parliament's archive. The second type is the support staff of the parliamentary groups which are selected and hired by the party group leadership. Finally, individual MPs also recruit personal support staff, which has increased substantively since the 1960s (Saalfeld 1998).

## Legislative–Executive Relationships

A common aspect of Norway and Germany is a system of *parliamentary government* (in contrast to a system of separation of powers): the government needs the confidence of, and is answerable to, the parliament. Moreover, in both instances there is also *ministerial*

*responsibility*: each minister is politically responsible to the parliament for everything that goes on in his or her ministry and is thus accountable for how the administration performs its tasks. For example, in Norway, this implies that the government has an obligation to submit important information to the Storting, both because the government is the central source of information to the Storting and because it needs the Storting's confidence. This information can be supplied actively on the initiative of the government, or passively, as a response to requests and inquiries from the Storting (Christensen, Læg Reid and Roness 2002:42).

Other major aspects of legislative–executive relationships potentially affecting the role of parliaments in welfare administration reorganization concern the parliamentary basis and composition of government. Thus, in general, a minority government will be more dependent on the parliament than a majority government, and a multi-party government will require more coordination among participating parties before proposals are submitted to the parliament. In Norway, minority governments are quite common. Since 1985, only the red–green government from 2005 onwards has had a majority in the Storting. In the same period, coalition governments have been slightly more common than one-party governments, including the centre–right coalition 2001–2005.

A major function of the German Bundestag is the election of the federal chancellor. Minimal-winning coalitions have been the dominating type of the government's parliamentary basis in Germany, whereas oversized coalitions involving the two major party groups were only formed in the 1960s and in the period between 2005 and 2009. Minority governments are highly unlikely in Germany, as the election of the chancellor generally requires an absolute majority of the members of the Bundestag to be successful. There is a tight relationship between the parliamentary majority and the government. About 60 percent of all bills are tabled by the federal government, but it may also use its parliamentary group to introduce bills in order to avoid the lengthy deliberation phase in the Bundesrat which is required for government bills (von Beyme 1998). Germany's political system is considered as «grand coalition state» (Schmidt 2003:84) in which the major political parties as well as the federal government and the state governments have to negotiate compromises on a permanent basis. In the case of opposing majorities in the Bundestag and the Bundesrat, which has been a frequent phenomenon, the majority parties in the Bundestag have to forge a consensus with the Bundestag opposition parties. The opposition parties' state representatives in the Bundesrat may obstruct the majority's policies if they vote along party political lines. The Bundesrat, the Bundestag or the Federal Government can convoke the mediation committee, which consists of an equal number of members from the Bundestag and the Bundesrat. This committee has the function to find a consensus between the two parliamentary chambers in case of legislative gridlock and is an important dispute settlement mechanism.

More specifically, parliaments may affect the (re)organization of public sector through *ex ante* forms of guidance and steering or through *ex post* monitoring and control. *Ex ante*, the creation and reorganization of units in central government like the ones on welfare administration may require new or amended laws and/or additional funding. In Norway, for some (but not all) state organizations parts of their design have to be put down in law, and administrative reforms that imply an increased budget also



have to be approved by the Storting. Normally, specific reform proposals are submitted from the government, but private members' bills and other proposals are also possible. In Germany, the creation or reform of the federal bureaucracy usually requires a statutory basis. In case a (re)organization involves multi-tiered administrations with regional and local branches, any law requires the consent of the states in the Bundesrat. However, most enabling laws focus on the tasks of the administration and contain only a few paragraphs on organizational matters. The internal organization of the federal administration is considered as the domain of the executive (Bach and Jann 2009).

*Legislative oversight and scrutiny* may be performed in different ways. Most involve *ex post* monitoring and control, but some may also be used *ex ante*. Arrangements on different types of *parliamentary questions* are quite common in parliaments. In Norway, interpellations forming the basis for a debate in the Storting and (weekly) question time questions delivered in writing and then answered by ministers orally have existed for some time. In 1996, two other forms were added: a spontaneous (or oral) question time, where certain ministers (rotating weekly) have to answer questions without prior notice, and questions that are both delivered and answered in writing (Rommetvedt 2003: 47–49). In Germany, at least five percent of the members of the Bundestag can submit major inquiries which are debated in the plenary or minor inquiries which are answered in written form to the government. These control instruments are particularly used by the parliamentary opposition (Saalfeld 1998; Schmidt 2003). The same quorum is required to call for a session on topics of special interests, usually in connection to the question hour. Individual MPs may submit up to four written questions per month to the government, which are answered in written form. Also, they may submit maximum two questions to the government for the weekly question hour, which are answered orally.

Arrangements on different types of *hearings* are also quite common. In Norway, all hearings in the standing committees had traditionally been closed for the public. However, since 1995, the committees are allowed to conduct public hearings. They may be information hearings (*ex ante*) or control hearings (*ex post*), but both types are meant to contribute to transparency and encourage deliberation and dialogue with the general public (Christensen, Lægreid and Roness 2002:44). In Germany, public hearings are a common instrument of the committees to obtain expert information in the legislative process. The committees invite representatives of interest groups and associations and individual experts, but unsolicited experts may also participate (von Beyme 1998).

With regard to legislative oversight, many parliaments may also draw upon the activities of an *audit office*. In Norway, the Officer of the Auditor General is connected to the Storting, but organized separately. Traditionally, the emphasis has been on conducting financial audit, but since the mid-1990s there has been a large increase in the number of performance audits, presented case by case to the Storting. Germany's Federal Court of Audit is a legally independent organization and not formally connected to the Bundestag (von Wedel 2005). However, especially the budget committee and its subcommittee for budgetary control cooperates closely with the Federal Court of Audit. The parliamentary discharge procedure in the budgetary control committee is based on the annual report of the Federal Court of Audit, which scrutinizes the budget and financial management of all federal organisations.

## The Norwegian Reform Process

In the case of Norway, to some extent there was an overlap between policy formulation and decision-making, and between decision-making and implementation. In this brief and mainly chronological presentation the emphasis is on how the Storting has participated in the different phases.

### The Point of Departure

The three public services involved in the reorganization had all existed for a long time, had a large number of employees and users, and were represented throughout the country (cf. Askim and Christensen 2009; Christensen, Fimreite and Læg Reid 2007). The Employment Service was established in 1916 and was headed by a central agency, the Directorate of Labour (DOL). Around 2000 it had about 3800 full-time positions, 18 regional offices and 162 local offices. Its main task was to help people find a new job as quickly as possible. Yearly more than 400.000 people were registered as active job-seekers.

The National Insurance Service was established in 1895 and was headed by a central agency, the National Insurance Administration (NIA). It had about 7600 full-time positions and was represented in every county and municipality in Norway. Close to 2 million persons received regular benefits from the insurance service, e.g. through the people's insurance plan and the disability plan on pensions, the health insurance plan and child allowance.

While the Employment Service and the National Insurance Service were part of central government, the social welfare service was part of local government. Helping the poor has been among the main tasks of the Norwegian municipalities since they were formally established in 1837, and social welfare services are meant to provide a local social security net in the Norwegian welfare state. It had around 4100 positions, and about 135.000 persons were receiving financial assistance.

### Agenda Setting

The reform initiative from the Standing Committee on Social Affairs in December 2001 was supported by all parties, including the centre-right parties that formed the minority government at the time. In its recommendation on the 2002 budget, the committee asked the cabinet to propose a reform that would «unite the welfare sector». The initiative was expressed ambiguously in order to gather a broad majority in the parliament. Possible interpretations of relevant solutions ranged from a fully merged service as part of central or local government to a partial merger or coordination of the existing services (Askim and Christensen 2009). The problem definitions were also briefly formulated, but giving users with many and complex needs a coordinated service was seen as very important.

## Policy Formulation

The proposal from the cabinet was based on the work of an inter-ministerial working group, and was presented for the Storting in a White Paper in December 2002 (St.meld. nr. 14, 2002–2003). Three main models were reviewed, being assessed according to a set of six criteria. Moreover, the goals were formulated as getting more people from welfare to work, creating a more user-friendly welfare administration, and making the administration more efficient. The proposal was that the administration should continue to be divided into three parts (pensions, labour and social services), but a one-stop shop at the local level should be created encompassing the latter two services.

The Standing Committee on Social Affairs conducted a public hearing before it made its recommendation in April 2003 (Innst.S. nr. 189, 2002–2003). Here, the majority (all opposition parties) stated that they wanted to send the reform proposal back to the minority cabinet, since it had not delivered on the main request on proposing a merger. Thus, they instructed the cabinet to come back to the Storting with suggestions of a merged welfare service. Among their main concerns was that users with many and complex needs would still have problems, since the municipal social services were not included to a larger extent in the reform. On the other hand, in the plenary debate, some representatives of the governing parties stated that it was difficult for them to know what the majority wanted more specifically. Except for the Progress Party, who wanted the state to take over the social welfare services, the other parties did not express any clear preferences.

This time the cabinet appointed a public commission of academic policy experts to review different organizational models, taking into account the stated goals and concerns of users with many and complex needs. In its report from July 2004 (NOU 2004:13) the commission discussed four models, but ended up recommending a solution that was very similar to the one the Storting had rejected. Thus, it stated that there should be one service for income and employment, one for pensions and rights, and one for social services, where the two first ones still should be part of central government and the last one part of local government.

Just before the expert report was submitted, as part of a comprehensive ministerial reshuffling, it was decided to create a new Ministry of Labour and Social Affairs, comprising all three sectors involved. Moreover, the incoming minister was the leader of the Christian People's Party, who was reluctant to present the recommended proposal to the Storting. Based on informal contacts in the Storting, as well as discussions with the involved sector administrations and the local authority organizations, he launched a compromise (Askim and Christensen 2009). Thus, in the proposition to the Storting submitted in March 2005 (St.prp. nr. 46, 2004–2005) the government proposed a merger of the Employment Services and the National Insurance Services into one service headed by a new central agency (Nav), while the social services were to remain a local government responsibility. It was also proposed to establish a new one-stop shop arrangement at the local level, bringing together the new merged service and the social services through a mandatory local partnership.

## Decision-making

Formally, the Storting was only asked to approve a transfer of 7 mill. NOK across chapters on the 2005 budget to establish a temporary organization (Nav Interim) for preparing the merger. However, by supporting this unanimously the Standing Committee on Social Affairs and later on the Storting as a whole also accepted the proposed solution. In its recommendation from May 2005 (Innst.S. nr. 198, 2004–2005) the committee emphasized that this administrative reform was an important tool to achieve the goal of a more holistic employment and welfare policy. The majority (all parties except the Progress Party) stated that they not only supported the organizational model, but also the intentions behind the reform. The Progress Party still wanted to transfer the social welfare services from local to central government, but saw the reform as a step in the right direction. Since the main aspects of the reform was cleared through informal contacts before the proposition was submitted to the Storting, most of the remarks from the various party representatives concerned minor issues that were still contested, including the reform of some policy tools.

Since it needed some legal authority, the foundation of Nav Interim had to be determined by a law. However, the brief bill from the government (Ot.prp. nr. 96, 2004–2005) passed the Storting in June 2005 without any debate.

The foundation of the permanent Nav-organization required a more comprehensive law on employment and welfare administration. The bill from the new majority red–green government in April 2006 (Ot.prp. nr. 47, 2005–2006) included provisions on the relationships between the central agency and the rest of the service as well as on the local partnerships. In the Storting, some of the opposition parties in the new Standing Committee on Labour and Social Affairs had some dissenting remarks, but the main organizational aspects were approved unanimously (Innst.O. nr. 55, 2005–2006).

In November 2006 the red–green government also submitted a White Paper on employment, welfare and social inclusion, presenting some reforms on policy tools based on welfare contracts specifying rights and obligations of users, particularly related to temporary benefits (St.meld. nr. 9, 2006–2007). This time, there were more dissenting remarks in the recommendation from the Standing Committee on Labour and Social Affairs (Innst.S. nr. 148, 2006–2007), reflecting divergent views on the benefit schemes and labour market tools.

## Implementation

The implementation of the reform was mainly handled by the Nav central agency and its parent ministry. In line with the plan approved by the Storting in 2005, the merger of the DOL and the NIA was carried through in July 2006, while the offices at the local level would be in place in all 431 municipalities by 2010. Requirements of additional funding and reports on the progress of the implementation were to be made through the annual state budget presented in October each year. However, as soon as in March 2006, the government had to ask for extra money to be able to keep up the reform speed (St.prp. nr. 42, 2005–2006). The proposal got a unanimous support in the Storting, and representatives of some opposition parties even praised the minister for asking for more money.

Later on, some MPs also initiated information on the implementation of the reform on their own through different types of parliamentary questions. Most of the questions were based on complaints from users on problems of getting in contact with local offices and on delays in getting benefits. For example, in a written question to the minister of labour and social inclusion in February 2007 an MP from an opposition party asked whether the transfer of some 1400 employees from local offices to newly created special units at county level for handling more rule-based benefits would reduce the chances for a coherent service for users at the local level. These units were not mentioned explicitly in the proposition from 2005, but the minister answered that this proposition made this possible. According to his answer, the units were now being created based on a proposal from the Nav central agency, and were meant to increase the chances of achieving the main goals of the reform. Moreover, in an interpellation in February 2008 an MP from one of the governing parties asked the minister of labour and social inclusion how he regarded the situation in Nav based on the many recent public complaints. In the debate, the minister as well as MPs from several parties expressed satisfaction for this opportunity to get attention on the implementation of the reform.

Even if Nav increased its funding through the annual budgets each year from 2006 onwards, since the summer of 2008 the government has twice submitted separate propositions on additional funding, which in both instances were supported unanimously in the Storting. In the most recent one in March 2009 (St.prp. nr. 51, 2008–2009), the Ministry of Labour and Social Inclusion also made a more comprehensive statement on the situation of the labour and welfare administration. This statement came after strong requests from the opposition parties, amongst others through a letter from the leader of the Christian People's party (the previous minister responsible for the reform proposal in 2005) to the minister of labour and social inclusion. Before making its recommendation, the Standing Committee on Labour and Social Affairs conducted a public hearing, inviting the minister, the CEO of Nav as well as representatives from civil service unions and user organizations. In the recommendation from May 2009 (Innst. S. nr. 220, 2008–2009), the opposition parties criticized the government and Nav for not reacting quick enough on handling problems reported by users, particularly related to negative consequences of establishing the special units at the county level during 2008.

## Evaluation

The Ministry of Labour and Social Inclusion has initiated a major research-based evaluation of the Nav-reform, funded through the Norwegian Research Council, running from 2007 until 2014. The Storting has been informed about the evaluation in the annual budgets and the statement on the situation of Nav. Beyond expressing support of the evaluation, most recently in the recommendation from the standing committee on the situation in Nav, the Storting has not so far paid much attention to evaluations of the reform during the legislative period which ended in 2009.

## The German Reform Process

In the following, we will give a brief overview of the point of departure of the reform process in Germany, followed by a more detailed analysis of the role of parliament in the different policy phases.

### The Point of Departure

The federal employment service is the largest public organization in Germany, with approximately 112,000 staff and a three-tiered structure with a central unit in Nürnberg, ten regional units and about 180 local employment offices. It is part of the so-called indirect federal administration and enjoys extended autonomy from ministerial control and public sector regulations (Bach and Jann 2009). The employment service administers the compulsory unemployment insurance scheme for employees and provides various services to jobseekers.

Local governments in Germany traditionally provide various types of social services to the poor. Prior to the reform, this included the tax-financed social assistance for jobseekers not being entitled to the benefits administered by the employment services due to insufficient insurance contributions. In addition, local governments had some labour market policy tools at their disposal (Fleckenstein 2008).

### Agenda Setting

The recent reform of the German federal employment service was triggered by the so-called placement scandal in the beginning of 2002. According to a report by the Federal Court of Audit, the federal employment service's statistics regarding the placement of jobseekers were seriously flawed. Only two weeks after this information had been leaked to the public, the federal government announced several quick-response measures regarding the governance structure of the employment service, the increase of competition with private placement organizations, and a stronger focus on quality and customers. It also appointed an expert commission to develop reform proposals for the employment service and its policy toolbox, the so-called Hartz Commission. In this context, the government announced its intention to merge two benefit systems – social assistance and unemployment assistance – in the next legislation period and asked the reform commission to develop organizational solutions for the new benefit scheme. These solutions should follow the idea of one-stop shops (Hartz et al. 2002).

The quick response measures were added to another bill already in the parliamentary phase and entered into force in the end of March 2002, only one month after they had been presented to the public. In this context, the permanent committee for labour and social affairs organized a public hearing of experts on the reform measures. Also, one of the opposition parties submitted a written inquiry to the government (BT-Drs. 14/8542), and several MPs from opposition parties submitted individual questions for the weekly question hour in the plenary (BT-Plenarprotokoll 14/223). These questions focused on the merger of social assistance and unemployment assistance and how this should be organized. In addition, the MPs asked for expected benefit cutbacks, the

criteria for the internal reform of the employment service, and possible problems related to the strengthening of private placement companies.

## Policy Formulation

The commission presented its reform proposals in August 2002, shortly before the federal elections one month later (Hartz et al. 2002). Its main suggestions were subsequently transferred into four separate laws. In the present paper, the focus is on those aspects of the reform package that touch upon the organization of the labour and social security administration, namely (1) the reorganization of street-level delivery structures, involving the creation of joined federal–local one-stop shops and (2) internal management reforms of the federal labour agency. Whereas the first reform (the so-called Hartz IV-law) was perhaps the most controversial policy in the past few years, the reform of the employment agency which was debated at the same time (the so-called Hartz III-law) received far less attention by parliament and public alike.

The proposal to merge the social assistance and the unemployment assistance schemes was not a genuine proposal of the reform commission. A consensus among policy experts to integrate the social assistance and the unemployment assistance schemes had been developed prior to the appointment of the Hartz Commission in an expert forum organized by the Bertelsmann Foundation, from which MPs were deliberately excluded (Fleckenstein 2008). This was considered as the solution to the problem that people having worked in local job-creation measures for more than one year were eligible for unemployment benefits which were paid by the federal employment services. Also, an increasing number of people received social assistance on top of unemployment assistance benefits, for which both administrations were responsible. Also, both the expert forum and a ministerial working group which developed the reform legislation transferred experiences from the UK and some other countries (Seeleib-Kaiser and Fleckenstein 2007). British experiences with one-stop shops and personal advisers were considered as best practices and to some extent copied into the German welfare administration reform. Also, the performance contracting and monitoring system of the UK's employment service attracted some attention among German policy experts and inspired the internal reorganization of the federal employment service.

The Hartz Commission suggested that the new benefit should be tax-financed and means-tested, but did not make any recommendations regarding the level of the new benefit. With regard to the financing of the new system, it referred to the future recommendations of the commission on the reform of local government finances. Most importantly, the Hartz Commission argued that the new benefit scheme should be administered by the local branches of the federal employment service. In addition, it made suggestions regarding the reform of the employment service towards a service- and performance-oriented organization. Among others, it recommended to develop a mission statement, more individual discretion and measures for higher staff motivation, the use of performance contracting within the employment service and a wide-ranging reform of the employment service's regional units (Hartz et al. 2002). Also, the

commission urged the government to consider concluding performance contracts with the central administration of the federal employment service.

To sum up, the reform content was largely formulated within informal arrangements outside the ministerial bureaucracy, in which the Bundestag was not involved.

## Decision-making

The question who should administer the new unemployment benefit scheme was among the most controversial issues in the parliamentary phase of the reform (BT-Drs. 15/1728; BT-Drs. 15/1749). Here, the responsible Ministry of Economics and Labour preferred a centralized solution in the hands of the federal employment service. The alternative solution of local responsibility for the new scheme was thoroughly debated in the parliamentary groups of the governing coalition and the ministerial project group which was preparing the legislation. Yet, except for some MPs from the Social-Democratic Party with a background in local government, there was a clear preference for the centralized solution (Fleckenstein 2008). The conservative opposition parties submitted two bills in which they suggested to give the counties (i.e. local government) the administrative responsibility for the new benefit. Similar bills were introduced to the Bundesrat by the state of Hesse under the leadership of Christian-Democratic prime minister Roland Koch. The Liberal Party requested that the two benefit schemes should be merged and administered by local governments. Against this background of heterogeneous preferences among the party groups, the permanent committee for economics and labour market organized public hearings with regard to the Hartz III and IV bills and the bills and motions of the opposition parties.

The Bundesrat called upon the mediation committee in order to negotiate the bill on the new benefit scheme. As a result of a compromise struck in the mediation committee in which two opposing positions had to be reconciled (transferring all responsibilities to the federal employment agency – the position of the governing red–green coalition; transferring all responsibilities to the local level – the position of the conservative opposition). The compromise was a joint federal–local administration under the same roof, in which the federal employment service is financially responsible for the basic security for jobseekers, whereas the local administration bears the financial responsibility for various other benefits such as housing allowance and financial support for school excursions. Also, beneficiaries of the earlier social assistance and capable to work for at least three hours per day fall into the category of unemployed which have access to the services of the federal employment service, which was not possible before the reform. Yet, part of the compromise was that local governments could opt out of this joint federal–local model and provide all services on their own. An additional law regarding the details of the second model was passed in 2004, again after negotiations in the mediation committee.

The internal reform of the employment agency was much less politicized than the organizational changes linked to the benefit reforms. Among others, the reform consisted of changing the name of the federal employment services (*Bundesagentur für Arbeit* – Federal Employment Agency), the introduction of performance contracting between the responsible ministry and the agency and the use of performance indicators,



and a stronger focus on individual assistance for jobseekers (BT-Drs. 15/1515; Kemmerling and Bruttel 2006). There was a broad consensus in the permanent committee for economics and labour market about the necessity to reform the employment services (BT-Drs. 15/1749). All parties welcomed the proposed reforms, except for the Liberal Party which suggested that the employment service should be abolished altogether and transformed into a purely benefit-administering organization. In connection to the committee debates regarding the Hartz III and IV laws, several MPs posed questions to the federal government, none of which were related to organizational aspects of the reform (BT-Drs. 15/1749). Again, the Bundesrat summoned the mediation committee, yet no compromise could be reached, after which the Bundesrat rejected the law. The objection was overruled by the red–green majority in the Bundestag.

## Implementation

As already observed with regard to the decision-making phase, the newly established basic security for jobseekers attracted substantially more attention in the implementation phase compared to the reorganization of the federal employment services. Among others, the Federal Court of Audit scrutinized the implementation of the new benefit scheme based as a reaction to parliamentary inquiries (BRH 2006).

The implementation of the joint federal–local one-stop shops suffered a severe setback at the end of 2007, when the Federal Constitutional Court declared the joint federal–local administration unconstitutional and urged the government to change the existing organizational model until 2010 (BVerfG 2007). According to the court’s decision, the constitution does not provide for joint federal–local administrative units and makes democratic lines of accountability unclear. In order to tackle the court’s decision, a solution was sought to change the constitution and thereby allowing for a joint local–federal administration. Although an agreement could be reached between the Social-Democratic Minister of Labour and Social Affairs and the state governments, the amendment of the constitution was subsequently overthrown by the Christian-Democratic party group in the Bundestag.

## Evaluation

A key issue with regard to parliamentary control of the policy content and the executive is that the Bundestag decided quite early in the process (November 2002) that a comprehensive evaluation of the reform package should be conducted and the results should be available within three years (BT-Drs. 15/98). The final evaluation report regarding the reform laws I-III (including the internal organizational reform of the employment services) was presented in December 2006 (BT-Drs. 16/3982), followed by the report on the basic security for jobseekers in December 2008 (BT-Drs. 16/11488). However, the Bundestag apparently showed little interest in the evaluation and its results, and has not debated the evaluation results in the legislative period which ended in autumn 2009 (BT-Drs. 16/13813).

## Discussion and Conclusion

In our presentation of the Norwegian Nav-reform and the German Hartz-reform we have emphasized the importance of organizational aspects concerning the types of welfare administration reforms, the types of parliamentary control and the phases of the reform processes. When we compare the role of parliaments in the two reforms we find some similarities and differences, which may be related to these aspects. Moreover, our findings may also provide some directions for future research on the role of parliaments in reorganizations in the public sector as well as more generally on parliaments and public administration.

With regard to types of welfare administration reorganizations, being cases of reforms in a particular policy area, they both lie somewhere in between comprehensive administrative reform policies and substantive policies. However, while the Hartz-reform involved a simultaneous change of policy tools and organizational structures, the Nav-reform to a large extent left policy tools untouched but involved major organizational restructuring. Moreover, in both cases, and particularly in the German case, the reforms involved administrative units at various levels of government.

How, then, can the specific types of welfare administration reorganizations contribute to explaining the role of parliaments in the reform processes? In both countries, the question of how the different services should be merged was the most controversial one. In Germany, the emphasis was on merging benefit schemes. There was a broad consensus both among the governing coalition parties as well as among the government and major opposition parties in the parliament regarding the level of the new basic security for jobseekers. In Norway, the emphasis was on merging administrations, but in order to coordinate and improve services for users. Here, too, there was a broad consensus in the parliament on the need for reform, but some disagreements on how to reorganize. Even if the Nav-reform also involved collaboration of central government and local government services at the local level, the question of whether and how local government services should be involved in the new service delivery arrangements was more important in the Hartz-reform. This implied that the reform needed approval of the Bundesrat. Furthermore, the welfare reorganization in Germany opened a window of opportunity for an administrative reform following the modern agency template (Pollitt et al. 2004). As a result, the federal employment service is one of the few agencies in Germany that uses performance contracts and indicators, whereas most federal agencies are coordinated by the classical hierarchical instruments (Bach and Jann 2009).

There are also some similarities and differences between the two countries with regard to the organization of parliaments and types of parliamentary control. Firstly, both the Storting and the Bundestag may be regarded as highly specialized working parliaments, in which the committees' recommendations in most cases are adopted in the plenary (Rommetvedt 2003; von Beyme 1998). In the policy areas being affected by the two welfare administration reorganizations, in the early 2000s there were specialized committees mainly parallel to the ministerial portfolio. Even if social affairs and labour market issues were handled in different committees in the Storting – reflecting a similar division of labour among ministries – the existence of standing committees implied a

capacity for routinized attention. This may have contributed to enabling the committee to initiate the Nav-reform as well as assess the various reform models put forth by commissions and government. However, the relatively modest size of professional support staff of the committees may constrain their ability to launch problem definitions and solutions on their own.

Secondly, in both Norway and Germany, party groups are quite central in the deliberations in parliament. In general, major issues are discussed in the party groups before the committees make their recommendations, and MPs normally vote along party lines in plenary decisions. This has also been the case for the Nav-reform and the Hartz-reform.

Thirdly, both Norway and Germany have had coalition governments during this period of welfare administration reorganizations. While in Germany the various governments have had a majority in the Bundestag, in Norway the centre–right government in 2001–2005 needed support from one or more opposition parties. This was quite important for the reform model presented for the Storting in March 2005: the minister anticipated negative reactions in the Storting if the government proposed the model recommended by the expert commission and launched a compromise that was acceptable for a majority in the Storting. On the other hand, in Germany the red–green government of Gerhard Schröder did not have a majority in the Bundesrat. As noted above, due to the involvement of administrative units at various levels of government, the reform also had to be approved by the Bundesrat. Here, a compromise was reached through the mediation committee.

Fourthly, in both Norway and Germany, welfare administration reorganizations required approval in parliament for additional funding and/or new or amended laws. While the role of parliament in the Hartz-reform primarily was related to lawmaking, in the Nav-reform it was primarily related to budgeting. Thus, the reform model was presented for the Storting as part of a proposal of a (quite modest) transfer of money across budget chapters, and the ensuing necessary amendments of laws did not get much attention in the Storting.

Fifthly, both the Storting and the Bundestag have several forms of legislative oversight and scrutiny at their disposal, like different types of parliamentary questions and hearings. In the Nav-reform, MPs from several parties have submitted interpellations, question time questions and written questions to the portfolio minister, and the standing committee has conducted some public hearings. These control instruments have also to some extent been used in the Hartz-reform. Here, too, they involved ex ante guidance and steering as well as ex post monitoring.

Finally, with regard to parliamentary control, in both Norway and Germany there is an audit office organized independently, but with some connections to the parliament. Germany's Federal Court of Audit was quite important for initiating the Hartz-reform, and it also scrutinized the implementation of the new benefit scheme. However, beyond this scrutiny, so far the audit offices don't seem to have contributed significantly to legislative oversight in these reforms.

With regard to the reform processes we distinguished between five phases: agenda setting, policy formulation, decision-making, implementation and evaluation. Here, we find some major differences in the role of parliaments across phases and reforms. In

Norway, the (Standing Committee of Social Affairs in the) Storting set the Nav-reform on the agenda, which is quite unusual in reorganizations of Norwegian central government (Roness 1995). In this phase, the problem definitions and relevant solutions were expressed ambiguously and briefly. While the emphasis on giving users with many and complex needs a coordinated service was kept during the policy formulation and the decision-making phase, several reform models were now seen as suited to solving this and other topical problems. In the policy formulation phase the importance of the Storting was primarily related to mechanisms of anticipated reactions. In the decision-making phase the government needed approval of funding and amendment of laws required for the administrative reorganization, and also of changes in policy tools related to some benefits. The centre–right minority government had secured support in parliament on the merger in advance through a compromise, and the red–green majority government could build upon this broad consensus in the last parts of the decision-making phase.

In Germany, the Federal Court of Audit set the reform on the agenda, but not primarily in its capacity related to supporting legislative oversight. Here, an expert commission (the Hartz Commission) was highly important for expressing problem definitions and relevant solutions in the agenda setting and the policy formulation phase. The merger of two policy benefit systems was also very quickly included in legislation. While some MPs inquired about the reform initiative, the reform content was largely formulated without involvement of the Bundestag. In the decision-making phase a compromise was reached through negotiations between parties in government, in the Bundesrat and in the mediation committee. Compared to Norway, there was much less attention in parliament on formulating and deciding welfare administrative reorganization and the potential effects of different organizational solutions.

In both countries, the role of the parliament was more limited in the implementation phase, and particularly the evaluation phase, than in previous phases. In Norway, the Nav-reform was mainly handled by the new central agency and its parent ministry. In Germany, the Federal Constitutional Court has been quite influential by declaring the joint federal–local administration unconstitutional. Nevertheless, (committees and members of) the Storting and the Bundestag have in some instances initiated ex post monitoring and control through parliamentary questions, public hearings and scrutinies. This indicates that the role of parliament was not limited to ex ante guidance and steering, related to lawmaking and budgeting.

Even if this paper has been restricted to recent reforms in welfare administration in two countries, and the course and outcome of the Nav-reform and the Hartz-reform primarily have been used as empirical illustrations, our findings and interpretations on the role of parliaments in these reform processes may give some ideas for future comparative research on welfare administration reorganizations and on parliaments and public administration in general. In our analytical framework on the role of parliaments we emphasized the importance of organizational aspects. With regard to the types of reform it would be of interest to examine more systematically whether parliaments are paying more attention to organizational structures and procedures in the context of welfare reforms in comparison to comprehensive reforms or reforms in other policy areas. This could also include an analysis of the attention of parliaments to agencies

more generally, both in terms of ex ante and ex post control (Bach and Fleischer 2008). Moreover, are parliaments more involved in reforms comprising simultaneous changes of benefits and organizational structures and procedures than in reforms more restricted to administrative reorganization or policy tools? Likewise, are parliaments more involved in joined-up government reforms than in modern agency type of reform?

With regard to the importance of the organization of parliaments it would be of interest to examine the effects of the form and extent of specialization and hierarchy within parliaments and in legislative–executive relationships. For example, how will specialized committees and different forms of legislative oversight and scrutiny affect whether individual MPs, committees and political parties are able to pay attention and make an impact on different types of reform? Our findings indicate that these organizational aspects are important, but don't fully determine actions in parliament. In the Nav-reform the standing committee used the opportunity related to the handling of the regular state budget to initiate the reform, but it has been more reluctant to take part in some later phases. Moreover, how will the composition and parliamentary support of governments affect whether parties and parliaments may make an impact? Here, too, our findings indicate that organizational aspects are important, but without fully determining the decisions in parliament.

In this paper, we analyze different phases of policy-making. Likewise, research on parliaments and public administration can be looked upon in terms of certain phases of maturity. By developing an analytical framework, presenting some empirical illustrations and discussing our findings we hope to contribute to agenda setting and policy formulation in research. Leaving out the important, but difficult question of decision-making in a highly specialized, but not very hierarchical research community, the implementation depends on the participation of researchers across countries and policy areas. Moreover, here, too, the evaluation will be a topic left for the future.

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# Breaking the Deadlock in Welfare Restructuring: The Role of Ministerial Portfolio Allocation

Christof Schiller

## Introduction

Many European welfare states have seen dramatic changes of their institutional configuration in the past 25 years. While there has been substantial privatisation of social risks in the classical areas of the welfare state for example in the areas of pension policy, labour market policy or health policy, at the same time more and more public responsibilities have been created in new areas of social risk for example in the area of care for the elderly or family policy. During times of constant austerity (Pierson 2001), the question of how to (re-)organise this new welfare portfolio effectively and cost-efficiently becomes ever more important. Measures aiming at «joined-up» governance complement the welfare reform agenda in many countries.

A central argument of this paper is that the way the reform process is organized *within* government may add to our understanding about the origins of complex welfare reforms as the organisation and capacity of the core government still plays an essential role for generating *expertise* and a *common understanding* necessary for enabling comprehensive welfare restructuring. I shall elaborate on this argument in more detail and identify *mechanisms* which may facilitate or impede the adoption of comprehensive welfare reforms in the following chapter. The analysis is based on a comparative case study of policy-making processes leading up to comprehensive welfare reforms in Germany and Norway. In chapter 3 I shall compare the socio-economic context and the politico-administrative systems in both countries. In chapter 4 I shall after having reviewed the main features of the Hartz IV reform in Germany and the Nav-reform in Norway use process-tracing methodology in order to re-construct the policy-making processes in both countries.

The empirical sections in this paper are based on an analysis of official documents and semi-structured expert interviews with key actors of the policy-making process in both countries. It has to be noted, however, that the author's data basis for the case of Norway has to be considered as much weaker than in the German case and explains the stronger reliance on secondary literature for the Norwegian case.

## The Role of the Organisation of Government for Welfare Restructuring

Recent studies about welfare restructuring to a large extent ignore the important role the organisation and capacity of the core government plays for generating *expertise* and a *common understanding* for enabling comprehensive welfare reforms. Two more general observations can be made in this regard.

Firstly, many authors highlight the growing importance of «fresh» expertise outside the ministerial bureaucracy such as expert commissions, think tanks or consulting firms. Although the usage of expertise outside ministries is certainly not a new phenomenon and may in fact even serve to enhance the influence of individual ministries, it can in its most extreme form also be used to bypass the traditionally strong role of ministries of social affairs in the welfare reform process (Goetz 2007). In most European countries ministries of social affairs are seen as the embodiment of the protection of vested social rights *per se*, rendering comprehensive welfare restructuring largely impossible. On the other hand a strong role of the finance ministry and the prime minister's office is often associated with more success in welfare restructuring (Marier 2005; Marier 2006). Yet, as Patrik Marier has shown more recently, attempts in France to bring about a comprehensive pension reform failed repeatedly despite the fact that the French Ministry of Finance is considered extremely powerful, the *Matignon* (French Prime Minister's Office) played a leading role and the Ministry of Social Affairs played only a minor political role during the pension reform process (Marier 2005). Consequently, a *fragmentation* of *expertise* resulting from attempts to bypass or challenge the expertise of the ministry formally responsible for reforming welfare policies may in fact even deepen the deadlock in welfare restructuring.

Secondly, recent attempts to account for the comprehensive welfare reforms in Europe have directed much attention to the role of the political elite during welfare reforms. The existing macro structure of the political system (i.e. electoral rules) and the existing programmes of social provision, which shape to a significant extent the interaction of key decision-making actors like top politicians and other important actors like leaders of trade unions or business and which mitigate effects of socio-economic pressures were the focus of investigation. Changes in the interaction between these actors may, although taking place slowly and gradually lead to reforms deviating from the current status quo. For instance, some scholars argue that new cross-class dynamics and alignments in Germany and France have led to path-breaking welfare and labour market reforms in those countries (Palier and Thelen 2008; Carlin and Soskice 2009). Although those studies are highly valuable in providing us with potential causal mechanisms for the *direction* of certain welfare reforms, i.e. the *principles* and to a somewhat lesser degree the *policy lines* (for further elaboration on these concepts see Page 2008: 208) as the general intentions of the reformers, the concrete actions deriving from this are often less straight forward. For instance, when reforming labour market programmes the political elite in most European countries embraced the *principle* of activation more broadly defined as:

(...) increasing labour market entry and participation, and phasing out temporary labour market exit options for working age claimants (early retirement, disability and long-term sickness benefits)(Clasen and Clegg 2006: 528).

This may imply a number of very different policy lines like goals for having a «one-stop-shop» or to «make work pay». Yet, the measures putting these principles and broad goals into practice may differ to an even greater extent and arguably depend to an even greater extent on the available expertise of bureaucrats and expert politicians.

While the redistributive outputs of the reforms have absorbed most attention of welfare scholars (e.g. Esping-Andersen 1990), the rather «technical» issues such as the organisational and financial dimension of welfare reforms have received considerably less attention. These assumedly «technical» questions undoubtedly have important effects for the redistributive outputs as well. The important role of the core executive for welfare reforms, which could shed some light on these «technical» questions has, it seems, with a few exceptions (Fleckenstein 2008; Marier 2008) vanished entirely from the research agenda.

The aim of this paper is a modest one. I will proceed by identifying some of the *mechanisms* facilitating or impeding the generation of *expertise* and a *common understanding* for comprehensive welfare reforms in the core executive. Secondly, I shall demonstrate these mechanisms by tracing decision-making processes of the latest labour market reforms in Norway and Germany. Despite major differences in the socio-economic context and the macro structure of their political systems, both countries have carried out comprehensive labour market reforms resulting in a massive reorganisation of their welfare state services. I attempt to show, that the way the reform process is organized within the core executive may add to our understanding of the origins of comprehensive welfare reforms.

In my opinion there are at least three mechanisms which may facilitate or impede the pursuit of comprehensive welfare reforms in the core executive.

Firstly, the assignment of ministerial responsibility is important when reforming social policy. As Morten Egeberg recently reminded us again:

The drawing of organizational boundaries between as well as within ministries tends to bias the allocation of attention and the formation of preferences and identities (Egeberg 1999:163).

The simple question of «who is responsible for what» is immensely important when reforming the welfare state, as these reforms are often multidimensional in form necessitating a wide array of expertise across different policy sectors and territorial levels. Yet, organisational boundaries once in operation clearly impede the flow of information and reduce the capacity for conflict resolution in the case of substantive and jurisdictional conflict (Egeberg 1999:163). Ministerial reorganizations may thus have a profound impact on the processes of information exchange and conflict resolution. While splitting divisions moves processes of coordination and conflict resolution upward in the organization, mergers are supposed to push such processes downward, relieving the top of some of their work load. At the same time conflicts after a merger become «internalized» (Egeberg 1999:164). Those policy areas that are encompassed by

the same organizational unit are thus more likely to be co-ordinated than those that belong to different units (Gulick 1937; Egeberg 2003).

Secondly, the degree of *monopolization* of expertise matters a great deal as well. If expertise is centralized in one ministry for instance this may clearly increase a common understanding and expertise in one policy area. If in turn the expertise is fragmented or the monopoly challenged by other actors this may render the process much more difficult.

Finally, the extent to which civil servants and politicians (e.g. ministers) co-operate and develop a common understanding about principles, problems and solutions is paramount. An «epistemic community» consisting out of a handful of Swedish parliamentarians together with civil servants for instance generated one of the most discussed pension reforms since the Chilean reform of the 1980s (Marier 2008). Marier identifies three possible institutional elements that may encourage politicians and experts to enter a debate about policy ideas and solutions. Firstly, politicians must be given the opportunity to specialise in a particular public policy over a reasonable period of time. Secondly, politicians must have access to expert networks. Thirdly, there should be a tradition of incorporating independent expertise within the decision-making process and foster discussions between experts and politicians (Marier 2008:520).

## The Country Cases: Germany and Norway Compared

I have chosen two countries, Germany and Norway, in order to demonstrate the important role the organisation of the core executive plays during welfare reforms. Both countries have recently carried out comprehensive labour market reforms, establishing a «one-stop-shop»-solution at the local level cutting across different existing welfare policy areas striving to bring more people into jobs. Although reforms in both countries differed considerably with regard to their redistributive effects, both reforms implied a similar change in the normative, organisational and financial dimension, especially regarding the strengthened role of central–local government cooperation in labour market policy.

However, the socio–economic context and the resulting problem pressure in both countries differed considerably and thus cannot explain why both countries have chosen a similar reform path. This will be shown in more detail in the following section.

Also approaches emphasizing the important role of the macro structure of the political system for altering the status quo seem to be ill-equipped to account for the radical changes in these countries. Due to its many veto-players (Tsebelis 1995) especially Germany's political system is often portrayed to be unable to depart from the status quo (see for example Streeck and Trampusch 2005). Especially the strong role of the German Länder and the German Federal Constitutional Court in policy making render Germany's federalism much more prone to slow and piecemeal policy adaptation than does the unitary system of Norway. Having said that, since Willoch's centre–right coalition of 1983–85 Norway has continuously been governed by minority governments

(until 2005) producing a somewhat higher degree of conflict between government and parliament (Rommetvedt 2007; Strøm, Narud et al. 2007).

Explanatory approaches focussing exclusively on the macro structure of the political system, however, often blind out the important role of the core executive. Despite the obvious differences in their political systems –most notably the federalism–unitary system divide – Germany and Norway have striking similarities in terms of their government organisation. Firstly, in both countries the power of the head of government is heavily constrained by the fact, that individual ministers, once appointed, are independent in the political and practical leadership of their offices. The principle of ministerial responsibility is a highly valued principle not only in formal terms but also in practice in both countries, which is further enhanced by the dynamics of coalition politics. Secondly, both countries can be characterized by relatively weak super-ministries with coordination responsibilities across ministerial areas. Although the role of the Ministry of Finance seems to be somewhat more pronounced in this respect in Norway compared to its German counterpart, her power is mainly restricted to questions of budget and financial resources (Christensen and Læg Reid 2007:8). Thirdly, horizontal coordination between different policy areas and sectors is weak in both countries. I shall return to the main features of the politico–administrative system in greater detail after the following section dealing with the socio–economic context in both countries.

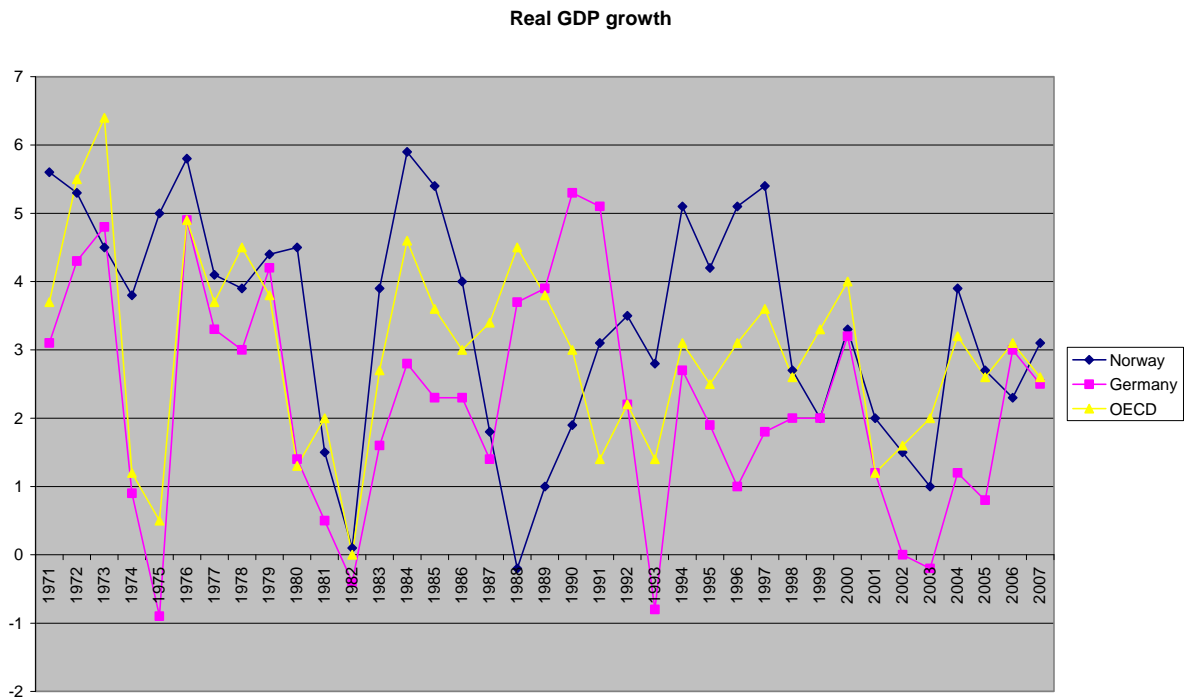
## The Socio–Economic Context

When briefly looking at the socio–economic pressures and external constraints, to which the German and Norwegian welfare state have been exposed to, the difference could not be more pronounced. Since the end of the allegedly «golden age» of the welfare state and especially since the second oil crisis in the early 1980s, the German welfare has been confronted with an enormous problem load comprising of sluggish economic growth, persistent and increasing long-term unemployment, stagnating or decreasing employment and rapidly falling fertility rates. Although this downward trend could be reversed at the end of the 1980s and especially through a very short-lived «unification boom», the long-term effects of the «unification-shock» quickly added to this general trend since the mid-1990s. Another exogenous shock, Germany’s decision to join the euro with an overvalued DM in 1998, further stifled economic growth. Unlike the German welfare state, the Norwegian welfare state has been confronted with a comparatively much more stable and favourable socio–economic context during the very same time period: stable economic growth which was repeatedly above OECD average, low unemployment, rapidly increasing employment, more stable fertility rates and shortage of labour supply. Let me now turn to some of these aspects in more detail.

Germany’s economic performance, although already comparatively lower than the OECD average in the 1980s, fell considerably behind that of many other OECD countries in the mid 1990s and early 2000s (see figure 1). While the West German Gross Domestic Product (GDP) had grown by an average of 2.2 percent in real terms between 1980 and 1990, this rate fell to 2.0 percent for united Germany between 1991 and 2001. Since then real GDP effectively ground to a halt, with a growth rate of just 0.6 percent

on average for the period between 2001 and 2005. In Norway the respective figures were 2.7 percent average real GDP growth for the period 1980 and 1991, and 3.5 percent for the period between 1991 and 2001 and 2.2 percent for the period between 2001 and 2005 (OECD 2009; own calculations).

Figure 1: Real GDP Growth



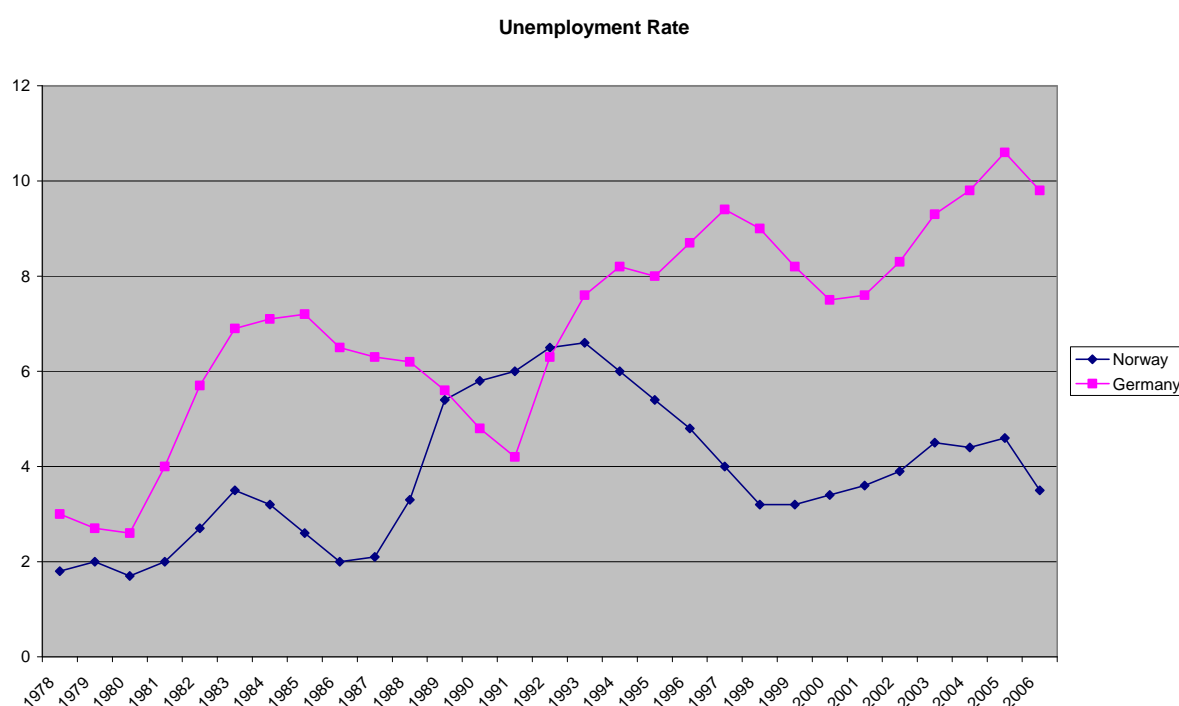
Source: *OECD Factbook 2009, Economic, Environmental and Social Statistics*. Data extracted on 20 May 2009 from OECD.Stat

Each economic contraction in Germany was accompanied with a marked increase in unemployment, surpassing the threshold of one million unemployed in 1975, two million in 1983, three million in 1993 and four million in 1997 further growing thereafter. According to official numbers of the German Public Employment Service<sup>1</sup> (BA) already by 1986, more than one third of all unemployed were unemployed for more than one year. At the end of the 1990s this number increased further. The persistent high and increasing numbers of long-term unemployed not only created a heavy financial burden for the central budget causing deficits regularly to be higher than 3 percent of the GDP, but also for the local authorities, which were to finance parts of the long-term unemployed through their social assistance schemes setting the scene for subtle cost-shifting games between the central and local authorities (for more details see Hassel and Schiller 2009). Rising non-wage labour costs, stagnating employment in the public sector and generous early retirement schemes and unemployment benefits made

<sup>1</sup> The numbers reported here are considerably lower than OECD numbers. Firstly, this is due to the fact that OECD uses a different definition of unemployment. In contrast to the BA definition the OECD definition persons working more than one hour but less than 15 hours are counted as employed. At the same time the BA statistics only count unemployed which participate in an active labour market programme as unemployed.

two groups especially vulnerable to be affected by the spell of long-term unemployment in the German context: low-skilled workers and people aged above 55 years. Furthermore, this group was often confronted with a situation, where two organisations – namely the local employment service and the local social assistance office – were responsible for bringing them back into the labour market creating «not-to-my-table» problems. Throughout the past thirty years Germany thus has seen an unemployment rate, which was two to three times higher than the one in Norway putting the welfare state under a heavy fiscal strain (see figure 2). The public finance situation in Norway in contrast has been excellent. There is no public debt and the state budgets have great surpluses mainly due to public petroleum revenues (Øverbye, Vabø et al. 2007; Steen and Halvorsen 2007).

Figure 2: Unemployment Rate

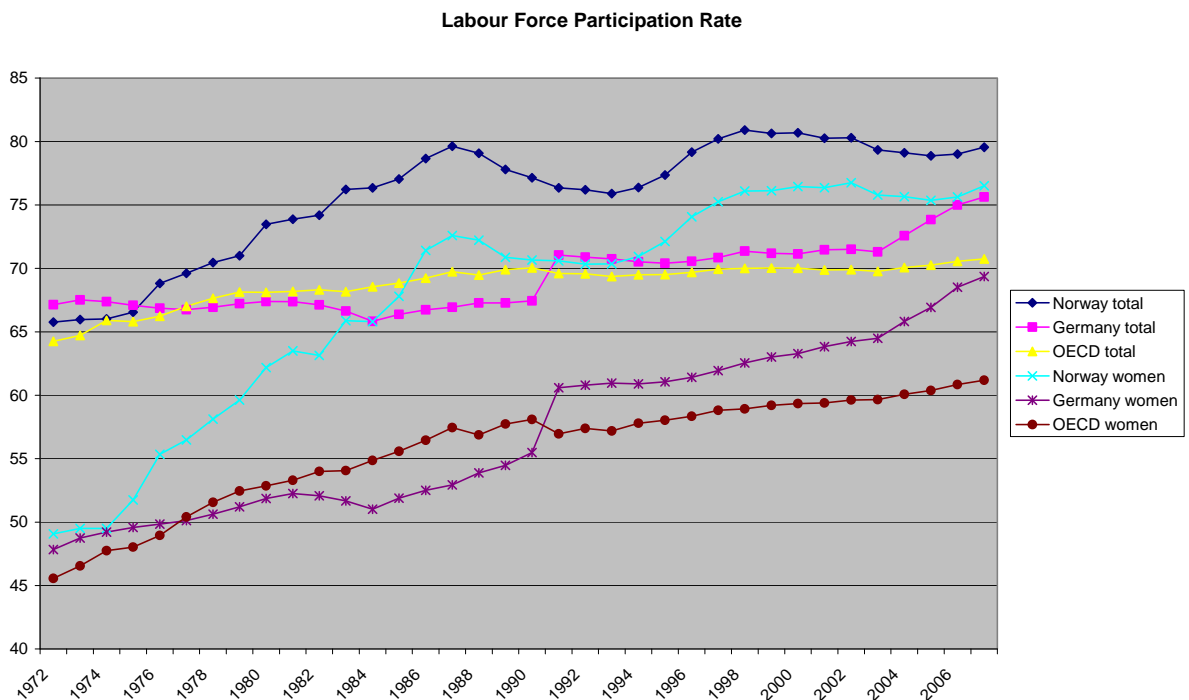


Source: OECD Factbook 2008. *Economic, Environmental and Social Statistics*. Data extracted on 20 May 2009 from OECD.Stat

In addition to low unemployment Norway has a considerably higher share of the working-age population (15–64 years), which is economically active than Germany. While West-Germany's labour force participation rate was continuously below the OECD average and only slightly above OECD average after Germany's reunification, Norway's labour force participation rate has always been significantly above OECD average in the same time period. In the early 2000s the gap between Norway and Germany began to narrow considerably to only four percent in 2007 with Norway's overall labour force participation rate standing at 79.5 percent and Germany's at 75.6 percent. The major difference in the share of an economic active population can be explained by the very different extent both countries strived to integrate women in the

labour force. In 1974 the labour force participation rate for women was roughly the same and stood at a low 49.5 percent in Norway and at 49.2 percent in Germany. In the following ten years, however, the female labour force participation in Norway increased by more than 15 percent to 65.8 percent, while the female labour force participation rate in Germany remained almost unchanged at 51 percent in 1984 (see figure 3). Strong financial incentives for women to stay at home, a significantly lower supply of kindergarten positions plus comparatively fewer work opportunities in the (public) service sector in Germany during that time period account for this major difference in outcome.

Figure 3: Labour Force Participation Rate



Source: OECD Labour Force Statistics 2009. *Labour Force Statistics by Sex and Age*. Indicators. Data extracted on 22 May from OECD.Stat.

Despite the fact of having one of highest overall labour force participation rates worldwide, Norway continues to face a shortage of labour supply. The high demand for labour has so far been covered by a combination of a flexible work force and import of labour from Poland and the Baltic region (Steen and Halvorsen 2007:1). However, the high amount of people receiving disability benefits gave rise to concern in the Norwegian public debate in recent years. In Norway, the disability benefit recipiency rate among the working-age population amounted to 11.4 percent in 2005, causing costs of sickness and disability of 2.25 percent of the GDP in 2004 compared with an OECD average of just over 1 percent (OECD 2006:26). This means that today approximately 335.000 persons of the working age population (18–66 years) receive a disability pension in Norway (Ministry of Labour and Social Inclusion 2008:3). The high incidence of disability benefits is further underlined by the fact, that Norway has the highest level of



sickness absence from work in the OECD with an annual average of 17 days per employee in 2004 (OECD 2006:38). The reasons for the increasing incidence of sickness and disability-related benefits are, however, not well-investigated so far (Leduskrasta and Natter 2008:5).

The high amount of people receiving disability benefits is not considered to be a major financial problem for the Norwegian welfare state, not least because oil revenues are expected to cover additional expenses. The high incidence of disability benefits is rather seen as a problem of labour shortage and a *threat towards the social contract in the society* (Steen and Halvorsen 2007:1).

In order to sum up one can retain that the socio-economic pressures for welfare reforms in Germany and Norway differed to an enormous degree. Whereas the German welfare state has been exposed to an enormous and complex problem load consisting of sluggish economic growth, increasing and persistent long-term unemployment, stagnant or decreasing employment and low fertility rates for as long as the past 25 years and has only very recently seen structural reforms, the Norwegian welfare state faced a much more favourable socio-economic context during the very same time, but nevertheless has experienced a number of far-reaching welfare reforms in recent years. The socio-economic context thus cannot explain why both countries carried out comprehensive welfare reforms in recent years.

## The Politico–Administrative System

I shall now compare the main features of the politico-administrative system at greater length starting with Germany.

More than 20 years ago, Peter Katzenstein (1987) in his comprehensive and unsurpassed analysis of West-German politics came to describe West-Germany's state as a «semi-sovereign» one. He concluded:

Coalition governments, cooperative federalism, a wide range of parapublic institutions, and, as I argued in the chapter on administrative reforms, the state bureaucracy itself are the domestic shackles that have tamed the power of the West German state. Since it also lives with powerful international constraints, the Federal Republic thus exemplifies what I have called the condition of semisovereignty (Katzenstein 1987:350).

While Katzenstein's analysis did not only for the first time manage to precisely capture the state–society relations as one which are asymmetrical characterized by a decentralized state pitted against strong centralised organizations, his analysis of the major components of the decentralized state was also more exhaustive than most earlier studies on the subject. Apart from the more obvious candidates like cooperative federalism and the strong role of the constitutional court as prominent features of a decentralised state capacity impeding far reaching policy changes, he also mentioned two additional features related to the organisation of the core executive. Informed by the landmark study on policy-making in the German bureaucracy carried out by Renate Mayntz and Fritz Scharpf (Mayntz and Scharpf 1975) these two additional features were the decentralization of the bureaucracy and the constrained power of the chancellery (Katzenstein 1987).

While trying to locate the power centre of the German policy-making process, Mayntz and Scharpf had made a surprising observation. Neither the parliamentary groups, nor the parliament itself, or the *Bundesrat*, or the cabinet, or finally the Chancellor's Office they found out to be the main *locus* of policy initiatives in the «federal action system». Rather it was the ministerial bureaucracy and even more surprising it was its tiniest parts namely the small sections in the ministries often staffed with no more than three to five members which seemed to be the champions of the policy making process. Heads of sections were thus regarded as central to the policy making process. Therefore they came to conclude:

It is they, working within the structural constraints of the ministerial bureaucracy and interacting with politicians of the departmental leadership, in the cabinet and in parliament, who necessarily must produce the substance of most federal policy. The political system's capacity for active policy-making is largely the capacity of its ministerial bureaucracy (Mayntz and Scharpf 1975:48).

While Mayntz and Scharpf considered the other components of the federal «action system» clearly to be more than merely bystanders of the policy making process, they found their contribution to the policy-making process to be less pronounced than that of the ministerial bureaucracy. Although being much more intimately involved in the process of policy –making than political party organizations, the role of parliamentary party groups, for instance:

... in policy-making remains limited. They respond to early information about governmental policy proposals, and their criticism will definitely influence and change the content of such proposals, but they will hardly embarrass the government – as the opposition will often try to do – by introducing their own legislative initiatives when the government is active in a particular field (Mayntz and Scharpf 1975:34).

Yet, Mayntz and Scharpf noted one general exception to this perceived practice namely the occurrence of super-majority governments or grand coalitions. They retained that during the time of grand coalition from 1966 to 1969:

(...) the positions of the parliamentary leaders of both major parties, Rainer Barzel and Helmut Schmidt, developed into centers of political power far exceeding their usual importance in parliamentary systems and almost on a level with the power of the chancellorship (Mayntz and Scharpf 1975:34).

This was mainly due to the fact, that during that period "(...) neither parliamentary group would uncritically accept those government proposals which emerged from ministries held by the other party" (Mayntz and Scharpf 1975:33).

Regarding the role of the parliament as a whole Mayntz and Scharpf came to an equally pessimistic conclusion as they did for the role of parliamentary groups. The parliament "(...) may react to and modify government proposals, but it rarely will determine the substance and content of policy initiatives" (Mayntz and Scharpf 1975:34).

Again, however, they formulated certain qualifications for this perceived common practice. In situations of a grand coalition or «divided government» resulting from opposing majorities in the *Bundestag* and the *Bundesrat* the role of the parliament and especially that of parliamentary committees may increase to a degree of substantive

influence which is higher than that in most other parliamentary systems (Mayntz and Scharpf 1975:36). Finally, even the *Bundesrat* – so Mayntz and Scharpf came to conclude: "– remains primarily a veto power in the policy-making process. It did not, and probably cannot, develop into a major center of active policy initiative" (Mayntz and Scharpf 1975:37).

The strong role of the ministerial bureaucracy in the policy-making process is also not counterbalanced by the other components of the core government itself, namely the cabinet or the chancellor. With regard to the latter Mayntz and Scharpf retained, that the chancellor and the Chancellor's Office: "(...) have not been able to achieve controlling influence over policy-making processes within the federal government" (Mayntz and Scharpf 1975:42).

The same assessment was made for the role of the cabinet:

But in spite of its impressive list of functions and its regular sessions at least once each week, the cabinet has not developed into a collective decision-making body that is in effective control of government policy» (Mayntz and Scharpf 1975:42).

Despite its strong role in the policy-making process, the capacity of the ministerial bureaucracy in Germany to prepare far-reaching policy changes or – in the words of Renate Mayntz and Fritz Scharpf – «active» policy making has been, however, severely constrained by its own fragmentation and considerable decentralization. Firstly, this can be highlighted by the fact, that the working capacity of the ministry is almost entirely concentrated at the small section level and is further enhanced by the fact, that:

Hierarchical authority relations are not supported by an organizational structure that would provide the hierarchy with substantial staff services (Mayntz and Scharpf 1975:64).

Typically this would mean, that the:

(...) smallness of the sections and the restricted scope and clearly bounded nature of their areas of responsibility focus attention upon a small segment of the environment and operate against the perception of large problems which cut across the system of fragmented responsibilities, something which is characteristic especially of problems calling for an active policy. More precisely, such problems may be seen, but the individual section shies away from tackling them on its own initiative because in doing so it would either run the risk of getting involved in conflicts over formal responsibility with other sections, or it would have to embark upon the tortuous road of getting these other sections to cooperate in a joint venture (Mayntz and Scharpf 1975:72).

Secondly, not only the prevailing practice of negative coordination within a ministry adds to the limited capacity of the ministerial bureaucracy to produce more innovative policy initiatives, but also the low potential of conflict resolution between the different departments. As mentioned before, the chancellery or the Ministry of Finance did not provide a unifying potential in this respect. Thirdly, the potential for informational exchange and conflict resolution between the ministerial bureaucracy and the Länder bureaucracy, which provide the administrative infra-structure for the implementation and evaluation of most public policies was also considered to be very low (Mayntz and Scharpf 1975:170). On the contrary, political bargaining between the specialists between the federal and the state bureaucracy in fact often led to strategies of conflict avoidance encouraging overspending and the distortion of political preferences. Moreover,

generalists at the different levels of government passively support this behaviour, as they come to see this as an important mechanism for containing political pressure in order to achieve the most advanced solution (Scharpf, Schnabel and Reissert 1976). Consequently, while being optimistic about the potential of improving intra-departmental coordination, Mayntz and Scharpf rendered improvements of government-wide coordination and federal–state coordination to be largely impossible, because of the actors’ interest to safeguard their autonomy (Mayntz and Scharpf 1975:169–171).

As an outlook, Mayntz and Scharpf concluded, that major structural reforms may only appear in case of a broad consensus which is likely to occur:

(...) as a result of the slow diffusion of a sense of urgency of a problem, and a sense of direction for promising problem solutions among the political elites in a great many separate and competing institutions. Active policies, including those of government reforms, are likely to be adopted only if politicians and bureaucrats within the government coalition, the opposition parties, and state governments have come to define a given problem more or less in the same terms and to seek its solution in the same direction. In a sense, problem solutions will not occur before they have become trivial (Mayntz and Scharpf 1975:173).

More recently some scholars have argued, that the potential of the ministerial bureaucracy to influence the policy-making process has declined markedly since Mayntz and Scharpf conducted their study more than thirty years ago (Goetz 1999; Jann, Döhler et al. 2005). There are at least three aspects to this which are said to have tamed ministerial particularism in today’s Germany: 1) changes in the interaction between the core executive and other actors of federal action system and 2) changes in the interaction within the core executive and 3) the growing recourse to policy-making expertise outside the federal bureaucracy.

Regarding the first point Goetz (2007), for instance, argues that the role of the *Bundestag* and the *Bundesrat* has markedly increased to a role of «co-governing» institutions at the expense of the ministerial bureaucracy, whose role may in its most extreme form even be «reduced to providing technical–administrative assistance to the co-governing actors» (Goetz 2007:173). This process has been enhanced by the fact that formal and informal procedures of coalition management, government-opposition management and especially Federal-Länder management has become intimately interwoven with the executive process (Goetz 2007:173).

This change in the interaction between the actors of the federal action system also has consequences for the intra-departmental coordination. Coordination within government has undergone a dual centralisation. On the hand the chancellery has decisively increased its hold over the ministries and thus curtailed their autonomy (Goetz 1999:149). As an example Goetz mentions the era of the Schröder government, when key decisions were taken "(...) in the Chancellery, with the ministries often being relegated to the status of ‘executive agencies’ for decisions taken elsewhere" (Goetz 2005:255). On the other hand, political control over the activities of line divisions and sections has been tightened through the upgrading of political support units that are directly attached to the political leadership (Goetz 1999:149).

Finally, the influence of the ministerial bureaucracy on policy-making is argued to be further weakened by the increased externalisation of policy advice (Goetz 2007).

Especially cutbacks in ministerial staffing and a degree of mismatch between the expertise traditionally represented by the senior civil service and contemporary requirements are named as reasons for the increased externalisation. The implications regarding the relative weight of the ministerial bureaucracy in policy making are, however, far from being clear. As Goetz notes himself: "Without systematic case studies of the use of external advice, the answers to both these questions must remain tentative" (Goetz 2007:180).

In general it is fair to say that empirical evidence on the diminished role of the ministerial bureaucracy in policy making in Germany has been sparse so far. The most recent labour market reform Hartz IV may thus provide an interesting case to test claims on a diminished role for the ministerial bureaucracy in policy making. Before comparing the Hartz-reform in Germany and the Nav-reform in Norway, let me first turn to the main features of the politico-administrative system of Norway.

Does Norway's state qualify as a suitable candidate for Katzenstein's concept of a *semisovereign state*? At first sight the answer seems clear. Obviously Norway's state should *not* qualify for *semisovereignty*, but rather for a more sovereign variant. Although Norway's state like Germany's is also pitting against strong centralized societal organizations, the power of the state to confront these interests is not remotely as dispersed and fragmented as in the German case. Lacking strong «co-governing» institutions like a Constitutional Court or an influential second chamber, the Norwegian state especially during the two first decades after World War II with its domination of one-party majority governments clearly was in much more favourable position to orchestrate power than the German one. This diagnosis, however, overlooks three major constraints in Norwegian politics which at times may considerably tame the power of the state rendering radical policy changes more cumbersome.

Firstly, an important distinct trait of Norwegian politics is its consensual and conflict-averse nature. More than twenty years ago Johan P. Olsen, for instance, summarized the basic features of Norwegian politics in the following way:

Norwegian policy making takes place within a normative order emphasizing incrementalism and compromise, and the political system has been segmented into specialized coalitions of politicians, civil servants, organized interests, experts from institutions of research and higher learning (Olsen 1983:144).

Secondly, the Norwegian proclivity for minority governments since 1961 has strengthened the role of the parliament (*Storting*) at the expense of the government. Moreover, the incidence of minority governments produced an even greater tendency towards anticipated reaction, «sounding out» and bargaining (Olsen 1983) given that most minority governments relied on ad hoc parliamentary support rather than formal agreements (Strøm, Narud et al. 2007:90). Olsen characterizes government-parliament relations as follows:

In sum, we think it is a mistake to interpret Storting-Cabinet-party relations in terms of confrontation and domination. Perspectives are influenced by the position one has, but there are also shared interests and common ideology, and much coordination takes place through anticipated reaction and mutual adjustment. The return to minority governments has strengthened the role of the Storting, and experiences with minority governments have created an agreement to improve working conditions for the opposition in the Storting (Olsen 1983:67).

Especially the numerous standing committees underline the strong role of the parliament in the Norwegian policy making process. Although committees themselves have no formal authority, in practice most of their recommendations are followed:

The committees' ability to reach compromises is important because unanimous recommendations will almost always be accepted by the Storting, making it a more specialized decision-making system. And most of the time committees in the Storting reach consensus (Olsen 1983:60).

Moreover, unlike in Germany Norwegian ministers attach great importance to the work of the standing parliamentary committees, which is also due to the fact that unlike in Germany a vote of no confidence also exists for ministers:

Ministers judge their contacts with the Storting as very important. Their schedules depend on the agenda of the Storting, and often they have to cancel other meetings in order to be available in the Storting. They feel a need to visit the Storting as often as they can in order to avoid surprises, and they rely on «their» committee faction and the leaders of the caucus to sound out problems. Ministers who do not have any committee to report to (like Commerce and Shipping) view that as a handicap (Olsen 1983:67).

Finally, it is worth mentioning that the strong role of parliament in policy making also gives an exceptionally strong voice to Norway's periphery enhancing the durable centre-periphery cleavage so pervasive in Norwegian politics (Lipset and Rokkan 1967). This is due to the rules of the national electoral system. In general the 19 counties form 19 parliamentary constituencies. Counties of the periphery, however, have significantly more mandates relative to their population than the counties of the central areas to the east. In the 2001 national election, for instance, only 9214 votes were needed to win a mandate in Finnmark, which is the county most distant from Oslo, whereas 18.060 voters were needed to send a member to parliament from Oslo (Baldersheim and Fimreite 2007:62). In sum, unlike in Germany the "(...) concept of a parliamentary chain of governance has been – and is – the prevailing interpretation of executive leadership in Norway" (Olsen 1983:77).

Thirdly, like in Germany the segmentation of the core executive impedes radical policy changes in Norway. As in Germany, ministers have a great leeway in acting independently. Moreover, administrative sectorization:

(...) has increased because the various ministries, departments, and divisions have developed specialized external patterns of contacts and support. The result is a segmented structure with stable, non-hierarchical functional coalitions (Olsen 1983:116).

Coordination between sectors is relatively weak not least because ministers are recruited from the relevant sectors and professions (Olsen 1983:116). Moreover, inter-ministerial mobility is low. In the period 1970–74 only 7 percent of the civil servants moved from one ministry to another (Olsen 1983:127). In general, the political control of a ministry is significantly lower than in Germany and the careers of top civil servants are considerably more shielded from arbitrary intervention by politicians. Whereas politicians may only decide the positions of under secretaries and political secretaries (Olsen 1983:99), all other top positions are recruited from within the ministry (Olsen 1983:129). The stark segmentation of the Norwegian core executive is not adequately

counterbalanced by a strong prime minister's office, the Ministry of Finance or the cabinet. The prime minister's office is poorly developed and the power of the head of government is even less pronounced than in the German case: "The prime minister's constitutional prerogatives are few, his administrative resources modest, and the power to appoint ministers lies largely with the parties" (Olsen 1983:88).

Also the cabinet seems ill-equipped to counter the tendencies towards segmentation:

Lack of constitutional powers, of its own administrative resources, and of time and energy clearly reduces the Cabinet's ability to take hierarchical leadership and to counteract the tendencies toward segmentation (Olsen 1983:105).

Yet, the degree of the cabinet being used as a collective decision-making-body seems to be somewhat more pronounced in the Norwegian context than in the German one. Although Norwegian ministers like their German counterparts do not appreciate if colleagues meddle in their business (Olsen 1983:104) the decision-making process in the cabinet seems to be more collegial in style. Ministers for instance describe decision making as a process in which (...) «agreement crystallizes» or «we talk ourselves into agreement» (Olsen 1983:115). Still, attempts to coordinate policies across sectors remain limited (Olsen 1983:116).

Referring back to my initial question on the potential *semisovereignty* of Norway's state, one might conclude, that Norway's state is comparatively less tamed by co-governing actors than the German state and clearly more sovereign in the pursuit of adapting to its environment. Yet, apart from the consensual and conflict-averse nature of Norwegian politics, the fragmentation of the public bureaucracy in Norway has like in Germany for a long time acted as a stumbling block to large-scale policy initiatives.

## «Activating the Margins» – «Joint-Up»- Labour Market Reforms in Germany and Norway

«Activation»-policies may mean a lot of different things in different contexts, but it first and foremost denotes a government strategy to integrate more people into the labour market. Amongst other things this typically entails measures aiming at a stronger linkage between cash benefits and active labour market policies as well as employment incentives. Clasen and Clegg differentiate, for instance between a «high road» or more universalistic activation policies that emphasize training, skill formation and quality of employment and a «low road» which concentrates on tightening conditions for receiving unemployment support and subsidising low paid work (Clasen and Clegg 2006:532).

While these measures are certainly not new, it was not until recently, that activation policies have been embedded in measures aiming at an increased coordination across various functionally differentiated policy sectors like employment programmes, social protection, family policies or housing. Many countries therefore sought to increase co-operation between different administrations responsible for these different policy sectors. «Join-up»-governance was thus to complement the activation agenda. The intensity of coordination between the different organisations involved differed, however, greatly. While some countries like Sweden, Finland and Iceland merely

encouraged closer cooperation between social security agencies, unemployment insurance agencies and local social assistance offices (Øverbye 2006:13), other countries like Denmark or the United Kingdom merged or partially merged social security agencies in their efforts to overcome horizontal coordination problems.

Germany and Norway eventually embarked on an equally radical strategy to overcome horizontal coordination problems by means of establishing «one-stop-shops» at the local level. In Germany, the responsibility for the provision of unemployment support, employment and social services to the long-term unemployed and social assistance beneficiaries was merged into new joint agencies («Arbeitsgemeinschaften») or Job centres consisting of staff from the central Public Employment Service (BA) and the local authorities while the provision of the benefits and labour market services to recipients of the regular unemployment benefit remained the sole responsibility of the BA. Norway embarked on an even more dramatic strategy for merging welfare services. Here the responsibilities for all social insurance benefits and labour market services were merged into one new central agency. While the provision of social assistance continues to be the administrative responsibility of the local authorities, the local authorities are to set up formal cooperation contracts with the newly merged central agency regarding the coordination of benefits and services, which are to be provided in the same building (Øverbye 2007:3).

It is crucial to note, however, that the origins of those large-scale policy initiatives are to be found in the prior re-organisation of the ministerial bureaucracy. The merger of tasks and responsibilities into one ministry was conducive to the generation of a new «expertise monopoly» and the emergence of a new powerful epistemic community around the responsible ministry eventually breaking the deadlock in welfare restructuring. I shall return to this argument by tracing the decision making process of the Hartz IV reform in Germany and the Nav-reform in Norway after the following section dealing with the main features of both labour market reforms in more detail.

## Putting Activation into Practice – the Hartz IV Reform in Germany and the Nav-reform in Norway

In Germany activation and joined-up governance measures were part of a gigantic reform package called «Agenda 2010» adopted in December 2003, which aimed at containing rising social expenditure as well as at lowering taxes. Yet, although this reform package comprised of a number of controversial policy initiatives in several other policy areas as well, the measures aiming at reforming labour market policy were by far the most far-reaching and controversial parts of the package.

Based upon proposals put forward by the so-called Hartz commission in 2002, especially the labour market reform legislation on «Basic Income Support for Jobseekers» (*Grundsicherung fuer Arbeitssuchende*) called «Hartz IV» that came into effect in January 2005 and which provided a framework for the integrated provision of benefits and employment services to the long-term unemployed and social assistance beneficiaries faced severe protest. Previously the provision of employment services had been divided between a centrally financed and BA-administered means-tested system of «unemployment assistance» for unemployed who had exhausted their regular



unemployment insurance benefit, on the one hand, and labour market services financed and administered by local authorities for social assistance recipients, on the other. Today all unemployed not eligible for the regular unemployment insurance benefit (UB I), are eligible for the new unemployment benefit II (UB II), a consolidated benefit at the level of former social assistance, which is funded by the federal government and administered by the BA in cooperation with the local authorities.

Although the overall redistributive effects of the reform were rather low, there have been significant redistributive effects *among* the recipients of social transfers. According to official evaluations two thirds of the former unemployment assistance recipients may thus be considered as «losers» of the reform, which is due to the fact that the benefit level of unemployment assistance was based on former earnings. On the other hand groups formerly not eligible for social assistance may be considered as «winners» of the reform, which is due to fact, that rules regarding income and assets are more generous now when compared with former social assistance (Koch 2009). Moreover, eligibility criteria for the UB I was tightened at the same time and a cut of the maximum entitlement period to UB I from 32 months to 18 months came into effect only one year later. In sum, these measures markedly reduced the central role of social insurance and status-oriented benefits in Germany. More than two thirds of all unemployed in Germany no longer receive benefits related to former earnings and status, but receive flat-rate benefits based upon a defined minimum subsistence level instead.

These changes also reflect the growing financial commitment of the central government. While in former times a growing bulk of unemployment support was financed through social insurance contributions, this trend was stopped and reversed. Before the reform 33.8 percent of the costs related to unemployment were borne by the unemployment insurance compared to 27.4 percent borne by the central government. Only three years later the figures were 24.7 percent and 31.4 percent respectively (Bach and Spitznagel 2008:6). In sum, approximately 50 percent of unemployment-related costs were tax-financed in 2007 compared to only 44 percent in 2004 (Bach and Spitznagel 2008:7; own calculations). Thanks to an economic upturn starting in 2006 contributions to the unemployment insurance fund were gradually lowered from 6.5 percent at the time of the reform to 2.8 percent today (Steffen 2008:34). Yet, it has to be noted that active employment programs were cut back decisively between 2001 and 2006 as well. Per capita costs were reduced from 5.200 Euro to 3.454 Euro during that period (Bach and Spitznagel 2008:8).

New local joint agencies (*Arbeitsgemeinschaften; ARGEn*) or Job centres are responsible for providing not only the new benefits, but also employment programmes and social services to the new UB II recipients. While there was a broad agreement on the need of integrated services, there was an intense political conflict between government and opposition on whether the BA or the local authorities should be responsible for the integrated services and on how the municipalities are to be compensated for the services they provide. The government wanted to give primary responsibility to the BA with the local authorities providing supplementary services on a contract basis in order to have one single agency responsible for providing integrated services for all unemployed persons. The opposition, however, favoured giving the local authorities the option of assuming primary responsibility for administering benefits and labour market services

for this target group. Finally the government and the opposition agreed to give primary responsibility to the BA but required the BA to establish joint agencies or job centres with the local authorities. Moreover, 69 local authorities were given the temporary permission to assume full responsibility for benefit administration and employment policies as a limited experiment. Job centres were established on the basis of a formal agreement between the local authority and the local employment services. In the job centre there is a clear division of labour between the BA and the local authorities. While local authorities are responsible for housing and heating costs as well as for a variety of social services like debt counselling, socio–psychological counselling or drug counselling, the BA is responsible for employment programmes and the administration of the UB II. The details of the work process are largely at the discretion of the local parties. For instance, the local authorities can carry out their responsibilities directly or delegate them to third parties. The job centre is staffed by personnel from the local employment services and local social assistance office, who are temporarily assigned to it, and does not have employees of its own. The actual organization of front and back office work processes is largely at the discretion of the local contracting parties, i.e. the BA and the local authorities (Mosley 2007:3).

In contrast to Germany and given the favourable socio–economic context recent Norwegian welfare state reforms did not include any cutbacks of welfare benefits or welfare services. In general, although activation has been an explicit goal of Norwegian governments already since Gro Harlem Brundtland’s announcement that «work shall be the first option» in 1992 (Øverbye 2007:1), the introduction of activation measures in the stricter sense remained modest so far. For instance, in 1991 local councils obtained the right to condition entitlement to social assistance benefits on work or training efforts. In practice, there exists, however, a great variation in the use of this possibility (Øverbye, Vabo et al. 2007:38). A 2004 amendment to the Act on Social Services of 1991 gave social assistance beneficiaries the right to an «individual plan» specifying steps to integrate the beneficiary into the labour market (Øverbye, Vabo et al. 2007:38). Compared to other Nordic countries, Norway dedicates much fewer financial resources to training or employment incentives (Øverbye 2006:5). By contrast, according to the Eurostat labour market database Norway focuses its activation efforts almost entirely on the integration of the disabled. Between 1998 and 2004 the share spent on the integration of the disabled of the total amount of active measures increased from 74 percent to 81 percent respectively (Øverbye 2006:5).

However, despite continuously rising numbers of beneficiaries the area of sickness and disability benefits was not subject to cutbacks or to any significant changes of the program conditions so far. Norway has one of the most generous sickness benefits with 100 percent compensation. The first 15 days are to be paid by employers, while afterwards the state pays up to 13 months (Steen and Halvorsen 2007:2). After having received sickness benefits, beneficiaries with a reduced working capacity of at least 50 percent may receive a medical or rehabilitation benefit or disability benefits. Both benefits are comparably generous and have not been subject to cutbacks so far. The income compensation rates are 66 % of former gross earnings for the rehabilitation benefit and the disability benefit (Steen and Halvorsen 2007:4). Since 2001 the government has introduced a number of «soft» activation measures in order to stop the

run on disability benefits. At that time the government and the social partners agreed to cooperate on strengthening an active labour market policy at the workplaces with the so-called «Inclusive Working Life Agreement». In general, this meant a closer follow-up of persons on sickness leave by the employer, the physicians and the Nav office (for further details see Ministry of Labour and Social Inclusion 2008: 13). Consequently, in 2004 Norway introduced an obligation to accept rehabilitation already after 8 weeks of sickness absence unless a physician certifies that passivity is an integral part of the recovery process. Otherwise the benefit may be withdrawn (Øverbye, Vabo et al. 2007: 8). In spring 2007, the government introduced some further measures like the extended use of wage subsidies for persons with chronic health problems or handicaps, a new qualification programme for job-seekers with minor work experience or social insurance entitlements or the implementation of a new trainee programme for disabled persons (for further details see Ministry of Labour and Social Inclusion 2008:15).

Rather than modifying welfare benefits and services, Norway has concentrated its reform efforts mainly on organisational reforms. All the «soft» measures discussed above have thus been embedded in an enormous effort to increase co-operation between different administrations responsible for these different policy sectors. Until 2006 there has been a traditional division of labour between the three welfare agencies in Norway. The National Employment Service («Aetat») was responsible for the provision of unemployment benefits and employment services to job seekers and was represented at the central level through the Directorate of Labour (DOL) as well as at the regional level and the local level. The National Insurance Administration (RTV Rikstrygdeverket) was also represented at the regional and local level and was mainly responsible for the provision of all benefits related to pregnancy, maternity, single-parenthood, illness and injury, disability, old age and death (Christensen, Fimreite et al. 2007:393). Finally, local authorities are responsible for social assistance, elementary schools, care of the elderly and primary health care (Askim, Christensen et al. 2008:7).

Today all tasks formerly carried out by the RTV and Aetat are carried out by the National Agency for Employment and Welfare (Nav) which was created after a merger of the Aetat and the RTV. However, the task of health care reimbursements has recently been transferred back from Nav to the Directorate of Health (Nav 2009:6). Moreover, all local authorities in Norway are obliged to have established a front-line service together with the local Nav office until the end of next year based on a formal cooperation agreement with the regional Nav director (Askim and Fimreite 2008:6). Local authorities are completely free to determine which of their services should be included in the partnership agreement. At the very minimum the provision of social assistance, financial advices, housing for homeless and the right for each individual to have a plan worked out connected to social and welfare services needs to be provided in the local Nav office (Fimreite and Læg Reid 2009: 288). Although the central Nav-agency worked hard for a unitary management model and a standardised task portfolio, like in Germany no specific rules guiding the internal organisation of tasks and the management of this one-stop shop system exists (Fimreite and Læg Reid 2009:288). Since the beginning of its implementation at the end of 2006 the Nav-reform increasingly met with criticism. Especially at the beginning of this year there have been mounting press

releases reporting difficulties at Nav in dealing with the increasing number of applications for unemployment benefits due to the global economic crisis (Alsos 2009).

## The Origins of the Reform

In Germany coordination problems between the local employment services and the local authorities were increasingly discussed since the early 1990s. At that time persistent and increasing numbers of long-term unemployed created another sharp increase in the number of social assistance beneficiaries and a growing number of beneficiaries of unemployment assistance in need of supplementary social assistance. While the then Christian democratic–liberal coalition sought to control rising costs by cutting the benefit level and tightening eligibility criteria for the unemployment benefit and unemployment assistance resulting in a growing fiscal strain for local authorities, local authorities made use of co-financed job creation schemes to shift participants back to the federal purse.

Already throughout the 1990s some local authorities like for instance Offenbach or Saarbruecken sought to improve coordination of the local public employment service and the local social assistance offices by testing out new forms of co-operation. Also more and more Länder executives began to follow the example of Northrhine Westfalia and started to integrate the responsibility for social assistance into their Länder Ministries of Labour and Social Affairs. However, at the central level no systematic policy initiatives were launched at that time. Responsibilities for labour market policy and social assistance remained to be divided up between the Ministry of Labour and Social Affairs on the one hand and the Ministry of Health on the other. Norbert Blüm, the then labour minister, declared already in 1993, that the co-operation between the local public employment service and the local social assistance offices ought to be strengthened (Bundesregierung 1993:22). Yet, no concrete policy initiatives emerged from his announcement.

It was not until September 1998, when a new coalition consisting of Social Democrats and Greens took over government, that reform initiatives were launched at the central level. The incoming labour minister Walter Riester (SPD), a former leading trade unionist and pension expert, however, did not only lack government experience, but also expertise in labour market affairs<sup>2</sup>. Riester thus delegated questions regarding labour market affairs and respective ministerial organisation almost entirely to his new state secretary Gerd Andres, who then chose Bernd Buchheit as the new departmental head of the department for labour market policy in the Ministry of Labour and Social Affairs. Buchheit was a former departmental head in the Ministry of Labour, Health and Social Affairs in Northrhine Westfalia. Between 1997 and 1998 he worked as an associate in the labour market and social affairs group of the SPD parliamentary group. Within the parliamentary group of the SPD both Andres and Buchheit were known to favour an activation approach in labour market policy. At that time none of the actors, however, had thought about a harmonization of unemployment support benefits or an integration of administrations due to the enormous difference in the design of the

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<sup>2</sup> Expert Interview on 22 September 2008.

benefits and the different responsibilities for the administration of the benefits.<sup>3</sup> Yet, in an attempt to better coordinate labour market policy across policy sectors and to test new employment incentives for social assistance beneficiaries, the responsibility for social assistance was transferred from the ministry of health affairs which was headed by a minister from the Green Party to the ministry of labour and social affairs shortly after the new government took over office.<sup>4</sup> According to interview partners this step was crucial, because now all expertise necessary for a potential structural labour market reform was assembled in one ministry.

Only short time afterwards, Buchheit asked the Bertelsmann Foundation to moderate a discussion forum with civil servants from his department and the department responsible for social assistance in his ministry, civil servants from the Länder labour ministries, the local authorities, the Public Employment Service and the Chancellery in order to think about possible solutions for an increased co-ordination between the local public employment services and local authorities. Also interest groups like trade unions, local government associations and business took part in the discussion forum. Strict confidentiality was assured to all participants in order to enable open discussions. A few months afterwards the Länder ministries of labour and social affairs issued a unanimous declaration urging the government to prepare steps to merge unemployment assistance and social assistance (Arbeits- und Sozialministerkonferenz 2000). In April 2001 the ministry thus decided to initiate some local pilot projects – the so-called Mozart projects – in order to test different forms of co-operation between local public employment services and local social assistance offices. During the course of the year it became clear in the Bertelsmann Forum, however, that the success resulting from the mere loose cooperation between the local employment services and the local authorities was limited. Moreover, the pilot projects showed, that the more integrated the working processes, provision of benefits and employment services were, the more successful they were in bringing people back to work (Heinrich 2003: 4). Therefore a consensus developed among the participants of the Bertelsmann forum, that a new benefit should replace the benefit for employable social assistance beneficiaries and unemployment assistance and one agency – either the local authorities or the local employment service – should be responsible for the provision of the new benefit and public employment services. Due to the fact that all different levels of governments were represented in the Bertelsmann Forum, no consensus could be achieved about central questions like the responsibility for the administration and the funding of the new benefit. The central premises of the reform, however, such as «one new joint benefit» and «one door» as well as some details about the exact design of the new benefit were no longer controversial among the participating civil servants from the different levels of government.

After mounting pressure from various Länder governments, the opposition in parliament and criticism from the Finance Ministry, a working group was established in the labour ministry at the end of 2001 mainly comprising of civil servants from the department responsible for labour market policy and the department responsible for

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<sup>3</sup> Expert interview on 24 September 2008 and expert interview on 27 September 2007.

<sup>4</sup> For more details see *Süddeutsche Zeitung* on 24 October 1998.

social assistance. During the course of time also civil servants of other departments in the ministry became involved in the work of the intra-ministerial working group. The mandate of the group was to develop a precise model for a merger of the benefits and a one-stop-shop-system. In order to lead and coordinate the policy making process of the group Buchheit hired Rolf Schmachtenberg, a seasoned civil servant and former departmental head of the Brandenburg ministry of labour and social affairs. Schmachtenberg was also a member of the Bertelsmann Forum. It has to be noted, that government's efforts to develop a joint solution with the Länder governed by a SPD-majority was enhanced significantly during this time and many of the Länder ministries of Labour and Social Affairs started to develop co-ordinated proposals for a merger. In the mean time the intra-ministerial working group advanced quickly and developed a detailed proposal for a merger of unemployment assistance and social assistance building upon the work in the Bertelsmann Forum and the informal coordination rounds with the Länder governments.

The minister, however, seemed to be more and more reluctant to launch another major welfare reform. Only some months before Riester had initiated a major but highly controversial pension reform package that clearly indicated a break with the dominant path of the insurance-based old Public Pay-As-You-Go system (for further details see Schiller and Kuhnle 2008).

At the beginning of 2002 – the year of national elections – the government was confronted with an economic downturn and a massive budgetary crisis of local authorities causing unemployment figures to rise further. Providing a potential solution to both problems – the dramatic unemployment and the local finance situation –, the chancellery seized the opportunity to present the concept of a merger of unemployment assistance and social assistance as a forthcoming major policy initiative. The chancellery and the labour ministry thus agreed to set up a public expert commission headed by VW manager Peter Hartz after a report about manipulated placement figures had become public at the beginning of 2002. Apart from making recommendations on how to restructure the BA and on the introduction of new innovative labour market instruments, the «Hartz Commission» also had the mandate to think about possible solutions for merging unemployment assistance and social assistance. Especially the former head of the chancellor's office, Frank-Walter Steinmeier and Gerd Andres were important in setting in motion this process. In fact the Hartz commission to a large extent based their recommendations in August 2002 on the previous work of the civil servants in the Bertelsmann Forum and the intra-ministerial working group in the labour ministry. However, due to the protest of participants from the trade unions and due to electoral concerns of participants from the SPD parliamentary group in the commission the Hartz commission only presented extremely vague details of the reform. The recommendations did not contain any details regarding the exact design of the benefit, the benefit level or a decision regarding the responsibility for funding the benefit, although all these details had been discussed in the respective working group of the commission. The final recommendations of the Hartz commission did, however, send out the clear message that there should be one joint benefit and that the BA should be responsible for the new benefit (Kommission "Moderne Dienstleistungen am Arbeitsmarkt" 2002:128).

After the razor-thin re-election of the government in September 2002, labour minister Riester was replaced by Wolfgang Clement, the powerful prime minister of Northrhine Westfalia and the Ministry of Labour and Social Affairs was merged with the Ministry of Economics creating a new Ministry of Economics and Labour for Clement. The chancellery was very sceptical of whether Walter Riester would eventually implement the reform.<sup>5</sup> Clement and the new CEO of the Public Employment Service, Florian Gerster, however had been proponents of the reform from early on. Although the responsibility for social assistance was transferred back to the Ministry of Health, the responsibility for employable social assistance beneficiaries remained in the new super-ministry and was integrated into the department of Buchheit. Quickly the final touches were made on the concept containing the details of the merger of social assistance and unemployment assistance and in March 2003 Chancellor Schroeder presented the first details in his government declaration «Agenda 2010», while Clement presented the remaining details shortly afterwards. The proposal contained a new consolidated benefit at the level of former social assistance, which was to be available to everybody who is able or in the future will be able to work more than 3 hours a day. Moreover, the BA should have the primary responsibility for the new benefit with the local authorities providing supplementary services on a contract basis in order to have one single agency responsible for providing integrated services to all unemployed persons. In order to relieve the fiscal strain of local authorities, the central government was to take over the funding of the new benefit (Clement 2003:10).

Like in Germany coordination problems between the local public employment services and the local social assistance offices have been increasingly in the discussion in Norway since the late 1980s and early 1990s. Although there existed some pilot projects aiming to improve co-ordination like for instance the so-called «free commune» projects at that time, none of these projects ever managed to cumulate into a nation-wide reform initiative (Askim, Christensen et al. 2008:9). In the late 1990s and early 2000s, however, a number of different projects were initiated in order to improve the coordination between the central agencies responsible for employment and welfare on the one hand and the local authorities responsible for social assistance, on the other. In 2001, for instance, the then government launched a programme to assist persons on long-term welfare benefits to get back into the labour market. The programme comprised of an improved co-ordination between public employment services and local social assistance offices and directed increased financial resources towards vulnerable groups like young people (20–24), single parents, long-term welfare recipients, immigrants and people that received drug substitution treatment (Steen and Halvorsen 2007:5). The outcome of all these programmes aiming at improved co-ordination, however, was rather disappointing.<sup>6</sup> In the media there were press releases on a daily basis at that time, reporting individual stories of the «not-my-table» problem and «lock-in» effects. Especially the lock-in effects of users which did not receive the assistance and services they needed to get back in the labour market attracted more and more public attention. Evaluations at that time partly confirmed this impression (Fevang, Røed et al. 2004). In

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<sup>5</sup> Expert Interview on 14 September 2007.

<sup>6</sup> Expert Interview on 4 June 2009.

December 2001 the *Storting* on the basis of these evaluations requested that the newly elected Christian-center–right minority government of Prime Minister Kjell Magne Bondevik (October 2001–October 2005) should report on how the three welfare agencies could be merged (Askim, Christensen et al. 2008:9). Prior to the decision of the *Storting* there had been a unanimous decision in the standing committee of social affairs. Given the fact, that many members of the committee had an occupational background in the welfare area and given the poor results of the numerous co-ordination projects, all parties in the committee agreed that in principle a merger of the three welfare agencies was the best solution.<sup>7</sup> Thus unlike in Germany, in Norway it was the committee of social affairs in parliament which eventually undertook the initiative to set the reform process in motion. In the committee there were, however, no discussions about any potential solutions about how to possibly merge the three welfare agencies.<sup>8</sup>

Like in Germany, however, the responsibilities for labour market policy, welfare services and social assistance were divided up within the Norwegian government between different ministries, namely the Ministry of Social Affairs, the Ministry of Labour and Administration and the Ministry of Local Government and Regional Development. In order to respond to *Storting's* request, Bondevik's minority government undertook two major steps in 2002.

Firstly, the Ministry of Social Affairs together with the Ministry of Labour and Public Administration agreed to launch another local coordination experiment between the Aetat, RTV and the local authorities starting in 13 pilot municipalities. These pilot projects, which officially started in 2003 were to last until the end of 2005 and were to be subject to continuous evaluation (Møller 2006:5).

Secondly, an inter-ministerial working group was established at the beginning of 2002 consisting of the Ministry of Social Affairs, the Ministry of Labour and Administration and the Ministry of Local Government and Regional Development in order to develop proposals for a merger. Also the Ministry of Finance was consulted during the work of the group. Although all ministers of the ministries involved belonged to the same party namely the conservative party (Høyre), they were not able to reach a consensus on a concept for a merger of the central agencies on the one hand and a merger of the central agencies with the local responsibility for social assistance on the other. Rather they presented a White Paper in December 2002 stating, that the welfare bureaucracy should continue to exist as three autonomous entities with responsibility for pensions, employment and social assistance respectively. The provision of employment services and social assistance was to be delivered in local one-stop-shops (Askim, Christensen et al. 2008:10), although this concept was not specified further. Moreover, some of the more employment-related tasks of the RTV were to be transferred to the Aetat. In general, participants described the work of the inter-ministerial working group as rather inefficient and chaotic especially in the first phase. Moreover, it was criticized that there has not been a systematic evaluation of expertise in the field and that the researchers

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<sup>7</sup> Expert Interview on 4 June 2009.

<sup>8</sup> Expert Interviews on 6 April 2009; 11 May 2009; 3 June 2009; 4 June 2009;



involved had no prior experience in working with a ministry.<sup>9</sup> Clearly, departmental egoism of the different agencies involved prevented a more far-reaching proposal. Especially, the Ministry of Local Government and Regional Development feared a loss of local autonomy.<sup>10</sup> But also the DOL feared that it would be taken over by the RTV.<sup>11</sup> The White Paper, however, clearly saw a strengthened role for the DOL vis-à-vis the RTV, while leaving the local autonomy intact. This result may also be explained with the strong position of the labour minister, Victor Norman, within government and also vis-à-vis the rather un-experienced minister of social affairs, Ingjerd Schou. A dedicated believer in the *workline* approach, Norman was strongly against a merger of the Aetat and the RTV, because it was thought to thwart all efforts concentrating on bringing people back to work. Although the proposal was completely in line with Høyre's approach, Norman as well as Schou lacked support in the parliament and even more important in the committee of social affairs. In general their contacts with parliamentarians of the committee are reported to have not been well developed.<sup>12</sup>

Since the White Paper failed to respond to the *Storting's* request for a number of different models for a merger of the three welfare agencies, the government was heavily criticized and the *Storting* returned the proposal to the government and asked it to consider various models for one joint welfare agency (Christensen, Fimreite et al. 2007:395). In the meantime, a seasoned senior civil servant, Lars Wilhelmsen, had been hired by the Ministry of Social Affairs. Since his time as director of the DOL from 2000–2002, Wilhelmsen had been involved in most projects aiming to improve the coordination between the welfare agencies. Moreover, since early 2002, Wilhelmsen had begun to become interested in international experiences with one-stop-systems especially in the reforms in the UK and Denmark. Having already been involved in the work of the inter-ministerial working group for the side of the Ministry of Labour and Public Administration, Wilhelmsen's original task was to lead the work of a project group in the Ministry of Social Affairs preparing a law on the basis of the White Paper. After the *Storting's* rejection of the White paper, however, the government decided to establish an expert commission in order to discuss the question of a merger once more. Wilhelmsen was asked to make proposals to the minister regarding potential members of the expert commissions and to lead the work of the secretariat of the commission.<sup>13</sup> The commission's mandate was defined rather broadly, namely discussing and evaluating various organisational models for fulfilling the main goals such as getting more people into work and reducing the number of people dependent on welfare benefits and social services; creating a more user-friendly welfare administration; and making the administration more efficient (Christensen, Fimreite et al. 2007:396). Less than one year later, in June 2003, the commission which consisted mainly of researchers finally delivered their report. The report concluded, that the main goals of labour market

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<sup>9</sup> Expert Interview on 4 June 2009.

<sup>10</sup> Expert Interview on 11 May 2009.

<sup>11</sup> Expert Interview on 4 June 2009.

<sup>12</sup> Expert Interview on 4 June 2009.

<sup>13</sup> Expert Interview on 4 June 2009.

policy had generally been fulfilled, albeit with room for improvement for special groups like the unemployed, immigrants and older people in the work force (Christensen, Fimreite et al. 2007:396). The final recommendation of the commission thus turned out to be pretty similar to the rejected White Paper: it stated that there should be two autonomous central agencies, one for employment and income and one for pensions, family payments and health reimbursements. Social assistance was to remain a local responsibility (Christensen, Fimreite et al. 2007:397). During the work of the expert commission, Wilhelmsen as the leader of the secretariat had urged the commission to consider a merger and a local partnership model between the central agency and the local authorities, but to no avail. The researchers thought, that this solution would be too complex.<sup>14</sup>

Before the commission delivered its report in June 2004 a major re-organisation of the ministerial portfolio took place. Due to a political scandal, the labour minister Victor Norman had left the government already in March 2004 opening up the chance for a major re-organisation of the government. On 18 June Dagfinn Høybråten, member of the Christian Peoples Party and Minister of Health, became responsible for the Ministry of Social Affairs, the Ministry of Labour and Public Administration and all employment-related affairs of the Ministry of Local Government and Regional Development.<sup>15</sup> On 1 October 2004 the new Ministry of Labour and Social Affairs comprising for the first time of the responsibility for the welfare administration and the employment administration as well as the laws regulating local governments' social services administration was established (Fimreite and Lægreid 2009:287). A former director of the Norwegian Association of Local government and Regional Authorities and of the RTV, Høybråten was known to favour a merger of the welfare agencies. After taking over his new position, Høybråten thus declared that he would not follow up on the recommendations of the Ministry's expert commission (Fimreite and Lægreid 2009:287).

According to interview partners the re-organisation of the ministerial portfolio marked the beginning of a new phase. In general the policy making process was perceived to be much smoother as all expertise necessary for a potential structural labour market reform was assembled in one ministry.<sup>16</sup> The process that then followed has been described as a process where senior civil servants and the minister were searching for a «Columbian egg» (Fimreite and Lægreid 2009:290). This process eventually mounted in the idea of a partnership model, an idea which had been brought up earlier by Lars Wilhelmsen<sup>17</sup> and which provided the «missing link» on how to balance local autonomy and ministerial responsibility (Fimreite and Lægreid 2009:287).

In contrast to his predecessors, Høybråten's support in the committee of social affairs can be considered to be much greater and he made great efforts to engage in a dialogue with the Storting. Especially his successful efforts of gaining support from the

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<sup>14</sup> Expert Interview on 11 May 2009; Expert Interview on 4 June 2009;

<sup>15</sup> See also <http://www.regjeringen.no/en/The-Government/previous-governments/the-structure-of-the-registry/governments/modern-times/governments-since-1945/kjell-magne-bondeviks-second-government.html?id=438739>, retrieved on 15 June 2009.

<sup>16</sup> Expert Interviews on 6 April 2009; 11 May 2009; 3 June 2009; 4 June 2009;

<sup>17</sup> Expert interview on 4 June 2009.

main opposition party, the Labour Party, was decisive, as this made the *Storting* more receptive to a solution that was not its first priority (Fimreite and Læg Reid 2009:289). Moreover, given his former position as a director of the KS, Høybråten also quickly achieved a joint understanding and agreement with the KS about the viability of the partnership model. Less than year after Høybråten had taken over responsibility the *Storting* in May 2005 eventually adopted the merger of the central agencies responsible for employment and welfare services and the partnership model with the local authorities.

## Conclusions

A central claim of this paper has been that the organisation and capacity of the core government plays an essential role for generating expertise and a common understanding necessary for enabling comprehensive welfare restructuring. Three mechanisms have been identified, which may facilitate or impede the adoption of comprehensive welfare reforms: (1) the assignment of ministerial responsibility, (2) the degree of monopolization of expertise and (3) the degree of co-operation and common understanding between civil servants and politicians. The analysis is based on a comparison of policy-making processes leading up to comprehensive welfare reforms in Germany and Norway. Let me now summarize the main results in turn.

Both in Germany and in Norway a re-arrangement of the ministerial portfolio eventually paved the way for the comprehensive welfare reforms. As has been shown, early reform efforts under conditions of dispersed ministerial responsibility within the core executive failed in both countries. Interview partners in both countries viewed the merger of responsibilities into one ministry as a necessary condition for the reform to happen. It was not until the merger took place, that civil servants in charge of different policy sectors finally began to develop similar interpretations of the problems and possible solutions. This effect of course, will be particularly strong in countries with a pronounced tradition of ministerial responsibility as is the case in Germany and Norway.

In both countries the expertise was monopolized in one ministry and no other ministry or external actor challenged this monopoly in principle. Having said that, some qualifications need to be made with regard to the German case. Compared with the major findings of the study of Mayntz and Scharpf thirty years ago, it has been shown, that indeed the central role of sections for developing policy initiatives in the ministerial bureaucracy has diminished due to a markedly tightened political control. In the case of the Hartz IV reform, this political control was first and foremost exercised through an «import» of more and more civil servants from the Länder ministries. Moreover, although the chancellery did not challenge the expertise monopoly of the Ministry of Labour and Social Affairs, it was a key actor in bringing the reform on the agenda. Nevertheless, in both countries the concept for the reform was developed by the civil servants in the Ministries of Labour and Social Affairs.

Finally, although the idea to establish «one-stop-shops» providing employment services, social services and unemployment support had already become almost trivial

shared likewise by politicians and civil servants at the end of the 1990s in both countries, efforts to establish a common understanding about principles and concepts putting this idea into practice were much more cumbersome in Germany than in Norway. This was not only due to the much less favourable socio-economic and fiscal situation in Germany at that time, but also due to the strong co-governing powers of the Länder. The Bertelsmann Forum and later the Hartz Commission and the «import» of Länder civil servants into the Ministry of Labour thus helped to ease the conflicts between the government and the Länder.

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# One Stop Shops: An Emerging Instrument for Joining up the 21<sup>st</sup> Century Welfare State

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## Introduction

European countries have in recent years been criticized for poor coordination between sectors such as employment, national insurance and social services. Coordination problems in such areas of public services have been heightened by fragmentation in the public sector caused by processes of specialisation, marketisation and decentralisation (Verhoest et al 2007; Christensen and Læg Reid 2006). Recognition of this has led to the introduction of measures to increase the capacity and efficiency of governance. This includes a particular focus on improving coordination between different parts and levels of government (Bogdanor 2005), and between networks of public and private actors delivering public services (Klijn 2008). For example, coordination by means of partnerships has increased markedly lately in government (Pollitt 2003, Hood 2005, Sullivan and Skelcher 2002, Kreiner 2008).

This paper focuses on *one stop shops*<sup>18</sup> as a particular organisational model which is used to improve coordination within many policy domains including the welfare system. The model aims to make services feel seamless for service users by providing a single entry point into the welfare system (Pollitt 2003). One stop shops take various forms, from frontlines of complex singular agencies to umbrella structures for several agencies; and from electronic information portals where services are joined up virtually, to more fully integrated and physically co-located services. The one stop shop model appears to be emerging as an important organisational model in OECD countries' welfare states at the turn of the millennium (Wiggan 2007). Despite its popularity, the one stop shop is still underdeveloped as a concept in the literature. For example, it is unclear how one stop shops relate to neighbouring concepts such as coordination, collaboration and partnerships, and it is unclear where to draw the line between one stop shops and other organizational models purporting to enhance coordination and quality of service. In this paper we seek to fill this gap. We identify core dimensions of the one stop shop model based on theoretical synthesis and a comparative case study. We stop short of

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<sup>18</sup> Also known as one stop service centres (Tat-Kei Ho 2002), one stop government (Kubicek and Hagen 2001) and single window services (Bent et al. 1999).

delineating subtypes in this paper but as a possible step towards that we identify the one stop shop model's key variables, their values and their interrelatedness. The variables are task portfolio, participant structure, autonomy, proximity to citizen and instruments.

The cases studied are applications of the one stop shop model in Denmark, Norway and the United Kingdom – three countries which have introduced one stop shops as part of reforms aiming to join up their welfare systems. In the Danish case municipal Job Centres provide information, advice, social benefits and casework to the unemployed via a single entrance; in the Norwegian case the Nav-reform has merged employment and national insurance administrations and partnered this new structure with municipal benefits and social services; in the British case, the Jobcentre Plus system provides access to training, employment and benefits via a single gateway.

Based on a comparison of the three countries' experiences the paper asks, first, what criticisms were raised against the welfare states at the turn of the millennium, and how were welfare systems reformed in response to these criticisms? Second, what does the one stop shop model look like in the three countries? Finally, we make some preliminary assessment of the effectiveness of the model based on emerging findings and speculate on the extent to which the model appears to solve the coordination problems it was intended to address.

The paper integrates evidence from the authors' recent and ongoing research in this area with secondary sources. Data on the Norwegian case stems from an ongoing evaluation, commissioned by the Norwegian Research Council, of the Nav-reform. The data were collected in the period November 2007–February 2008 from studies of official and restricted documents and from semi-structured interviews with parliamentarians, past and present ministers, top civil servants in the ministries and in Nav and interest group representatives, 50 individuals in all. Data on the Danish and British cases is mainly taken from documentary analysis of government and academic sources based on a literature search carried out in Spring and Summer 2009.

## Analytical Framework

This section provides conceptual mapping for the country experience narratives by reviewing existing literature on coordination, partnerships and one stop shops. Key variables are identified to characterise one stop shops. We return in sections three and four to locate the three country experiences with respect to these variables and to assess the degree of convergence.

### Coordinating Intergovernmental Relations

Coordination means to arrange mutually dependent parts in an order that supports the pursuit of quality, efficiency or other goals. In organization studies coordination usually refers to one of two things. Some use coordination to term a *revealed* attribution of organizational behaviour, namely a situation where different parties collaborate. Collaboration means to work together in an integrated rather than a fragmented manner. The acting «parties» may be departments within an organization (intra-organizational behaviour) or separate organizations (inter-organizational behaviour).



Others use coordination to term a management task, namely the act of *designing* or intentionally managing interdependencies between activities that parties perform; i.e. to make parties collaborate (Kreiner 2008, Aurifeille 2008, Rainey 2003, Gulick 1937).

### Partnership as one Approach to Coordination

Let us now explore the link between coordination and partnerships and situate partnership on a bigger conceptual map. Drawing on Hood (1998, 2005) and Kreiner (2008) we can distinguish four approaches to intergovernmental coordination: ad hoc, market, hierarchy and partnership (see Table 1). The first focuses on revealed coordination while the latter three focus primarily on designed coordination.

First, the *ad hoc* approach to intergovernmental coordination means to rely on government entities to collaborate when needed in response to situations that occur. The ad hoc approach relates to Hood's (1998) fatalism approach and to Cohen *et al.*'s (1972) garbage can model. Both suggest that organisational decision-making occurs in random, or in a trial and error fashion.

Second, the *market* approach advocates more structure to attain intergovernmental coordination, and the structuring mechanisms are drawn from the marketplace. In the market approach government entities resolve their mutual dependencies by buying the services and products they need from each other. Examples from vertical intergovernmental relations include quasi-markets and producer–provider splits in the health service and state matching grants programs targeted at local governments. An example from horizontal intergovernmental relations is when municipalities outsource the provision of services to each other through contracts or service level agreements.

Third, the *hierarchy* approach also advocates structure to attain intergovernmental coordination, but it draws its structuring mechanisms from the line of hierarchy rather than from the marketplace. In this approach an identifiable coordinator uses its formal powers over government entities to command their inputs and activities. A typical scenario is that the state forces local governments or state agencies to collaborate. Different means are available, such as the introduction of pooled budgeting, joint planning procedures and joint management, or establishing a policy czar with authority over more than one agency (Hood 2005: 28). The hierarchy approach to coordination is often applied in response to high-risk, sudden and passing events such as floods, fires and pandemic disease among people or animals. In such situations the state seldom has the patience to wait for different parts of the government apparatus to collaborate on their own initiative.

Finally, fourth, the *partnership* approach shares the ad hoc approach's preference for leaving it to government entities themselves to decide when collaboration is needed. It shares the other two approaches' preference for some structure to the collaborating, however, and it draws its structuring mechanisms from contract law. Partnerships are collaborative structures formed voluntarily between autonomous parties (Kreiner 2008). As elaborated below, where we explore dimensions of variation for one stop shops, partnerships may serve different purposes (knowledge sharing, policy development, implementation, co-production, etc.), have complex or simple participant structures and vary in shape from temporally limited structures (e.g. connected to projects) and

structures with unclear formal status, to permanent and legally mandated structures. «Relatives» of intergovernmental partnerships are strategic alliances, joint ventures and partnerships between firms and between public and private entities (Kreiner 2008, Pollitt 1993).

Figure 1: Approaches to coordinating intergovernmental relations

Approach	Examples
Ad Hoc	Voluntary coordination from below; ad hoc rather than structure; trial and error
Market	Quasi markets; producer–provider splits; service level agreements
Hierarchy	Government-mandated pooled budgets; joint management; policy czar
Partnership	Strategic partnerships; sector-based
	partnerships; neighbourhood/ area-based partnerships; <i>one stop shops</i>

### Why Partnerships?

So why are partnerships on the rise? Many argue that organisations start partnerships because they face challenges they are unable to solve by themselves. The challenges in question concern inter-organizational coordination. Some such challenges can be solved by collaboration structured by mechanisms from the market or hierarchical approaches. Examples are coordination challenges that arise when organizations share resources (raw material, equipment, localities, knowledge, etc.) and when one organization's activities at  $t_1$  depend on another organization's activities at  $t_0$ . Thompson (1967) calls the resource example *pooled* dependency and the time example *sequential* dependency (see also Aurifeille 2008). Coordination challenges that necessitate partnerships to structure collaboration are of a different sort. These arise when organizations continuously contribute to each other's achievements at the level of, for example, a target group. Here, organisations must be physically present simultaneously, as many (or most) decisions have to be made in real time in response to activities and decisions of other organizations involved. The dependency between organizations is simultaneous rather than sequential and output rather than input related. Thompson (1967) calls this type of dependency *reciprocal* (see also Aurifeille 2008).

To reiterate the argument: when reciprocal dependency exists between organizations, they must collaborate in order to succeed, and the collaboration is best structured by a partnership. It is partly in order to scrutinize whether this argument holds that this paper studies the application of one specific partnership model – the one stop shop – in the welfare sector, a policy domain which is rife with reciprocal dependency. Before we look at applications we explore the model and its dimensions of variation.

## One Stop Shop – the Model and its Dimensions of Variation

One stop shops often structure collaboration between different public agencies or entities<sup>19</sup>, but not always. As the conceptualisation and case descriptions will show, the *participant structure* of one stop shops may be thought of as a variable. Sometimes (as in the UK and in Denmark post August 2009), the participant structure is very simple: A single agency with a wide task portfolio establishes one stop shops for the convenience of its clients. Other times (as in Denmark pre August 2009 and Norway) the participant structure is more complex: The one stop shop operates on top of partner organizations and intends to maximize the convenience to clients of all partners through service integration. In such cases the one stop shop is an umbrella structure; it operates as an intergovernmental partnership. Partner organisations remain distinct but integrate portions of their services in such a way as to enable clients to utilise them through a single access point, providing one entrance to the public sector. Furthermore, participants may be involved from different levels of government (Bent et al. 1999).

Regardless of participant structure, coordination in a one stop shop occurs at «street level», the point at which policy meets citizens (Lipsky 1980). The purported aim of the one stop shop model is to make services feel seamless for citizens and service users, by providing a single entry point into the policy domain. One-stop-shops therefore present a possible mechanism for achieving «joined-up» policy implementation (Pollitt 2003). They also aim for a customer focused and responsive style of service delivery, as well as greater accessibility (Kubicek and Hagen 2000), features which have the potential to enhance «bottom-up» accountability. A final characteristic is their scope for achieving greater efficiency in public administration. By making public services accessible within one setting, one stop shops may reduce transaction costs and duplication both from citizen, provider and government perspectives. In theory, one stop shops reduce the time and effort that citizens must expend to access the services they need; from a government or provider perspective they reduce the costs of establishing separate services and reduce duplication of activity across agencies. The model was originally developed in Australia to ease poor people's access to welfare service providers (Wettenhall and Kimber 1996). Since then there has been a trend in many OECD countries towards the use of one stop shops and single gateways in relation to welfare, employment and social assistance (Wiggan 2007).

It is helpful at this point to elaborate a distinction made by Kubicek and Hagen (2001) who suggests three categories of one stop shop, namely, first stop shops, convenience stores and true one stop shops. The first stop shop is a mere information provider and metaphorical signpost, one that guides the citizen to relevant services. This is a first stop among several, seen from a client's point of view. At least a second stop is necessary, involving substantial pro-activity on the part of the client. A second type is the second-stop-shop or «convenience store», where many different transactional services are located in a single office or on one web-site. More of the joining up is done

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<sup>19</sup> These services are usually provided by the public sector; however, some services may be contracted by the public sector to private or non-profit sectors and regulated by government.

on behalf of the citizen, although citizens are still usually required to take further steps. The third type, the «true one stop shop» is a metaphorical «department store». This integrates concerns of specific client groups (such as homeless youths or asylum seekers), or focuses services around specific life events or administrative matters affecting citizens (e.g. the receipt of welfare benefits, housing assistance or debt advice). The department store-type may sometimes include the dedication of a single contact person or caseworker (a «personal shopper») to handle all of a customer's concern. As Kubicek and Hagen (*ibid.*) note, the delineation between the second and the third type is sometimes blurred but is in principle whether the services are co-located or integrated. This model provides a useful starting point for delineating subtypes of one-stop shops, however as Kubicek and Hagen note, further work is needed to build on this and to move towards a complete model of one-stop-government. They indicate a greater need for more attention to the structure of this model. Further conceptualization is therefore needed.

An additional reference which may assist in the conceptualisation of one stop shops is Rainey (1990), who has identified a specific type of one stop shop (though he does not use that term himself) which he denotes functionally integrated small units (FISUs). He argues that this model emerged as organizational research placed greater emphasis on the capabilities and complex social relationships of ordinary employees. The FISU model envisions small, but complete production or service units, which can be crafted in order to produce rules, procedures, policies or a completed service for a client. The FISUs must achieve productive closure and be relatively small. The model thus represents the confluence of four factors: Social compactness, unified supervision at the intended production level, merged production functions and output closure (Rainey *ibid.*). The synergy of these factors, Rainey says, makes this form of organization distinct from other attempts to structure collaboration (Rainey *ibid.*).

As a possible step towards delineating robust subtypes in future research, this paper identifies key variables and values. Figure 1 presents the key dimensions of variation in one stop shops and suggests values for these. Although binary values are presented, each variable can be thought of as a continuum, with one stop shops located anywhere between these two values. The variables are chosen to build on previous work which provides general description of one stop shops (especially Bent et al. 1999; Kubicek and Hagen 2001). By identifying key variables, we attempt to make more explicit the key characteristics of this model. However, certain variables (e.g. autonomy and instruments) are chosen partly inductively, based on observations of variation in our cases.

Figure 2: Analytical model: Dimensions of variation in one stop shops, with welfare sector examples

Variable	Values and Examples	
	—————→	
Task portfolio	<i>Narrow</i>	<i>Broad</i>
	Few policy areas: Employment only	More policy areas: Pensions, welfare benefits, social services
	<i>Shallow</i>	<i>Deep</i>
	Information/ signposting only (only partial product closure)	Information + advice + assistance with applications; case closure on the spot (complete product closure)
Participant structure	<i>Simple</i>	<i>Complex</i>
	Few agencies	Multiple agencies
	One municipality	Several municipalities
	One level of government	Several levels of government
	Public sector only	Mix of public/ private/ NGOs
Autonomy	<i>Low</i>	<i>High</i>
	Compulsory participation in one stop shop;	Voluntary participation in one stop shop;
	Little discretion re budget, management, organization	High discretion re budget, management, organisation
Proximity to citizen	<i>Distant</i>	<i>Close</i>
	Regionally based service	Locally based neighbourhood service; virtual service accessible in own home
Instruments	<i>Low integration</i>	<i>High integration</i>
	Co-located services but separately managed	Joint management; joint budgets; joint recruitment; 'personal shopper'

### Task Portfolio

The first dimension of variation is the issue of what the one stop shops do. It may be helpful to think about this in terms of task portfolios that may vary in breadth and depth. *Breadth* in this context refers to policy areas. In some applications one stop shops serve clients of employment services only. Elsewhere they additionally serve clients of the national insurance service, various welfare benefits and a wide range of social services.

*Depth* in this context refers to work processes. Do the one stop shops provide information only, thus functioning as mere information portals, or do they handle cases? In Rainey's (1990) terms, are partner organizations' production functions merged or

separate? If the one stop shops handle cases, do they handle only the easy ones or also the more complex cases? Some one stop shops reach «product closure» (Rainey 1990) while others do not. Product closure means that the case is resolved in the spot without any need for further steps. Where there is not product closure, there is usually some pre-handling, like assembling information from clients, before sending the casework to someone outside the one stop shop to close the case.

### Participant Structure

The participant structure in governmental one stop shops may be simple or complex, including few or many partners. The number of partners may correspond with the number of tasks involved and also with the size of the geographical area covered by the one stop shop. The larger the geographical area covered the more municipalities are typically involved, in settings that involve the local government sector.

That leads to a second way to think about partners. One stop shops may include partners from one or more levels of government: national, regional and local, and even international. Multi-level one stop shops are rare but they do exist, as our case studies show.

Corporate and voluntary organizations may also be partners in one stop shops. Such collaborative structures, like public–private partnerships (PPPs), are increasingly common in some countries including the United Kingdom.

### Autonomy

Structured horizontal collaborations have a vertical dimension; they are often subject to control from above. The degree of control varies, with some collaborations more autonomous than others. The degree of autonomy and, inversely, external control for the one stop shop, is therefore an important variable when distinguishing subtypes. One autonomy vs. control issue is whether partners are free to participate in the one stop shop arrangement or not. To capture this issue students of partnerships have distinguished mandated from voluntary collaborations. Barton and Quinn (2001) argue that central government policy makers since the 1970s have been reluctant to rely upon bottom-up ad hoc collaboration between sub national state agencies; instead, they have sought not only to formalize partnerships but to make joint working mandatory. Hence the term mandated partnerships. Referring back to the approaches to coordination, mandated partnerships are a hybrid between the hierarchy approach and the partnership approach.

Central governments may use a variety of «vertical» policy instruments to stimulate collaboration in localities. Moseley and James (2008), drawing on Hood (1983), delineate authority-based, information-based and incentive-based instruments used by governments to encourage partnership working. Authority-based instruments include legal mandates to collaborate, joint accountability structures and network constitution; information-based instruments include exhortations and advice to local bodies; incentives encompass government grants rewarding collaboration and capacity building measures. The presence of such vertical policy instruments within the context of one stop shops signifies a degree of external control. Use of authoritative instruments

indicates greater control. Further control vs. autonomy issues include the extent to which the one stop shops decide on issues such as their own revenues, internal organization, which clients to target, and what types of services and products to offer and at what price, quantity and quality.

### Proximity to Citizen

While a general principle of one stop shops is that they bring the coordination of policy down to the level of the citizen, some one stop shops are nevertheless closer to citizens than others. «Virtual» one stop shops are possibly the closest to the citizen of any type of one stop shop, since they can be present in the citizen's own home via their computer's internet connection. One stop shops which operate as physical premises with co-located services are one degree further away from citizens, and are located in citizens' own neighbourhoods and localities, often only a few streets away from their home. Regionally based one stop shops are one degree further still, serving several municipalities.

### Instruments

What does the one stop shop model do to make agencies work together, or at least appear to work together? How is the purported joining-up achieved? A variety of tools or mechanisms can be employed to facilitate joint working; we classify these as «horizontal instruments».

As the term one stop shop suggests, there is always an architectural component: clients can access a range of services at a single location. This is the minimum condition for a one stop shop. Such architecture needs not be physical, however; as inferred above, it can also be virtual (Hood 2005). For example, the Internet has allowed municipalities to offer one virtual portal to services that may be physically spread throughout a large geographical area.

The particular instruments used within one stop shops may depend on the tasks performed. In cases where pooled information is the task to be performed, co-location, either physical or virtual, may be sufficient. In cases where the one stop shop involves shared casework between partner agencies, possibly even product closure, further instruments are needed to complete the tasks. Instruments with deeper integration in one stop shops include joint leadership, budgets, planning and reporting procedures, recruitment processes and case coordinators. These are examples of instruments of network management generally (see Kickert *et al.* 1997), but may be used within the context of one stop shops.

## Country Experiences with One Stop Shops

### Denmark: Job Centres

The Danish employment policy system has traditionally had two tiers. The state has held responsibility for people on unemployment insurance while municipalities have held

responsibility for the uninsured. However, the two-tier system had been subject to criticism since the beginning of the 1960s for being inefficient and uncoordinated (Christiansen and Klitgaard 2008:161). Employment was one of several policy areas whose administrative setup would be changed as part of a very extensive administrative reform («the structure reform») initiated after the turn of the millennium by a recently elected liberal government. In 2002 the government declared that it worked towards a single-tier system with «one entrance» to the employment area (Christiansen and Klitgaard 2008:163).

The result of the structure reform was the establishment of two types of one stop shops in the employment domain. The primary model, established in 77 municipalities, was a multilevel one stop shop called *shared job centres*. This was a model for co-habitation rather than functional integration. Municipalities held responsibility for the uninsured and the state held responsibility for administration and finance of the insured. The state and the municipality would jointly agree on the internal organization of the job centre, and leadership was divided between the municipality and the state. Employees – some employed by the municipality and some by the state – would work jointly to help all clients. The secondary model, established in 14 municipalities, was a single-level one stop shop called *pilot job centres*. This was a «pure» municipal model in the sense that municipalities held responsibility for both the insured and the uninsured. A contract specified conditions for delegating the insured from the state to the municipalities. Operational state responsibilities were delegated to the municipalities, though the state still funded the insured clients. Organizational matters internal to the pilot job centres were decided by the municipalities and employees and leaders were employed by the municipality.

The two-type solution was not the result of considerations for efficiency and coordination in the employment domain. Rather, it was a result of a political compromise between the government, which preferred a single-tier system at the municipal level and the employer organizations and unions, which strongly opposed the placement in the municipalities (Christiansen and Klitgaard 2008). A 2010 evaluation of the two-type solution was also part of the compromise.

During 2009 budget negotiations the rightwing government decided that waiting for an evaluation was not necessary anyway. It decided that municipalities would take over responsibility for insured unemployed and payment of unemployment benefits within August 1<sup>st</sup> 2009 (L 185). All employment services would be offered in one stop shops – job centres – that would be backed by municipal operational responsibility but of course subject to central regulation (L 185). Thus the present model is more decentralised than the models in Norway and the UK, as the local job centres are part of the administration of the municipalities.

## Context

Some additional information on the broader Danish structure reform may be useful to understand the context for the changes in the employment policy setup. The commission that analyzed the need for the structural reform concluded that problems of coordination between different administrative levels led to reduced and expensive



services in areas such as health, employment, tax and social service for special needs (disability and training) (Strukturkommissionen (The Structural Commission), 2004: Chap. 16). Smaller municipalities were seen as being too small for undertaking several tasks. In response to this municipalities collaborated across borders in areas such as environmental regulation, garbage collection etc. However, this type of collaboration was seen as a problem to democratic accountability as well as local political control, as the citizens could not know who to hold responsible when authority was divided. Furthermore, the local political authority was in danger of delegating decision-making authority – and not just service delivery – to the inter-municipal corporations (The Structural Commission 2004: *ibid.*). Lack of efficiency was also a point of concern. The commission argued that economies of scale in smaller municipalities were insufficient and that an increase in the average size was desirable (The Structural Commission 2004: *ibid.*). It was also argued that administrative competences of smaller municipalities, including their abilities to use new ICT, were inadequate (The Structural Commission 2004: *ibid.*). Furthermore, it was argued that smaller municipalities could not provide a sufficient level of service and range of choice to the citizens (The Structural Commission, 2004: *ibid.*). Decentralisation and the placement of major tasks at the local level was a premise of the commissions report. In sum the major criticisms articulated were centred on: Coordination, accountability, effectiveness, modernization and nearness. This was articulated as a general need for putting «the citizen at the centre».

There has been some critique of the placement of the job centres in the municipalities, especially by unions, who see one of their platforms for power – the national insurance system – moving out of their hands (Christiansen and Klitgaard 2008: 161). It has been argued that the merger of tasks will disadvantage the less able unemployed. The municipalities have traditionally been dealing with the clients who in addition to unemployment had severe social problems. Merging tasks cause concern that municipalities in the future will concentrate on the «low-hanging fruit» – getting the stronger citizens into the labour market, while devoting less resources to the clients with additional social problems (Lindegård og Luridsen 2009). Second, there are concerns that the municipalities are too small to handle the structural fluctuations on the labour market, especially now as unemployment is rising after the financial crisis (Mylenberg og Flores 2009). The most persistent critique relates to the massive bureaucracy following from the strong central steering of the area (L 185).

## Norway: Employment and Welfare Offices

In 2001 the Norwegian *Storting* (the Parliament) requested that the government (a Centre–Right minority coalition government) considered a merger of the three main welfare administrations – the national insurance administration, the employment administration and the municipal social services administration. The aims for such a merger were to increase work participation and to make the welfare administrations more user-friendly, more holistic and more efficient. After several years with elucidations and also a proposal that was rejected by the *Storting* (see Christensen, Fimreite and Lægveid 2007 for further details on this process), the *Storting* in 2005 voted in a new welfare and employment administration that was named New

Employment and Welfare Administration (Norwegian abbreviation: Nav) (St.prp. 46:2004–05). The Nav-reform merged the administrations for national insurance and employment, but the social services administration remained a local government responsibility. To coordinate national insurance and employment services on the one hand and social services on the other, the Nav-reform established a one stop shop – a joint front-line service – in each municipality. The one stop shop was to be called a Nav-office (an employment and welfare office). The one stop shop would be organized as a partnership between the merged employment and insurance administrations (central government responsibility) and the social services administration (local government responsibility).

The partnership solution was a compromise. It was agreed that participating in the partnerships would be mandatory for municipalities; that a unitary management model should be recommended but not required; and that financial social assistance from the municipalities (social benefits) had to be offered through the one stop shops while a range of other municipal social services *could* be included in a specific local partnership. There is clearly a tension in the partnership arrangements between central government's need for standardization and local government's need for local adaptation and flexibility. The Nav central agency preferred a mandatory unitary management model and a standardized task portfolio, but this was not acceptable to the defenders of local self government, notably the Ministry of Local and Regional Government and the Norwegian Association of Local and Regional Authorities (KS).

The Nav one stop shops are implemented in the period 2006–2010. When 310 (out of 460) one stop shops had been established 93 percent had non-mandatory municipal tasks in their task portfolios. Most municipalities have decided to include treatment for drug abuse (861 percent) and social housing (77 percent) in the one stop shops. Adapting to local needs seem to be important when the municipalities choose which tasks to include in the one stop shops (Fimreite and Hagen 2009). Ninety-four percent of the partnerships have chosen unitary management. Unitary means that one person is in charge of both the municipal and the state side of the partnership.

## Context

The multi-level partnership model behind the Nav one stop shops is an organizational innovation in the Norwegian political–administrative system. It purports to combine ministerial responsibility and sector specialization on the one hand and local self-government and territorial specialization on the other. The model is almost an anomaly, since sectors divided by purpose are very strong in the Norwegian welfare state; sector organization has traditionally been a key mechanism for multi-level coordination in government. Recent administrative reforms at the central level have maintained strong sectors and have generally neglected cooperation across sectors (Christensen and Læg Reid 2001; Fimreite and Læg Reid 2005). By contrast, reform tendencies at the local level in Norway have for 15 years have been more or less the opposite (Øgård 2001, Hovik and Stigen 2008; Fimreite *et al.* 2007). Following the introduction of a new Local Government Act in 1992, which gave local government more autonomy regarding

organisational structure, sectors have been merged and specialization principles other than sector have become more important in Norwegian municipalities.

Local horizontal coordination *has* become easier after the 1992 act, but at the same time the sector-based relationship between the central and local levels, so important in the Norwegian welfare state, has suffered and coordination between levels has become a challenge (Tranvik and Fimreite 2006). One consequence is that to improve coordination between levels central government has developed new, strong, sector-based control measures for maintaining vertical coordination such as individual rights legislation and ear-marked grants (Fimreite *et al.* 2007; Østerud and Selle 2006).

In this context a mandatory partnership between central and local level was eventually introduced. The main reason why partnership was chosen as a model was that the focus of that organizational construction is on services produced and provided rather than on which levels (or sectors) that are producing them. If the Nav-reform is successful, mandatory partnerships – a hybrid of hierarchy and partnership approaches to coordination – is probably a model for the future in the relationship between central and local government in Norway. This is particularly so because amalgamation of municipalities is a highly contentious issue. A combination of central–local and inter-municipal partnerships is also possible. The reform coming up in the health sector in Norway – the so-called Collaboration Reform aims for better collaboration between the specialist health care (including the hospitals) which is a central government responsibility and the primary health care which is a local government responsibility. Partnership, governance and networks as new ways of coordination also in the health sector are discussed in the White paper introducing this reform (St.meld 47:2008–09).

## United Kingdom: Jobcentre Plus

In the UK welfare services are provided through Jobcentre Plus, an Executive Agency launched in 2001 following the merger of the working age elements of the former Employment Service and Benefits Agency. Previously, the Employment Service through its job centres provided assistance with job searching and short-term financial support to unemployed people who were actively seeking work, while the Benefits Agency through its social security offices provided help to those outside of the labour market who were not seeking work, including disabled people and single parents (Wiggin 2007). The establishment of Jobcentre Plus brought together the administration of these two client groups into a single body. The agency operates at arms length from the central government department responsible for welfare, the Department for Work and Pensions, and is headed by a Chief Executive. There is a clear separation of policy and delivery functions between these two bodies, in keeping with the Executive Agency reform programme (James 2003).

Local Jobcentre Plus offices are the key delivery agents for employment and social security services for people of working age<sup>20</sup>. These offices are the local delivery arm of the Executive Agency, and are completely separate from local authorities

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<sup>20</sup> A separate body, HMRC (Her Majesty's Revenue and Customs) is responsible for national insurance and associated social assistance including tax credits, child benefit and maternity grants. The local authority deals with housing benefits.

(municipalities). They now operate under a single performance system which places greater reward on achieving successful outcomes for those furthest from the labour market (Wiggan 2007).

The model of Jobcentre Plus is continually evolving but its central organizational principle has remained largely unaltered since its inception. It has been described as a «single work focused gateway for people of working age» (HMSO 1998) and a «natural one-stop shop ... at the heart of a connected set of welfare services» (Freud 2007: 111). The frontline service operates according to a «hub and spoke» model in which Jobcentre Plus offices provide the central entrance for initial assessment and advice, making referrals to a broader set of employment-related support services from the private and voluntary sector. For the majority of new claimants the initial financial assessment is made via a telephone «contact centre», followed by a compulsory work focused interview with a personal advisor for those eligible to receive benefits (DWP 2008). The contact centres use an electronic Customer Management System, a single claims process under which all relevant information on the citizen's employment, housing and tax benefits status is collected and passed on to the relevant local agencies on the citizen's behalf.

This «call centre» approach in which citizens are first filtered by an advisor appears to have worked better for some citizens than others. While citizens with straightforward requests have been generally satisfied, citizens with more complex needs and demands have been much less so (Lissenburg and Marsh 2003; DWP 2008). In particular, lower levels of satisfaction have been found amongst those who are disabled or sick, carers, people from ethnic minorities and those with language difficulties. A further problem relates to time pressures and unsustainable caseloads, which have made it difficult for the personal advisors at the centrepiece of the Jobcentre Plus model to provide a genuinely individualised and tailored service as originally envisioned (Work and Pensions Committee 2006; Wiggan 2007).

## Context

Welfare services in the UK have been subject to a gradual programme of reform over the past ten years. The aim has been for a transition to a more integrated, work-focused and personalized approach to social security alongside an evolving model of service provision based around a one stop shop concept. The early part of this reform, as referred to above, involved a fairly radical reorganization of services which merged employment and social security functions.

There were two major motivations underpinning this reform. The first motive was ideological, and reflected the Labour government's commitment to an active and interventionist labour market policy. The approach aimed to increase access to employment for the economically inactive, in order to increase the total labour supply and keep inflation under control (Wiggan 2007). The reform also reflected the government's wider social inclusion agenda aiming to increase civic and economic participation for marginalized groups, and it was no longer considered acceptable for the economically inactive and long-term unemployed to remain outside the labour market.

The second motive was linked to a desire to improve coordination in line with the broader joined-up government agenda. This provided an opportunity for the new government to differentiate itself from its predecessor (Pollitt 2003; Wiggan 2007). However, it was also a response to perceived fragmentation in this sector. There was specific evidence of poor coordination and systemic failures within the social security system as a whole which created the desire for a more joined-up service (James, 2003). The major problems concerned information sharing failures, particularly between the state department of social security agency and local government housing benefits departments, and separate performance systems which encouraged agencies to focus on their own narrow targets rather than considering wider systemic performance (James, *ibid*).

More recently, specific changes have been announced. The recent white paper on welfare reform (DWP 2008) highlights the continuing problem of low workforce participation for certain groups, including sick and disabled people and the long-term unemployed. Current policy is based around a consensus that work is good for individual social, physical and psychological wellbeing (DWP/DH 2008). Drawing on Scandinavian and Dutch models, the British government is placing greater emphasis on tailored, personalized support to individuals, underpinned by a philosophy of conditionality in which active engagement with support services is an obligatory condition of receiving benefits<sup>21</sup>. The complexity of the benefits system has also been recognized as a major problem, both from the point of view of clients and frontline staff. Changes have been introduced to simplify the system, in an attempt to make it easier to navigate.

The provision of welfare through a single public organization acting as a gateway to additional services is likely to remain central to the British welfare model for the foreseeable future, as underlined in the recent government Whitepaper (DWP 2008). However, new ways of working with external partners are being promoted which will involve greater competition for contracts. The national model of funding welfare and employment services is being reformed, with private and voluntary sector organizations providing upfront investments to increase employment, which will be paid back as a result of benefit savings. There are also ambitions for more holistic programmes for those with the greatest support needs, such as a new programme which will link drugs rehabilitation and employment support.

## Comparison and Discussion

We now use the five variables delineated in our analytical model (Figure 3) to compare the Danish, Norwegian and British one stop shop models. We also discuss interrelations between variables, such as the relation between participant structure and instruments used in one stop shops. The location of the three countries on each of the variables is summarised in figure 3.

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<sup>21</sup> The national Pathways to Work programme, for instance, obliges those claiming Employment and Support Allowance (formerly Incapacity Benefit) to attend interviews with specialist employment advisors and to devise a personal 'back to health' and 'back to work' plan.

## Task Portfolios Compared

Danish job centres carry out a relatively deep task portfolio, offering not only information and advice, but also actual casework on both the uninsured (social benefits) and the insured unemployed (unemployment benefits).

The Norwegian one stop shops have a broader but more shallow task portfolio than what is displayed by the other countries. As for breadth, Nav involves national insurance, employment and social security. As for depth, the intention was that as many cases as possible should be closed in the one stop shop office, also cases that required discretion and not just rule following. Output closure (Rainey 1990) was an important argument for setting up the partnership between central and local government. This intention is somewhat disturbed by the introduction of what is called administrative units at regional level. These are central government units which task is to solve cases based on rules and individual rights. The one stop shops are however supposed to pre-handle these cases. The reason given for establishing the administrative units was to lighten the front line offices' workload. But the administrative units also reduce the scope for action for the local frontline offices. Parts of what should be seamlessly joined up in the new structure are simply not available to one stop shop staff.

Figure 3: Locating the three countries on key One Stop Shop variables

	Country		
Task portfolio <i>(narrow/ broad)</i>		Denmark, UK	Norway
<i>(shallow/ deep)</i>	Norway	UK	Denmark
Participant structure <i>(simple/ complex)</i>	UK, Denmark II		Norway, Denmark I
Level of autonomy <i>(low/ high)</i>	Norway, UK	Denmark I	Denmark II
Proximity to citizens <i>(distant/ close)</i>		Denmark I	Norway, UK, Denmark II
Instruments used <i>(low/high degree of integration)</i>	Denmark I	UK	Denmark II, Norway

Note: Denmark I refers to the one stop shop model that dominated in Denmark until August 1st 2009 (the so-called shared job centres); Denmark II refers to the one stop model that became mandatory after August 1st 2009. See the Denmark section for details.

At present the task portfolio of the British Jobcentre Plus is moderate, focusing on employment and welfare benefits. However, while the remit of Jobcentre Plus itself is

only moderate, it acts as a portal to a much wider network of agencies from the public, private and non-profit sectors, which provide support on areas including childcare, in-work benefits, training and skills. There have been trials to assess the feasibility of moving towards a more comprehensive and integrated service whereby Jobcentre Plus personnel provide assistance with applications for tax credits, housing benefits and council tax benefit, processes normally undertaken by HMRC and the local authority (Freud 2007). Overall, the picture is one of a moderate but potentially expanding task portfolio. In terms of *depth* of tasks undertaken, the introduction of the Customer Management System indicates an increasingly deep task portfolio. The single claims process means that more of the joining-up is undertaken on behalf of the citizen, although complete case closure is unusual since in most cases at least a second step in the form of a personal interview is required.

### Participant Structures Compared

The participant structure of the Danish job centres recently became much simpler after August 2009. The pre-August 2009 shared job centres rested on partnerships between state and municipalities. The post-August 2009 job centres are municipal; the state has resorted to a regulator role. And each municipality has its job centre. So there is no partnership behind the Danish one stop shops – neither between municipalities nor between state and municipalities (multilevel).

The participant structure of the Norwegian employment and welfare offices (Nav offices) is more complex. The number of participants in each office is two, the local branch of the Labour and Welfare Administration and one municipality. Partners thus represent different levels of government and preserve their specific competences in of the partnership.

The participant structure of the British one stop shops is similar to the present situation in Denmark. The Jobcentre Plus offices themselves contain only a limited number of participants, although the overall participant structure is more complex when the wider network of connected agencies is taken into account.

### Autonomy Compared

In Denmark the municipalities have a high organisational autonomy as they have a high discretion on the budget, the management and the organisation of the job-centres. The state regulates payments to insured clients, though.

In Norway it is not up to municipalities to decide whether or not to take part in a one stop shop. The partnership is compulsory for all municipalities. Each one stop shop has the autonomy to decide upon management structure and internal organization, however. The one stop shop's budget is decided by others – the regional branch of the central agency and local councilors. If citizens have complaints, local government procedures are valid for social services and central government procedures are valid for remaining services.

In the British case, the model is nationally rather than locally led, with centrally set performance targets, a standardised and centrally led operational management model and mandatory interventions (Bunt and Maidment 2007). While the Job centres initially

were permitted greater autonomy in establishing their management structure, a more unified model has since been introduced due to the central state's perceived need for greater standardisation to facilitate attainment of national productivity and performance targets (ibid.). However, as with other European and OECD countries, recent reforms do *purport* to provide greater decentralization and local autonomy. While greater decentralisation is not yet evident, the government welfare reform whitepaper (DWP 2008) indicates a desire to move in this direction. A variety of decentralization measures are suggested including greater involvement of local partners in the commissioning process, devolved accountability, and a move from traditional top-down tendering to a «right to bid» process whereby service improvement suggestions are made at a local level.

### Proximity to Citizen Compared

In Denmark there is a close proximity to the citizens as there is a job centre in every municipality. The services are to some extent accessible on the web and a high proportion of the citizens have web-access at home.

Proximity to citizens is an important feature also in the Norwegian one stop shop. There are Nav offices in most municipalities; in large municipalities there are more than one, while some small municipalities have set up joint offices. The rule is however that while the Nav one stop shops shall be locally based neighborhood offices.

In the UK Jobcentre Plus aims to provide a service which is as close as possible to the citizen. Offices are located in high streets, and telephone services make it possible for clients to make their initial claim from within their own home. There are both district and ward or neighbourhood level offices covering all local areas, as well as additional telephone «contact centres».

### Instruments for Integration Compared

The instruments for integration used in the Norwegian one stop shops vary somewhat. Most offices have joint management and joint recruitment but all of them have separate budgets, separate laws and separate competences.

In the British case intra-agency instruments are more relevant. The most important instrument in the British one stop shops is the personal advisor who acts as a case manager. In our model we define this as a relatively high integration instrument. Co-location of services is relatively rare although has been used in some trial areas (Freud 2007). Job centres until recently were managed by a single individual responsible for all staff. However, the management structure has recently been changed to a dual model to reflect the growing task portfolio of the job centres, with one manager accountable for ensuring claimant compliance, especially for those closest to the labour market, and another for mandatory welfare to work interventions (Bunt and Maidment 2007). In some senses this new split represents the old division between employment and social security.



## Interrelations between Variables – Points of Discussion

Five points of discussion are made here, all relating to interrelations between the variables in our analytical model (Figure 1). First, participant structures vary extensively in our cases, from one stop shops run by single agencies to one stop shops run by intergovernmental partnerships – even partnerships between different levels of government. This influences further configuration of the one stop shop, as the following will show.

Second, where the participant structure is very simple, questions about instruments are less important. It is not meaningful to talk about «joint» budgets or laws when one stop shops are run by singular governmental entities, as in Denmark post August 2009 and the UK. Intra-agency coordination instruments are obviously relevant, but these are less radical than inter-agency coordination instruments.

Third, the Danish case illustrates dynamism in one stop shops. Underpinning models may change, for example from an intergovernmental partnership to a single-owner structure. This probably makes little difference to people-as-clients, but it does matter from a people-as-employees point of view and also from a people-as-citizens/voters point of view. Even when partnered one stop shops have unitary management, two lines of competence and authority run from the one stop shop. In the Norwegian case, one line to the Labour and Welfare Agency and one to the partnered municipality. Services may appear «seamless», but citizens/voters should still care whether services are the competency of the state or the municipality, even if clients may be indifferent to such matters.

Fourth, one may ask whether partnerships are stable or transitory structures. Will one stop shops run as partnerships over time tend to become the responsibility of one partner? Many business scholars say sustained collaboration is unlikely, because there is always an incentive for collaborative firms to free ride and shirk – i.e. cheat (Barney and Hesterly 1996). The public sector version of cheating could be that partners try to push costs, blame and unpopular/difficult clients and tasks on each other and, vice versa, try instead to grab as much funs, glory and popular/simple clients and tasks as they can. Power imbalances between participants are another source of failure for interorganizational collaborations (Mintzberg *et al.* 1996:65). Avoiding a situation where one participant dominates the other is vital for lasting collaborative success (Mintzberg *et al.* 1996:61). The Danish case illustrates a move from collaboration to municipal «colonization». Recent developments in Norway, such as discussions to standardize municipal social benefits suggest that the state may also «colonize» one stop shops. A multilevel partnership may therefore be a transitory stage towards either decentralization or centralization.

Fifth, there is always a relationship between central government and local one stop shops, regardless of participant structure. Autonomy is therefore always an issue. However, the central–local relationship differs depending on whether the local one stop shop is formally part of a local government and also the extent to which private bodies are involved.

## Conclusions

Returning to the key questions raised in our introduction, first, we sought to identify criticisms made of welfare states at the turn of the millennium and reforms made in response to this. Challenges to which the reforms responded were similar across the countries. Problems of coordinating across different levels of government had been apparent in all cases, particularly concerning the costs associated with this (Denmark and Norway) and information sharing problems (UK). There were also perceived inefficiencies in all countries and a desire to rationalise, including in Denmark a desire to utilize economies of scale. A further motivation for reform in the Danish case was to respond to problems in identifying which body was accountable. In the UK a narrow concern with individual targets was an additional reason for the reform. Another important motivation underpinning the reforms in all cases was a desire for a more holistic and user-friendly or customer oriented service, one which would be easier to navigate. In Norway and the UK there was also a similarity in terms of a desire to increase workforce participation, particularly for those furthest from labour market. However, political and ideological motivations also played their part, particularly in the UK where the new Labour government had begun the reform programme. In Norway and Denmark political compromises had to be struck between political parties, administrative units, unions and levels of government as details of reform programmes were worked out.

The response to these problems was similar in two important respects. First, all three countries' reforms involved mergers. In the UK employment and social security (benefits) services were merged; in Norway it was national insurance and employment; in Denmark it was municipalities. Second, the concept of one entrance and close proximity to citizens is central to all three countries' reform programmes. However, there were differences in the exact models that were implemented, including variation in terms of task portfolio, participant structure, instruments used and autonomy of the local one stop shop in relation to central government. Reasons and possible implications of these variations are discussed above.

Our second aim was to identify core features of the one stop shop and to conceptualise it as a model of inter-governmental partnership. To distinguish between types of intergovernmental partnerships, Sullivan and Skelcher (2002) identify strategic, sectoral and neighbourhood partnerships. Strategic partnerships refers to those covering a broad geographical area such as an entire municipality; they usually have a cross-sector, multi-agency membership and deal with cross-cutting issues. Sectoral partnerships by contrast focus on specific service delivery areas such as health or crime, and typically involve commissioners, providers and users of services. Neighbourhood partnerships are constructed to meet the needs of specific neighbourhoods and involve representatives of relevant organisations within an area. The one stop shop, it may be argued, is a partnership type which cuts across sectors, and combines elements of strategic and neighbourhood partnership. Further conceptualization is therefore needed. Our identification of dimensions of variation in one stop shops may help future research to delineate subtypes of one stop shops. For example, one may put a spotlight on the «one» in one stop shop by using task portfolio, one of the dimensions we

identify. From a client perspective variation in the breadth and depth of one stop shops' task portfolios translates into an experience of receiving either a complete or partial service. In complete service settings one stop shop staff join up services for the clients; in partial service settings staff do some joining up while the client does the rest. This relates to Kubicek and Hagen's (2001) three tier distinction between, the first stop shop, convenience store and true one stop shop.

One final aim was to make some preliminary observations of the effectiveness of the one stop shop reforms. We started by saying that where there is reciprocal or simultaneous dependency there is a greater need for partnership working. We hoped to assess whether partnership models do provide effective solutions in a sector where reciprocal dependency is pervasive. Although it is only a preliminary finding and warrants further investigation, we observe some limitations with the one stop shop model in this respect, at least as it has been implemented in our case studies. In the UK at least they have been some problems in achieving the level of tailoring and case work for those furthest from the labour market within the new model. However, more recent reforms aiming for greater integration and holism may redress this issue. Overall, there is clearly a difficulty in balancing efficiency considerations with need for greater discretion and on-the-spot decision-making.

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