

# 1. Introduction: the origins and development of labour administration

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## 1.1 INTRODUCTION

The global financial crisis that began in 2008 and the economic crisis that ensued have had substantial and potentially long-lasting implications for the extent and nature of state intervention in the labour market and, by extension, for public administration activities and institutions relating to work and employment. These activities and institutions, which collectively comprise systems of 'labour administration', involve a variety of state bodies, including labour ministries (or their functional equivalents), public employment services, labour inspectorates, dispute resolution services, and vocational education and training institutions. Systems of labour administration vary in terms of their complexity, degree of centralization and the extent to which non-state actors (e.g. private and third-sector organizations, employer organizations and trade unions) contribute to governance and service delivery. They provide the institutional channels through which labour market policies are elaborated, implemented and monitored. However, while some components of labour administration systems, such as public employment services, have been the subject of a considerable amount of research, there have been few attempts to describe and make sense of wider developments in labour administration.

The purpose of this volume is to aid the process of reflection on possible policy options and potential implications for labour administration in the wake of the crisis. As the crisis has served to make clear, policy and administration are intimately related. This book therefore discusses the role of labour administration in tackling the crisis, explores possibilities for the future course of labour policy development and considers the mechanisms by which policies may be implemented. A

number of the book's contributors are also concerned with the effectiveness of implementation and therefore address issues relating to the structure and management of labour ministries and regulatory bodies, and the resources that they have at their disposal.

This introductory chapter begins by defining and identifying the scope of labour administration. It then discusses key stages in the development of labour policy and labour administration, from the 'social question' of the late 1800s through to the present day. This is followed by a discussion of a number of reform tendencies that have emerged over the past three decades and the ways in which they have affected labour administration. The introduction concludes by describing the structure and content of the book.

## 1.2 THE CONCEPT AND SCOPE OF LABOUR ADMINISTRATION

Labour administration is defined by the International Labour Organization (ILO) in its Labour Administration Convention, 1978 (No. 150) as 'public administration activities in the field of national labour policy'. This includes institutions, activities and outcomes across the entire field of labour policy, including employment policy, labour law, social protection and industrial relations. The Labour Administration Convention and the accompanying Recommendation, 1978 (No. 158) provide the only universally recognized conceptual framework for labour administration. Both the Convention and the Recommendation are typical 'promotional' standards: while they have a very clear normative content, they mainly provide policy guidelines and objectives to be given concrete form in specific measures adapted to national conditions. They are based on the assumption that 'adoption in a country of labour laws and regulations might be ineffective if that country does not have at its disposal a competent and efficient labour administration, entrusted with the tasks of following the development of the social situation, of supervising the implementation of legislation and of ensuring the operation of existing machinery' (Valticos, 1979: 214).<sup>1</sup>

The ILO Labour Administration Convention makes a distinction between 'labour administration' and 'national systems of labour administration'. Labour administration, as defined in the preceding paragraph, is a function, consisting of the elaboration and implementation of labour policies. The term 'national systems of labour administration', by contrast, refers to 'all public administration bodies responsible for and/or

engaged in labour administration – whether they are ministerial departments or public agencies, including parastatal and regional or local agencies or any other form of decentralized administration – and any institutional framework for the co-ordination of the activities of such bodies and for consultation with and participation by employers and workers and their organizations’.<sup>2</sup>

Convention No. 150 and Recommendation No. 158 also set out the ILO’s vision of the tasks associated with labour administration and fundamental principles to which national governments should adhere. These include preparing, coordinating and reviewing policies in the areas of labour protection, employment and industrial relations; collecting labour market data; providing ‘technical advice’ to workers’ and employers’ organizations; and making arrangements to ensure that ‘consultation, co-operation and negotiation’ between public authorities and representatives of employers and trade unions takes place. The Labour Administration Convention has one of the highest ratification rates of any ILO Convention: at the time of writing (2013), 72 member States adhered to this standard.

### 1.3 A HISTORICAL OVERVIEW OF LABOUR ADMINISTRATION

Key junctures in the development of labour administration have tended to occur during periods of economic and social difficulty, when established thinking has been challenged and policy-makers have been forced to develop new practical measures. Each time this has happened, some measures have subsequently been phased out once the period of crisis has ended, while others have become institutionally embedded and outlasted their initial purpose. The key social policy milestones in this area have been:

- the period of debate relating to the ‘social question’ in the late nineteenth century;
- the First World War and subsequent social unrest;
- the Great Depression of the 1930s;
- the Second World War;
- the economic difficulties of industrialized countries in the 1970s and 1980s; and
- the Asian financial crisis of the late 1990s.

During these periods of turmoil, new policies were developed, new schemes were created or old ones adapted, new institutions were founded to administer measures and new management methods were promoted.

Attempts by the state to force employers to abide by minimum labour standards stretch back at least as far as 1802, when the first in a series of Factory Acts was passed in the United Kingdom (UK). During the nineteenth century, concerns relating to the conditions of labour, the growth of trade unions, the spread of industrial action and social unrest, and the formation of political parties committed to promoting the interests of workers, in some cases through revolutionary means, served to focus the attention of policy-makers on relations between labour and capital, particularly during the period from 1880 to the end of the First World War (Kaufman, 2004: 37). The social insurance reforms introduced by the German government under Chancellor Bismarck are sometimes taken to symbolize the beginnings of the modern history of labour policy. The reforms, which related to sickness, accidents, invalidity and old-age insurance, were introduced in the 1880s and 1890s.<sup>3</sup> This period also saw the creation in Germany of labour exchanges, which in turn encouraged their establishment elsewhere in Europe. Unemployment insurance schemes also began to emerge. The British government introduced compulsory unemployment insurance in 1911 and over the next quarter of a century compulsory unemployment insurance schemes were introduced in a number of other European countries.<sup>4</sup>

All these policy reforms were accompanied by the creation of corresponding administrative structures, albeit very modest ones to begin with. The functions of government labour offices, which were first established in the 1880s to inform policy-makers and provide legislators with necessary background information, were initially confined to research and the collation of statistics. A Commission for Labour Statistics was created in Germany in 1882, and similar bodies were subsequently established in Spain (1883), the USA (1884) and the UK (1887). These offices can be regarded as prototype labour ministries, the first full-blown example of which emerged in Belgium, where a Ministry of Industry and Labour was created in 1894. In several other countries, labour departments were created during this period as organizational units of ministries with larger competencies, such as the Ministry of Public Work in the Netherlands (1901), the Ministry of the Interior in Argentina (1907) and the Department of the Interior (and later the Departments of Commerce and Labor) in the USA (1903). The mandate of such bodies was initially limited to inspection of employment conditions in factories and mines and was only gradually extended to other functions and services, especially job placement.

The First World War had a catalytic effect on the development of the state's role in regulating working conditions and labour markets. While national governments were concerned to mobilize workers for industrial production while maintaining social peace, wartime privations and mounting inflation led to a wave of strikes and unprecedented demands for shorter working hours and better conditions (Jacoby, 1985). The Russian Revolution of 1917 and the fear that a similar upheaval might occur elsewhere in Europe also served to focus policy-makers' minds on social reform. The responses of governments during and immediately following the war took the form of government commissions and the establishment of new public bodies, including a first generation of advisory councils involving representatives of workers and employers in the examination and planning of labour policy. The creation of the ILO in 1919 was the first serious step towards global governance of labour affairs and had a far-reaching impact on the development of labour administration systems, as the ILO Constitution (which constitutes Chapter XIII of the Versailles Peace Treaty) presupposed the existence of specialized bodies dealing with labour matters.<sup>5</sup>

The inter-war period was punctuated by a series of economic and social difficulties that ultimately led to the further substantial consolidation of labour policies and related administrative frameworks. The massive rise in unemployment that followed the financial crisis of 1929 and continued through the Great Depression made apparent the inadequacies of support for unemployed workers, encouraging reforms of existing unemployment insurance measures and the further adoption of compulsory schemes where these were not already in place. Only a handful of governments entered the crisis period with pre-existing unemployment insurance legislation,<sup>6</sup> while others had only old-type relief schemes. By 1933, however, compulsory or voluntary insurance schemes, and corresponding administrative bodies, were operating in 17 countries. The different reform paths that were taken reflect differences in the traditions and ideologies of national trade union movements and their relationship to the state. In Britain, for example, the Trades Union Congress (TUC) was strongly in favour of raising the level of benefits available under the existing insurance scheme and removing qualifications (Allen, 1960: 241). By contrast, the President of the American Federation of Labor (AFL) viewed compulsory unemployment insurance as a 'union wrecking agency' – a threat to the autonomy of the union movement (Lichtenstein, 2002: 12). The introduction of unemployment insurance in the USA thus took place in the face of opposition from both business and the national trade union federation. Nevertheless, policy-makers' desire to

find an accommodation with labour was an important spur to the reforms that comprised Roosevelt's New Deal programme.

The New Deal introduced a number of bodies and policy measures that remain in force today, albeit in modified forms. The principal examples are the National Labor Relations Act (NLRA) adopted in 1935, the National Labor Relations Board, which was established to supervise labour management relations and enforce the rules of the NLRA, the Fair Labor Standards Act (1938), which introduced new regulations relating to working hours and introduced a federal minimum wage, and the Social Security Act (SSA) of 1935, which created a legal basis for the Social Security Administration that continues to administer social security programmes. More generally, the development of measures relating to employment, labour relations and social protection resulted in the spread of corresponding administrative arrangements. While compulsory unemployment insurance schemes were administered by state funds and agencies, voluntary systems were typically administered through a number of mutual benefit funds, often managed by unions<sup>7</sup> and supervised by various state bodies. The economic crisis of the inter-war period was also a factor in the establishment and improvement of placement services and the expansion of programmes of public work (the New Deal inaugurated the largest programme of public works ever implemented), although public employment services played only a limited role until the Second World War.

The ILO also played a role in encouraging the expansion of administrative support for labour policies and the creation of ministries with a specific labour policy remit. In 1928 a resolution was adopted inviting governments to set up

an adequate and specialized department, capable of performing successfully, widely and fully the task of preparing, amending and securing the application of all the acts and regulations relating to labour, and specially as regards inspection services, relations with the International Labour Office, advisory bodies and the supply of information, the peaceful settlement of industrial disputes, and the compilation and publication of statistics, reports and all other documents dealing with labour. (ILO, 1928: 710)

By 1938, 23 countries had established a central department of government to take exclusive responsibility for labour and social administration (ILO, 1973). The inter-war period thus saw the emergence of a new type of ministry consisting entirely of units that dealt with labour and social matters.

The Second World War created a substantial impulse for the advancement of labour policies and related government services. The role of the

state in the regulation of the labour market increased tremendously and continued to grow during the post-war period, with public employment services in many countries acquiring a quasi-monopoly on job placement. More importantly, social policy abandoned its narrow 'protectionist' role and was increasingly required to become one of the driving forces in economic and social progress. Objectives of social justice, full employment, social security, and better working and living conditions were embodied in key international treaties. Documents such as the Atlantic Charter (1941), the Declaration of Philadelphia (1944), the Charter of the United Nations (1945) and the Universal Declaration of Human Rights (1948) provided a basis for social reforms throughout the world. Of particular significance was the Declaration of Philadelphia, which included the proclamation that labour is not a commodity and elevated social objectives to the 'central aim of national and international policy' (Paragraph IIb).

The desire of policy-makers to avoid the economic and social disruptions of the inter-war period encouraged a widespread acceptance of the necessity of state intervention in the economy. With regard to the labour market, many governments embraced the policy prescriptions of Keynesian economics and accepted that it was essential to manage aggregate demand if full employment were to be delivered and maintained. The welfare state, financed through progressive taxation, was expanded as policy-makers sought to achieve social outcomes that market forces could not deliver.

The attention given to social objectives such as full employment, the improvement of working conditions and the extension of social security during the post-war period also encouraged the recognition and consolidation of a comprehensive role for ministries of labour and an expansion of the financial and material resources available to national labour administration systems. Labour ministries and their agencies became responsible for a substantial proportion of state budgets, which made them a powerful and influential part of the governmental machinery. However, new economic and social pressures emerged in the late 1960s and 1970s. The crisis of industrialized countries that followed the first oil shock in 1973 and affected most industrialized countries until the 1980s was different from the Great Depression of the 1930s in terms of the reaction of public authorities and specifically of labour administration. While the oil price shock was unanticipated and linked to political instability in the Middle East, the crisis revealed the underlying fragility of some national economies. In the face of macroeconomic difficulties, governments' willingness to intervene in industrial relations increased sharply, especially in relation to the imposition of incomes policies

involving wage freezes or limits on wage increases. In a number of countries, the ultimate consequence of these measures was to provoke industrial unrest.

The search for solutions to the economic difficulties of the 1970s led to the emergence of a politics of the ‘new right’, notably in the UK and USA. Convinced that economic recovery could only be achieved through the unleashing of market forces, the Reagan and Thatcher Administrations of the 1980s rejected Keynesianism in favour of neo-liberal policy reforms focused on tax cuts, privatization, deregulation of markets and an erosion of individual and collective employment rights. Unemployment was no longer viewed as a consequence of insufficient demand but rather a result of insufficient incentives for the unemployed to accept paid work. The level of unemployment benefits was therefore reduced while eligibility became progressively more restricted. For example, in 1983 the Thatcher government scrapped the earnings-related supplement to unemployment benefits (Armstrong et al., 1984: 410). In the USA, the Reagan Administration encouraged the development of workfare – requiring people to look actively for work or work for the state while being paid the minimum wage (ibid.: 411). Workfare was developed further in the 1990s under President Clinton and US employment policy reforms had a strong influence on employment policy in the UK.

#### 1.4 RECENT TRENDS IN THE REFORM OF LABOUR ADMINISTRATION

The chronology presented above charts the major stages in the development of labour policy and administration in the industrialized economies since the latter part of the nineteenth century. However, there are significant regional variations in the content of labour, employment and social protection policies and the organization of national labour administration systems. While primary responsibility for labour affairs, employment and social security policy resides within a single ministry in a majority of Organisation for Economic Co-operation and Development (OECD) member states, the number of agencies involved in labour administration, and their functions and status, varies between countries, as does the extent to which governments devolve responsibilities to ‘competent bodies’ with a quasi- or non-governmental status including, potentially, employers’ and workers’ organizations. Delegation is most common in fields such as management of social security schemes, vocational training and public employment services. Trade unions and employers in France and Belgium, for example, have long been responsible for administering unemployment insurance,



while in Germany they play a key role in regulating vocational education and training. In this way, the state may extend its regulatory powers via the organizational capacity of civil society.

Despite the continuing diversity of arrangements for planning, implementing and enforcing labour policies, a number of reform tendencies has been widely in evidence over the past three decades. These trends have reflected wider changes in public administration systems, which have involved the adoption of new management practices and organizational forms, and a reconsideration of the interface between the public and private sectors and the role of the latter in delivering services. Several of these reform trends are discussed at length in this volume (see in particular Chapters 6, 7 and 8 below).

According to Considine (2001: 1), the most far-reaching reforms have been introduced with the aim of 'enterprising the state', manifested in processes of 'managerialism, contractualism and reinvention with programs aimed at both the work of officials and the identity of citizens'. These processes, according to Considine, involve a shift away from traditional organizational principles of hierarchy and functional specialism towards new forms of governance that involve both a change in the way employees of public administration bodies are managed and the development of new relationships involving public and private sector agencies and those who consume their services. The 'enterprising state' involves an enhanced emphasis on performance management, entrepreneurial actions by public organizations, principal-agent separation, the development of quasi-markets and an emphasis on 'citizen responsibility'. With regard to labour administration, outsourcing of services has occurred in respect of dispute settlement, social services, vocational training and, more recently, job placement services. This tendency is relatively new, and its costs and benefits have been the subject of much debate (see Considine, 2001; Sol and Westerveld, 2005). However, the current crisis has led to an acceleration of outsourcing, particularly in relation to public employment services, as governments have sought to reduce unemployment while cutting government spending.

Many of the developments discussed by Considine have been associated with the new public management (NPM) agenda (Hood, 1991). The core principle of NPM is that systems of public administration can be strengthened through the adoption of micro-management practices associated with the private sector. The NPM agenda places emphasis on improving the performance of government departments and non-departmental public bodies through decentralization, setting targets and evaluating outcomes, improved accountability and coordinated policy development and service delivery. The prescriptions associated with the

NPM have been propagated by international organizations, including the OECD, the World Bank and the International Monetary Fund (IMF), which have presented the 'NPM as the globally applicable formula for building modern government and administration' (Wollmann, 2001: 152). Despite doubts having been expressed, especially since the beginning of the twenty-first century, about the universal applicability of NPM as a method of improving the performance of public administration, it continues to provide orientation to labour administration reforms even where the most elementary elements of a supporting framework, such as the existence of a 'rule-based government', do not exist (Schick, 1998). As Hood and Peters observe, '[u]ncritical and universal adoption of poorly grounded recipes for institutional design is a commonly observed feature of administrative reform processes' (Hood and Peters, 2004: 278). This applies especially to developing countries, where mechanisms such as performance contracts have been introduced in labour administration systems, often in a haphazard way, without any connection to a system of performance measurement and without fulfilling the most essential preconditions in terms of 'the capacity of management to handle the performance evaluation processes and the presence of a relationship of trust between management and employees' (ILO, 2011b: 38).

Alongside the diffusion of new ideas and principles in respect of public administration, governments have established new principles and objectives in relation to employment, labour and social protection policies. One notable development has been the widespread refashioning of the relationship between paid work and welfare, encapsulated by the term 'workfare'. Workfare-oriented employment policies have tended to involve tighter restrictions on entitlements to benefits and efforts to make those entitlements conditional on participation in the labour market. The adoption of workfare principles has involved the introduction of 'active' labour market programmes (ALMPs), which, in contrast to so-called passive policies (primarily unemployment benefits), are designed to assist unemployed workers in gaining new employment and may include vocational training, employment subsidies, job creation programmes and intensive assistance with job search, typically provided through public employment services (Auer et al., 2008). In practice, the policies adopted by national governments have exhibited significant international variation, yet there has nevertheless been a widespread shift towards the adoption of supply-side employment measures that place an emphasis on 'gainful employment as the principal channel to achieve effective citizenship' (Ferrera and Hemerijck, 2003: 123) and political rhetoric that stresses the importance of workers enhancing their 'employability' through skill acquisition and work experience.

The adoption of workfare principles has had implications for the delivery of employment services. A study of operational reforms in Europe (Van Berkel, 2009) identified five common elements to this trend:

- the creation of local one-stop agencies that provide job search assistance and administer benefits;
- decentralization intended to encourage greater responsiveness of service provision to local and individual circumstances;
- outsourcing and the creation of quasi-markets in relation to activation services;
- efforts to diminish the involvement of employer organizations and trade unions in the making or implementation of policy;
- the use of targets and performance management systems.

Efforts to strengthen the link between welfare entitlements and participation in the labour market have also led many governments (e.g. those of France, Japan, New Zealand and the UK) to locate responsibility for social protection and employment policy within a single ministry. However, the functions normally associated with labour ministries continue to be distributed across national systems of public administration in different ways – indeed, some countries lack any government body that can meaningfully be described as a ministry of labour, while in others the status and influence of the labour ministry have been reduced (see Chapter 2 in this volume).

Despite these various pressures for change, many studies have suggested that distinctive traditions of public administration have persisted (Barzelay, 2000; Pollitt and Bouckaert, 2000; McCourt and Minogue, 2001; Lodge, 2007; Goldfinch and Wallis, 2010). Indeed, a recent study by Tepe et al. (2010) has suggested that there is a structural fit between types of public administration and different ‘varieties of capitalism’. However, while public administration regimes remain diverse, focusing on administrative systems as a whole may result in similarities relating to specific elements of public administration being overlooked. Some have argued that comparative research is most likely to prosper if attempts are focused on relatively narrowly defined subjects rather than transformations in administration systems as a whole (e.g. Brans, 2007: 271). A focus on labour administration, as opposed to public administration *in toto*, may therefore serve to enhance analytical clarity. As a number of the book’s contributors demonstrate, common challenges and pressures are giving rise to administrative ‘solutions’ that are similar in their essential rationale, aim and function, even though the resulting organizational forms differ in certain respects.

## 1.5 OVERVIEW OF THE VOLUME

This volume has been prepared with both policy and academic readers in mind. The contributors accordingly include academic researchers in the fields of employment law, industrial relations and labour market policy, as well as ILO officials with considerable practical experience of labour administration. The various authors chart developments in labour administration, assess their current and potential future impacts, identify the factors that have promoted or hindered success, and discuss remaining challenges and possible opportunities for national governments, employer organizations and trade unions. Each chapter compares and contrasts experiences in different countries. While the geographical focus of the individual chapters varies depending on the issue that is being addressed, the focus of the book as a whole is generally on developed countries. There are two reasons for this. The first is that data are more readily available for developed countries than for developing or transitional countries. The second is that the capacities and scope of labour administration institutions tend to be greater in the more developed economies, as does the room for manoeuvre enjoyed by policy-makers. The book therefore contains relatively few references to developing economies, while acknowledging that there is a pressing need for further research on the labour policies pursued in such countries and the associated institutions of labour administration.

In Chapter 2, Ludek Rychly provides an overview of the functions and responsibilities of national labour administration systems under the three main headings of labour law, industrial relations and employment policy. Rychly argues that each of these areas is currently beset by uncertainties and conflicts that stem in part from the economic crisis but that also reflect longer-standing developments, such as the weakening of trade union influence and the consequent reduction in the significance of joint regulation. Rychly also draws attention to international variations in the organization, management and capacities of labour administration systems. One basic source of variation relates to the funding of such systems. Rychly notes that the resources and capacity of labour administration bodies in developing countries are often very limited when compared to those of developed economies, and that the former therefore experience acute difficulties in providing basic services. Public administration traditions and reforms are a further locus of international variation in labour administration systems. In some countries, responsibilities for labour policies are invested in a single ministry while in others they are distributed across two or more ministries. Policies are implemented

directly by ministries and government agencies in some countries, while in others responsibility may be delegated to quasi-autonomous bodies or even private and third sector organizations. Overall, there has been a tendency towards greater operational decentralization. Furthermore, Rychly notes that in some countries ministries of labour have lost some of their authority or even been dismantled, their responsibilities being reallocated to ministries with responsibility for business and the economy. Chapter 2 concludes by highlighting the challenges that the economic crisis has presented to policy-makers and some of the ways in which institutions of labour administration have responded to these challenges.

The challenges presented by the economic crisis are examined at greater length in Chapters 3 and 4. In Chapter 3, Jason Heyes discusses labour market policies since 2008, drawing attention to the extent to which reductions in national employment rates have been associated with variations in the strength of employment protection. In countries with relatively strong employment protection, reductions in working time, sometimes coupled with additional training, helped to avoid large escalations in unemployment in the early stages of the crisis. Social protection was also strengthened in many countries. Heyes goes on to discuss responses in four European countries, arguing that the nature of each country's response was conditioned by existing labour market and industrial relations institutions. He also argues that the subsequent turn to austerity has resulted in a weakening of social protections and a renewed enthusiasm on the part of policy-makers for labour market deregulation. These tendencies are being reinforced in the scramble to salvage the single European currency.

Chapter 4, by Mark Freedland and Nicola Countouris, examines national and supranational regulatory responses to the economic crisis that began in late 2007/early 2008, again with a focus on Europe. Freedland and Countouris note that the threatened and actual labour market disruption associated with the crisis resulted in policy-makers' scepticism about the economic benefits of employment protection, which had grown since the 1980s, giving way to a new emphasis on employment stability. However, as the crisis mutated into a new type of malaise associated with sovereign debt difficulties and austerity measures, national and EU policy-makers once again began to argue the case for labour market deregulation. Freedland and Countouris go on to discuss competing recommendations for reforming labour law that have as their objective the removal of regulatory inequality in respect of workers in standard and non-standard forms of employment. They note that certain reform proposals imply a levelling down of employment protection, and

they argue instead for labour law reforms that deliver strong protection, dignity and decent conditions for workers, access to opportunities for skills development and capability building, and employment stability.

The book's remaining chapters discuss the main policy areas covered by labour administration and the key institutions that comprise national labour administration systems, with reference to arrangements and practices in a variety of countries. In Chapter 5 Richard Hyman explores the role of government in industrial relations. This chapter examines the various ways in which the state may influence industrial relations and the importance of government-led interventions in supporting employer and trade union involvement in the regulation of employment and labour market matters. Hyman identifies a number 'key dilemmas' of state regulation, drawing attention to cross-national variations in how rights (e.g. the right to engage in collective bargaining) are established, in the extent and nature of state sponsorship of social dialogue, and in public sector employment and management. The chapter provides a forensic analysis of the tensions and ambiguities associated with the state's role and its relations with trade unions and employers. Hyman also considers the extent and nature of negotiated responses to the post-2008 economic crisis, highlighting differences in the approaches taken by 'laissez-faire', 'developmental' and 'social' states and illustrating the differences by discussing specific national experiences. The discussion draws attention to the additional strains inflicted upon social dialogue by the economic crisis. The chapter concludes by mapping out alternative scenarios for the future development of industrial relations and the role of the state, with particular reference to Europe.

In Chapter 6 Christopher King presents a detailed comparison of employment policy in Japan and the USA, and considers whether these countries' responses to the crisis represent a departure from the policy orientations and practices developed over the preceding decades. King notes that while Japan and the USA have responded to the crisis in different ways, neither has embraced economic austerity to the extent witnessed in Europe. The US labour market policy response has emphasized passive measures involving benefit extensions, while Japan has focused on public works and employer subsidies for job retention. King argues that these responses are largely consistent with established practices and institutions in the two countries. While shifts have occurred in labour market governance (and were occurring before the onset of the crisis), they have been partial and gradual. The USA continues to rely on a decentralized system of workforce investment boards and 'one-stop' centres overseen by individual states, while Japan remains wedded to a more centralized and employer-based system. King argues that the two

systems are unlikely to converge, and that they are also likely to remain distinct from the governance systems that are to be found in Europe.

Chapters 7 and 8 are concerned with public employment services. In Chapter 7, Donna Koeltz reviews the history of public employment services (PES) and goes on to describe and evaluate a variety of national approaches to delivering employment services. Koeltz shows how governments have reformed and decentralized PES so as to bring about closer collaborations with not-for-profit organizations and private placement agencies. These developments have been presented as a means of simultaneously improving cost efficiency and services to the unemployed. However, there is considerable evidence that the outsourcing of employment services has encouraged an emphasis on short-term labour market integration and exacerbated 'creaming' of easier-to-place clients to the detriment of those who are most in need of assistance. Outsourcing may also result in significant transaction costs being incurred by labour ministries and PES.

In Chapter 8, Timo Weishaupt examines the governance of PES in Austria, Denmark, Germany and the UK, with particular reference to the parts played by employer organizations and trade unions. The chapter explores the various ways in which new public management principles have been applied in the four countries and the consequences for the organization of their respective PES, the extent of participation by non-government agencies and the involvement of employers and trade unions in decision-making and implementation processes. While the social partners have long lacked a formal role in the governance of PES in the UK, their role in the Austrian, Danish and German PES has been substantial. However, the involvement of employers and trade unions has diminished in recent years in Denmark and, to a lesser extent, Germany, while remaining comparatively strong in Austria. Weishaupt argues that the continuing importance of social partnership in relation to the governance of the Austrian and German PES encouraged the adoption of responses to the economic crisis focused on the preservation of jobs, a response that was supported by policy-makers, employers and trade unions. In Denmark and the UK, by contrast, the views of government and employers concerning appropriate policy responses differed substantially from those of trade unions.

In Chapter 9, by Maria Luz Vega, the focus of attention shifts to labour inspection. Vega notes that labour inspection is a fundamental element of labour administration and one that is essential for ensuring compliance with labour laws. However, labour inspection systems have in recent years experienced an 'enforcement crisis' resulting from inadequate information, weakened trade unions, the extension of outsourcing, greater

employment fragmentation and a reduction in the resources available to labour inspectorates. The chapter examines developments in labour inspection in a variety of developed and developing economies, drawing attention to common pressures and tendencies as well as enduring differences. Vega examines how labour inspectorates have coped with the challenges presented by the economic crisis and the consequences of subsequent austerity measures for their resources, capability and effectiveness. The chapter also considers emerging developments, such as moves towards ensuring cross-border compliance, and potential challenges that labour inspection services may confront in the future.

In the final chapter, Jason Heyes and Ludek Rychly discuss the main themes highlighted in the book. The chapter concludes by arguing that the subject of labour administration represents fertile ground for cross-disciplinary academic research. A number of priority issues for further investigation are proposed.

## NOTES

1. More specific functions of labour administration are dealt with in other ILO international labour standards. All of the almost 200 Conventions refer to some labour administration function, as ministries of labour and public agencies under their purview are in charge of labour-related policies in most, if not all, ILO member States (Casale and Fasani, 2012). Among these Conventions, two are of particular importance for labour administration: the Labour Inspection Convention, 1947 (No. 81), which obliges each ratifying State to maintain a system of labour inspection to secure the enforcement of legal provisions relating to conditions of work and the protection of workers, and the Employment Services Convention, 1948 (No. 88), which imposes on ratifying States an obligation to ensure the maintenance of a free public employment service.
2. <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C150>.
3. How unusual these reforms were in the political context of the nineteenth century is indicated by the position of the German social-democratic movement, which labelled Bismarck's reforms 'an instrument of "state socialism" ... considered as a political expedient meant to pacify the working classes and break their revolutionary spirit' (Rys, 2010: 35).
4. For example in Italy (1919), Austria (1920), Ireland (1923), Poland (1924), Bulgaria (1925), Germany and Yugoslavia (1927) and Norway (1938) (Judt, 2007: 72).
5. Part XIII of the Treaty of Versailles establishing the ILO provides in its article 427 that '[each] State should make provision for a system of inspection in which women should take part, in order to ensure the enforcement of the laws and regulations for the protection of the employed'.



6. For example France (1905), Norway (1906) and Denmark (1907) introduced the 'Ghent' system through collaboration with trade unions. By introducing the National Insurance Act (1911), the UK spearheaded the introduction of compulsory unemployment insurance.
7. The first trade union fund for the unemployed in the UK (English Foundrymen's Union) was created in 1831. By 1900, similar trade union funds covered some 1.2 million workers.