

## The Jobs Strategy: From Neo- to Inclusive Liberalism?

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While nation states remain key sites for decision-making, increasingly they formulate their policies in the context of a dense transnational web of knowledge networks, operating at different scales. International organisations (IOs) like the Organisation for Economic Cooperation and Development (OECD) constitute important nodes within such networks, helping to identify key policy issues and the 'best practices' for addressing these. In fact, the OECD occupies a special place in such transnational knowledge networks. In contrast to the IOs with a wide membership base that form part of the United Nations cluster, the OECD has operated as a kind of club for advanced capitalist countries, facilitating the coordination of economic policies, the development of a shared approach to development assistance, the promotion of trade and investment liberalisation, and to working out common solutions in a widening range of areas. The OECD also can be considered a pioneer of soft forms of transnational governance. Although it has never possessed the budgetary powers enjoyed by the international financial organisations, its substantial research capacity has enabled it to play an important role as a producer of policy ideas and generator of the raw material for comparative policy evaluation. Finally the OECD has made extensive use of peer review, a technique it pioneered well before the European Union turned to open method coordination. The OECD thus operates as an important source of transnational policy knowledge construction and dissemination.

This paper focuses on the OECD's Jobs Study/Strategy. The Jobs Study was initially intended to be a cross-cutting approach embracing macroeconomic policy, technology and industrial policy, education, training and employment policy and social policy. As it was later translated into the Jobs Strategy, it became a principal means for promoting the neo-liberal<sup>1</sup> restructuring of social and employment policy to its member states (McBride and Williams, 2001; Armingeon and Beyeler, 2004; McBride, McNutt and Williams, 2008). To a certain extent, it also influenced the European Union's employment strategy (Casey, 2004; Dostal, 2004). Yet important modifications were introduced in 2006 with the recognition of an alternative policy path, 'flexicurity.' While the latter accepts neoliberal macroeconomic 'fundamentals,' it breaks with neoliberalism to the extent that it recognizes a positive role for labour market regulations and social policies in promoting security and social inclusion. The revised Jobs Strategy can thus be said to incorporate an important element of 'inclusive liberalism.'<sup>2</sup>

The paper analyses the politics associated with this shift. More specifically, it traces the original translation of the Jobs Study into the neo-liberal Jobs Strategy by the Economics Department<sup>3</sup> and then goes on to analyse the forces that led to the reassessment, with particular attention to the role played by the Directorate for Employment, Labour and Social Affairs (DELSA). First, however, it seems useful briefly to specify the analytical framework, which is located firmly within the constructivist approach to international organisations.

### International Organisations: A constructivist approach

While IOs and the policy networks they help to consolidate contribute to the generation of hegemonic meta-discourses such as neoliberal globalisation, it is important to identify the determinants of the particular stamp each IO contributes to such discourses. As Djelic and Sahlin-Andersson note, 'the travel of ideas is an active process and ideas are shaped and translated differently in different settings. Carriers are active in structuring flows and patterns of diffusion but they

<sup>1</sup> Briefly put, neo-liberalism seeks to roll back the state. In the fields of particular concern here, it aims to deregulate labour markets in the name of (numerical and wage) flexibility and substantially to limit supports for labour market exit such as unemployment, disability and social assistance benefits.

<sup>2</sup> Craig and Porter first used this term (2004) to describe elements common to Third Way and Post-Washington consensus policies. While they see this as simply neoliberalism adapted to 'include' the poor, I argue that although inclusive liberalism shares certain features with its neoliberal cousin it also incorporates elements of social liberalism, notably an emphasis on a role for social policy in promoting the development of human capabilities (Mahon, 2008).

<sup>3</sup> While offering an otherwise insightful analysis of the Jobs Strategy, Dostal (2004) errs in attributing it to DELSA. As we shall see, from the outset DELSA sought to challenge the Economics Department's interpretation. Others (McBride and Williams, 2001; Jacobsson and Noaksson, 2010) have noted but not documented DELSA's attempts to develop and promote an alternative interpretation.

are also *translating the ideas they* mediate, reflecting in the process their own projects and interests' (2006:17 Emphasis added). This is consistent with the constructivist approach to international organisations pioneered by theorists like Barnett and Finnemore (1999 who rejected both the traditional realist position that treat IOs as reflections of state power as well as more recent rational choice-inspired interpretations. While the latter accord IOs a certain autonomy, they assume that they will deviate from the objectives set by nation-state principals because they seek to maximize their budgets and/or spheres of authority. Yet while organisations may seek to protect their turf, 'there is no good reason to presume that such matters exhaust or even dominate their interests. Indeed, ethnographic studies of IOs describe a world in which organizational goals are strongly shaped by norms of the profession that dominate the bureaucracy and in which interests themselves are varied, often in flux, debated, and worked out through interactions between the staff of the bureaucracy and the world in which they are embedded' (Barnett and Finnemore, 1999:706).

To be sure, IOs do not produce policy ideas in a vacuum. Multilateral organisations like the OECD are comprised of numerous directorates and affiliated agencies with links to national states. Thus the OECD's research directions and priorities are set by the managing committee to which each directorate or division reports while the Council of Ministers approves the overall direction. Below this is a myriad of subcommittees and working groups that regularly bring OECD staff into contact with national officials and other experts in their field. It is through these connections, however, that the OECD is able to orchestrate a range of knowledge networks, engaging independent experts and national officials in ongoing dialogue with members of the Secretariat's professional staff.

In conducting research, producing the questionnaires and indicators that guide data provision by member countries, and drafting reports, moreover, OECD Secretariat staff draw on their disciplinary knowledges as well as links to wider policy networks. As economists constitute approximately forty percent of its staff, in much of its work the OECD draws on the discipline of economics. Yet economics is neither a static discipline nor one innocent of normative influence (Rosanvallon, 1989) and, as Rodrik (2007) has argued, while neoclassical economics may be one discipline, it admits of 'many recipes.' In complex organisations like the OECD, such disciplinary knowledge is also typically tempered by what Dostal (2004: 445) has called 'organisational discourse' – 'claims encapsulating long term political projects as defined by the organization in question.'<sup>4</sup> This concept, while building on the insights offered by Barnett and Finnemore, offers a potentially more dynamic view than 'bureaucratic culture.' While the latter focuses on the sediment of past practices, the concept of organisational discourse serves as a reminder that IOs are involved in the production of new projects and through these reshape that bureaucratic culture. Thus in studying an IO like the OECD it is important to identify key studies and policy documents through which such projects have come to be defined. Such texts offer insight into the prism through which the Secretariat has come to view the world. These in turn structure their communication with national officials, other IOs and the public. As Freeman et al argue,

Texts are drafted and redrafted, mobilized and translated in and for meetings; meetings meanwhile take place because documents must be discussed. Those discussions are recorded in new, revised or amended documents, which in turn become objects for new discussions. One marker of successful dissemination therefore is when the report of one conference is discussed at another....By the same token, to involve actors in the production of one document makes it more likely that it will be discussed at other meetings in which those actors are engaged (2009:80).

The initial Jobs Study, examined below, represents such a text, one which has reappeared and been subject to revision. It has played an important role internally, in the discourse of the Secretariat, and in the latter's relationship with the member countries. Finally, the concept of organisational discourse suggests the importance of examining whether and how these discursive themes are translated into calculative techniques through the development of new statistical indicators as these constitute the basis for future benchmarking exercises.

The concept of organisational discourse can be further refined, by distinguishing between its cognitive and normative dimensions. The cognitive dimension refers to the IO's

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<sup>4</sup> I differ here from Dostal who reduces the OECD's discourse to neoclassical economics. Such a definition misses the crucial way in which particular bureaucratic cultures infiltrate and modify disciplinary discourses

identifications of key problems, the factors underlying these and the range of appropriate solutions. As noted above, the OECD's cognitive discourse, embedded in and elaborated by the Secretariat, draws on academic research, especially the discipline of economics, as this is filtered through the policy knowledges it has developed. The normative dimension identifies the organisation's view of "what is good or bad about what is, in light of what one ought to do" (Schmidt, 2008:306). Or, as Barnett and Finnemore argue, "armed with a notion of progress, an idea of how to create the better life, and some understanding of the conversion process, many IO staff have as their stated purpose to shape state action by establishing best practice and by articulating and transmitting norms that define what constitutes acceptable and legitimate state behavior" (2004: 33).

While stressing both dimensions, it is important to remember that cognitive discourses remain inescapably embedded in normative discourses, as Robert Cox so cogently argued (1983:128). The OECD's organisational discourse has always remained within the parameters of a broadly liberal, pro-market paradigm and it has been a steadfast advocate for the liberalization of trade and investment since its inception. Nevertheless it has undergone some important shifts. In the 1960s it operated as an important source for the transmission of 'Keynes plus' policy prescriptions such as active labour market policies and wage and price controls. In the late 1970s, however, it became an early convert to the neo-liberal supply side paradigm, signaled by the release of the McCracken report (1977). As we shall see below, the Jobs Strategy consolidated elements that were already part of the OECD's neoliberal economic policy discourse and sought systematically to apply them in the fields of labour market and social policy, counselling the elimination of labour market 'rigidities,' the promotion of numerical and wage flexibility and the reduction of unemployment and other social benefits.

Yet as Barnett and Finnemore caution, complex organizations like the OECD can generate more than one organisational discourse and this can lead to internal contestation:

Different segments of the organization may develop different ways of making sense of the world, may experience different local environments and receive different stimuli from outside, and may be populated by different mixes of professions or be shaped by different historical experiences. All of these contribute to different local cultures within the organization and different ways of perceiving the environment and the organization's overall mission. (2004a: 41-2)

As we shall see, this was the case in the OECD. While the Economics Department was given license to interpret the Jobs Study in neoliberal terms, DELSA developed its own version, one that challenged the need to sacrifice equality on the altar of flexibility.

### **Constructing a new organisational discourse: From Jobs Study to Jobs Strategy**

The OECD's Jobs Strategy can be seen as an important organisational discourse in part because of the breadth of its reach, encompassing macroeconomic policy, technology diffusion, education and training, social and labour market policy. It also clearly constitutes one of the OECD's long term projects. Following its initial authorisation as the Jobs Study by the Council of Ministers (the OECD's highest decision-making body) in 1992, it was approved in 1994 as the Jobs Strategy, reassessed and reconfirmed in 2006, and is now once again up for review. The construction of the Jobs Study certainly included deliberations at the Ministerial Council meetings 1992-1994 and conferences organised in member countries but the key work was done by the Secretariat. The composition of the team selected from within the Secretariat to develop the proposal reflected the Study's broad scope and its importance to the organisation: the work was assigned to a special team of 12 top officials, drawn from various departments and directorates and placed under the aegis of the General-Secretary's cabinet (Jacobsson and Noaksson, 2010). The team's composition, which included officials from the neoliberal Economics Department as well as the more equity-oriented Directorate of Education, Employment, Labour and Social Affairs (DEELSA),<sup>5</sup> in turn helps to account for more nuanced understanding articulated in the text than appeared in the final recommendations.

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<sup>5</sup> Now DELSA, as in 2002 Education became an independent directorate. For simplicity's sake I shall simply refer to it as DELSA.

That is, the Jobs Study's original picture of the current state of unemployment in OECD countries reflected an awareness of the different choices being made in the trade off between employment and equality. It recognised that the US exhibited buoyant job growth for both high and low skilled workers, but at the expense of widening wage difference and a fall in real wages for the low paid. In contrast, the European Free Trade Agreement (EFTA) countries<sup>6</sup> combined strong public sector job growth and productive industry with low wage dispersion, while exhibiting a pattern of collective bargaining designed to preserve full employment, while investing substantially in active labour market policies (ALMP). Canada and Oceania (Australia and New Zealand) were closer to the US, but offered a more extensive system of social protection and collective bargaining played a greater role in wage determination than it did in the US. The countries of the European Community, like their EFTA neighbours, favoured public sector job growth and limited wage dispersion, but without the latter's success in generating jobs for the less skilled.<sup>7</sup>

What is important is that the analysis in the text offers several ways of handling the challenge, each associated with different norms and institutional configurations. The two main alternatives were the US route of high employment combined with high inequality, which the Jobs Strategy would come to define as 'the' alternative versus the high employment, low inequality route followed by the EFTA, especially the Nordic, countries. The Canada-Oceania example, moreover, suggested that there might even be a variant of the US model capable of yielding more equitable outcomes. The Study thus continued to support policies that combined equity and efficiency. At the same time, it suggested that this might call for new kinds of social policies: 'high unemployment should be addressed....by restoring economies' and societies' capacity to adapt to change. But this must be undertaken in ways which do not abandon the social objectives of OECD societies. Rather, social objectives must be met in new, more carefully-designed ways that do not have the past unintended and undesirable side effects' (OECD, 1994a: 2a-5). In other words, new kinds of social policies were required, of the sort that later came to be seen as part of a new 'social investment paradigm' or discourse, in the creation of which the OECD was to play an important part (Jenson, 2010).

At the same time, the more nuanced picture found in the main body of the text was less visible in the Study's recommendations, reflecting what Sahlin-Andersson (2000) has called the 'editing' function that IO's perform. In other words, despite the claims to value-neutral scientific research, editing is a highly political process that in narrowing the conclusions to be drawn reflects the dominant discourse, in this case a neoliberal economic analysis. Editing tends to be most pronounced in certain parts of the reports – i.e. the executive summaries, introductions and conclusions – which are most likely to be read by time-pressed policymakers.

The final report narrowed the recommendations to the following nine:<sup>8</sup>

1. Macroeconomic policy: while the emphasis on combating inflation and fiscal restraint reflected the dominant view that unemployment was largely structural, the Study recognised that some unemployment may be due to cyclical causes, and thus leaving room for modest demand stimulation;
2. Creation and diffusion of technological know-how: recommendations here reflected neo-classical economics' view of innovation. While acknowledging a role for public investment in basic research and information infrastructure, emphasis was placed on liberalisation of trade, including multilateral agreements on property rights, and on facilitating competition in product markets;
3. Nurturing an entrepreneurial climate, with particular emphasis on measures to support small and medium sized enterprises, especially at the local level;

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<sup>6</sup> In the 1960w, EFTA included Austria, Denmark, Iceland, Finland, Norway, Portugal, Sweden, Switzerland and the UK. The UK and Denmark left to join the European Common Market in the 1970s, Portugal in the 1980s and Austria, Finland and Sweden in the 1990s.

<sup>7</sup> OECD, 1994 part 1a

<sup>8</sup> A tenth – enhanced product market competition – was added later. In the original report, it had actually been "buried" in the recommendations to improve wage and labour costs.

4. Increase work time flexibility: Loosen work time regulations and eliminate tax and social security provisions discriminating against part time work;<sup>9</sup>
5. Increase wage and labour cost flexibility: the recommendations here reflect a belief in the 'market clearing' role of wages: introduce greater wage flexibility; eliminate minimum wages to allow for lower levels for younger workers; and reduce taxes or social security charges on labour, especially for the low paid<sup>10</sup> Together such reforms would pave the way for increased wage differentials.
6. Reform employment security: While recognising that 'employment security through long term contracts can encourage investment in the job training that is hindered by high turnover' (OECD, 1994: 2c 6), the report recommended loosening regulations inhibiting temporary work while limiting incentives embedded in employment security legislation to expand this form of employment.
7. Expand active labour market policies: while reiterating the OECD's longstanding argument in favour of active measures, the report argued for increased targeting, the opening of the public employment service to private sector competition and, if job creation measures are chosen, wages to be set below those on the labour market to encourage ongoing job search.
8. Life-Long Learning: Appropriate measures include increased pre-school education and improvement of the quality of initial education, better school-to-work transition improved incentives for employers and workers to invest in LLL;<sup>11</sup>
9. Reform of unemployment and related benefit systems: 'To limit disincentive effects – while facilitating labour market adjustments and providing a necessary minimum of protection – countries should legislate for only moderate levels of benefit, maintain effective checks on eligibility and guarantee places on active programmes as a substitute for paying passive income support indefinitely' (OECD 1994a: 3b 6).

The OECD's emergent Jobs discourse thus represented a particular mixture of cognitive and normative claims. The latter centred on what had come to be understood as the employment-equity trade off. Although in the text, both values were given equal weight, in the recommendations, equity was largely - though not completely - subordinated to employment. Moreover the existence of at least one clear alternative to neoliberal flexibilisation, i.e. the possibility of combining generous benefits with ALMP and coordinated bargaining to significantly improve the terms of the trade off, had disappeared from view. As we shall see, this normative bias would become even more marked as the Economics Department translated the Jobs Study into the Jobs Strategy.

To be sure, other units within the OECD went on to develop the Study in ways that exhibited a stronger concern with equity. For instance, the Education department (now Directorate) sponsored a major thematic study, *Starting Strong*, which followed up on the original report's recommendations re investment in early childhood education, while the social policy unit developed a social policy discourse that offered an alternative to the cutbacks envisioned in the Study. Based on a dynamic (life course and intergenerational) and gendered view of equity, the new discourse focused on activation as social investment (Mahon, 2009). Perhaps of greater importance for the OECD's concerted pursuit of the Strategy, the employment unit continued to conduct analyses of labour market trends that kept equality concerns to the fore. The latter is examined in the next section. Here the

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<sup>9</sup> Note however that in the main body of the text, the Study had cautioned against the introduction of flexible work time in ways that favoured employers over employees (OECD 1994a: 2c6).

<sup>10</sup> In the text, however, the report recognised that 'it would be unrealistic to expect large long-run declines in unemployment in response to tax shifting'. Concern was also expressed about the growth of low wage employment in the US and it recognised that 'societies have differing views about the acceptable degree of inequality of wage and income distribution' (OECD, 1994a: 2c5).

<sup>11</sup> Interestingly, training investment incentives for enterprises and workers included a levy-grant system of the sort that had been rejected by the Thatcher government

focus is on the Economic Department's reinterpretation of the Jobs Strategy and its attempt to impose it through surveillance and peer review.<sup>12</sup>

Although the Jobs Study had been conducted by an interdisciplinary team, the Economics Department, with its superior resources, was assigned primary responsibility for implementing the Jobs Strategy. It undertook three thematic reviews, perhaps the most important of which focused on rethinking tax, benefits and employment security in light of the need to 'make work pay.' Here the original report's concern to align social and employment policies to support the market-clearing role of wages was given added prominence through the concepts of 'unemployment trap' (generosity of employment benefits undermining willingness to accept low wage jobs) and 'poverty trap' or 'tax wedge' (i.e. high marginal tax rates, especially on low wage workers) (OECD 1996a: 9). Through these studies, the Economic Department translated the Study's recommendations into a series of indicators to be used to develop country-specific recommendations and comparative league tables. These studies also laid the basis for systematic application of the Jobs Strategy discourse via incorporation into the Department's ongoing economic surveys and peer review by the Economic Development and Review Committee (EDRC). In the process, the Department dropped the recommendations on technology diffusion and entrepreneurship as it felt it was 'not yet possible' to develop appropriate indicators' (OECD, 1996:17). It came therefore to focus primarily on employment and social policy. The following examples of indicators used to draw up the Jobs Strategy's league tables show that the Strategy bore an even more marked neoliberal inflection than those that came out of the original Jobs Study.

1. Unemployment and Benefits: Lower replacement rates; shorten duration; strengthen work availability; tighten eligibility; limit possibility of requalification; introduce longer waiting periods; limit early retirement possibilities; tighten invalidity benefits eligibility; reduce taxes on labour income, especially targeting low income workers;
2. Employment Protection more fixed term contracts; easier collective dismissal; reduced severance payments and notice periods;
3. Wages: wider wage differentials; decentralised wage determination; abandon or relax administrative extension of agreements; more use of opt out clauses; moderate or no minimum wage;
4. ALMP: more evaluations; more targeting of long term unemployed and the weak; abolish right to re-qualify for unemployment benefits through participation; increase 'contestability,' i.e. expose public employment services to private sector competition (OECD, 1995, Annex).

This is not to say that equity concerns completely disappeared. Rather they were redefined in a manner consistent with the Department's neoliberal discourse. Thus employment gains to be made by following the Jobs Strategy could be expected partly 'to offset the impact of increased wage dispersion and restricted social transfers on income' (OECD 1995:11). In addition, the Department offered its own definition of dynamic equity: higher wage dispersion as an incentive to invest in human capital formation by low income workers. Wage disparities would thus make it possible for today's low income job to become a stepping stone to higher paying jobs in the future (OECD, 1995:11, OECD 1996a:19).

Thus, charged with primary responsibility for implementing the Jobs Strategy, the Economics Department was able to translate it into terms – and indicators - that fit with its neoliberal cognitive and normative discourses. It was well positioned to pursue this version through recourse to the economic surveys of member countries which in turn were subject to peer review. Its interpretation of the lessons to be drawn was in turn reinforced by the production of regular (and always positive)

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<sup>12</sup> Employment was also kept on the agenda through the European Union's adoption of its employment strategy and through a series of Jobs Conferences that initially brought together the G7/G8 (Detroit, 1995, Lille, France 1996 and Kobe, Japan 1997). All three post-conference communiqués referred to the work being done on these questions by the OECD as well as the ILO. While hewing to the main lines of the original study, these communiqués incorporated elements of an inclusive liberal discourse. Thus the release from the Lille conference moreover noted that 'investing in people was just as vital as investing in capita,' while the Kobe conference was explicitly linked to the Japanese Prime Minister's call for "a caring world", a slogan that would be developed as part of DELSA's new social policy discourse.

assessments of the Strategy's validity (OECD 1995; 1996a; 1997a; 1999). Yet why, in 2004, did the Council of Ministers endorse a request for reassessment that would again give DELSA an important role?

### **Resistance, Contestation and Reassessment**

As we shall see, the impetus for reassessing the Jobs Strategy came from the 2003 meeting of Committee of Labour and Social Ministers. In part, this reflects on-going dissatisfaction with the Strategy on the part of a number of member states – dissatisfaction expressed through the non- or partial compliance documented by others (McBride and Williams, 2001; Armingeon and Beyeler, 2004; Grinvalds, 2008; McBride, McNutt and Williams, 2008) as well as in meetings of the EDRC. Yet as we shall show, the neoliberal Strategy was also contested from the outset within the OECD by DELSA, which had systematically been accumulating evidence reflecting a different organisational discourse, one that drew its normative base from inclusive liberalism. External and internal opposition became all the more effective once a name – ‘flexicurity’ – had been given to such an alternative

Thus while continuing to assert the correctness of its prescriptions, the Economics Department's own studies showed that a substantial number of member countries – especially Germany, France, Italy, Spain – were at best exhibiting only partial commitment to the Strategy. Moreover, the Department provided a selective presentation of the results, choosing the ‘good’ on the basis of their actual performance rather than their conformity to the strategy. Thus ‘while the OECD quite properly claims the English-speaking countries as having adhered to their recommendations, it also inconsistently counts the Netherlands... as a “Jobs Strategy complier”... although it received one of the highest number of recommendations for further action’ (McBride and Williams, 2000:291-2). In fact, in its 1997 report, the Economics Department had to admit that the Netherlands had achieved aggregate wage moderation not only by implementing one of its recommendations (tax reductions) but also through centralised bargaining, in marked contrast to its prescription for decentralised bargaining. In addition, Norway was claimed as a top Jobs Strategy complier, a claim that conveniently overlooked the marked similarity between its policies and those of Sweden and Finland (McBride and Williams, 2000:292).

The Department's own reports also reveal that non-complying member countries were prepared to use their voice in EDRC meetings. Thus *Implementing the Jobs Strategy* noted that there had been some debate about the equity-employment trade off. Yet although ‘certain’ member countries tried to argue that the terms of the trade off could be eased and other ‘continental’ countries asserted that equity was the more fundamental value, some ‘English language’ countries rejected this, arguing that low unemployment was a condition for equity. While noting that the Nordic countries, France and Belgium resisted the Department's prescription of wider wage dispersion, the report dismissed their arguments for greater equity:

... a compressed wage structure and generous social transfers limit the financial returns to private investment in human capital, and it is not clear to what extent public expenditure can compensate for weaker incentives for private investment in this area. There is also a question mark over the effectiveness of much public spending on active labour market policies, suggesting a need for further efforts to raise their efficiency if they are to play a substantial role in affecting the distribution of individual earnings capacities. Thus, it remains an open question whether a policy approach that sees public intervention in post- compulsory education, training and active labour market policies as a substitute for relative wage flexibility is effective, let alone cost-effective, particularly in a world of rapid structural change where shifts in demand for particular skills are likely to exceed the pace at which skill supplies can be adjusted through education and training (1995:12).

It went on to assert that member countries needed to adopt the Jobs Strategy as a whole and urged them to counter domestic opposition by more effectively communicating with their publics (OECD 1995:13).

Resistance continued, but as Grinvalds' analysis of the Danish case suggests, some member countries were also engaged in creative learning. That is, while prepared to accept something of the OECD's message, they were able to draw their own conclusions as to what needed to be done that were consistent with a normative discourse that gave greater weight to equity. Thus in Denmark

'persistent unemployment paired with a crisis of wage inflation discredited old thinking...and opened up a space for new knowledge about structural unemployment and structural reforms to take effect. At the same time, other norms...remained constant, and were the standards by which OECD ideas were judged. As a result, unemployment benefits were not radically lowered and wage disparity was not altered' (Grinvalds, 2008:202). In Sweden too, the Jobs Study infiltrated economic policy debates, helped by the steep rise of unemployment in the early 1990s. While some economists, officials in the Ministry of Finance, and representatives of the bourgeois parties were favourably disposed to the Jobs Strategy's prescriptions,<sup>13</sup> this was not translated into policy in no small part because the Social Democratic party, which did not buy its advice, remained in office for most of the decade (Grinvalds, 2009:23).

The Danish and the Dutch cases are of particular importance because together these gave a name to an alternative to the neoliberal model, i.e. flexicurity. The origins of the term can be traced to the Netherlands in the 1990s (Barbier et al, 2009). Coined by an advisor to the Dutch government, Hans Adriaansens, 'flexibility with security' became central to the policy reforms advanced by the Dutch Minister of Social Affairs and Employment. As the century drew to a close, the Danish too discovered that they had developed a flexicurity model. More broadly, as Barbier et al (2009:93) note, flexicurity's proponents could draw legitimacy from scholarship work in the Netherlands (e.g. Ton Wilthagen, who later became chair of the EU Director General of Employment, Social Affairs) and Germany (e.g. the work of Gunther Schmidt and others at the Wissenschaftszentrum). The naming and academic legitimacy of an alternative provided important support for the emergence of a new discourse capable of challenging the Department's neoliberal discourse. To be effective, however, such ideas also needed purchase within the OECD Secretariat and this they had through DELSA.

As early as 1994, the social policy division of DELSA had begun to outline *New Orientations for Social Policy*. While, like the Jobs Study, it accepted the need for noninflationary growth and fiscal restraint, it also made a case for social expenditure as an investment, particularly in human capital: "the *encouragement of human potential as an end in itself*, as well as to a contribution to market efficiency..." (OECD, 1994b:16, Emphasis added). *New Orientations for Social Policy* also raised the issue of public support for women's integration into the labour market, combining a normative claim for gender equity with economic concerns. These themes were picked up and developed in the document prepared for the 1998 meeting of OECD Social Ministers, *A Caring World* (Mahon, 2009). In addition, the Education Ministers sanctioned a thematic study of early childhood education and care (ECEC). *Starting Strong* would go on to articulate powerful cognitive and normative arguments for public investment in universal ECEC.

DELSA's employment division was also mounting a *de facto* challenge to the Jobs Strategy. In 1996, its *Employment Outlook* returned to the issue of growing inequality, raised in the initial Jobs Study, and went on to document that 1) the incidence of low pay was highest where earnings inequality was the most pronounced, most notably in Jobs Strategy followers, the US and the UK; 2) in countries with higher rates of unionisation and collective bargaining coverage and higher minimum wages and welfare benefits, however, a wage floor exists, limiting the incidence of low wages without necessarily threatening employment creation; and 3) 'countries with higher cross-sectional earnings inequality do not appear to have correspondingly higher relative earnings mobility' (OECD, 1996b:60). In other words, the Jobs Strategy's claims to support 'dynamic' equity also appeared ill founded. The 1997 *Employment Outlook* expanded the normative discourse to include security and provided data to support the claim that 'perceived insecurity...is significantly lower in countries where the unemployment benefit rate is higher, where there is a higher level of collective bargaining and where collective bargaining is more centralised' (OECD, 1997b:130).

DELSA's challenge, combined with continuous push-back from the Nordic and other European countries, left its imprint on the Economic Department's 1999 assessment of the Jobs Strategy. In preparing that report, the Economics Department had not only to consult its key committees (the EDRC, the Economic Policy Committee and Working Party #1, an expert group on macroeconomic policy and structural adjustment) but also the Employment, Labour and Social Affairs Committee (ECLAC) and several officials from other units, including Mark Pearson who had been centrally involved in developing DELSA's new social policy orientation. The 1999 report recognised there were some equity concerns, notably that low wage jobs could become a low wage trap and more

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<sup>13</sup> In addition, work by certain Swedish economists like Lars Calmfors, contributed to the Jobs Strategy, notably on the issues of decentralising collective bargaining and the need to reform active labour market policy (Grinvalds, 2009).



attention was paid to gender and other groups at the margin (Noaksson and Jacobsson, 2003:57). Nevertheless, its main message was that the Jobs Strategy works and it received a strong mandate from the Council of Ministers to continue.<sup>14</sup>

The opening for a more thorough reassessment that would incorporate elements of DELSA's organisational discourse, came with the 2003 meeting of Employment and Labour Ministers. DELSA prepared the background documents for that meeting (OECD, 2003) in which it reiterated the Jobs Strategy's emphasis on cost-effective measures; its concerns about the potential for minimum wage levels and tax/transfer systems to create an 'inactivity trap' and the concomitant need to 'make work pay'; the promotion of activation via benefits conditional on job search and the importance of monitoring job search activities. At the same time, it highlighted the problem of low wage traps associated with the spread of precarious work. It also pressed the point that the problem was not just unemployment but the exclusion of certain groups – young and older workers, women, immigrants and ethnic minorities, people with disabilities – from the labour market. Population ageing meant that this could no longer be tolerated on economic as well as normative (social inclusion) grounds. Integrating these groups, and providing them with opportunities for career development meant that governments would need to promote the reconciliation of work and family life and encourage employers to develop the human capital of the disadvantaged. More broadly, DELSA recognised that 'pursuing more and better jobs, however central an objective, needs to be combined with other social objectives, in particular adequate social protection, a better reconciliation of work and family life, and equity outcomes in line with national preferences' (OECD, 2004:12).

The Employment and Labour Ministers' final communiqué reflected the themes outlined in the *Employment Outlook* and the background document prepared by DELSA staff. In particular, the Ministers' communiqué noted the need for 'improved functioning of labour markets so as to strike a balance between flexibility and security.'<sup>15</sup> It also gave the green light to the Employment, Labour and Social Affairs Committee (ELSAC), serviced by DELSA, to work with the Economic Policy Committee (serviced by the Economics Department) to reassess the Jobs Strategy. In fact, DELSA staff assumed the primary task of doing the analytical work that would underpin the revised Strategy (Jacobsson and Noaksson, 2010: 108).

This opening was also facilitated by growing links between DELSA and the EU's Director General (DG) of Employment, Social Affairs and Equal Opportunities. In developing its own employment strategy (the EES - European Employment Strategy), the DG's office looked to increased cooperation with DELSA for its superior research capacity in the field. The DG Employment became involved in the meetings of the ELSAC and the working part on social policy. It also cooperated with DELSA in developing labour market statistics and initiated other joint projects. Casey (2004) and Dostal (2004) note the impact which such cooperation had on the development of the Commission's employment strategy. Yet the influence worked both ways. This is reflected in the title of the 2003 *Employment Outlook* – 'More and Better Jobs,' a term taken from the EU's Lisbon conference but the Commission had also begun to introduce the concept of flexicurity as early as 1998 (Mailand, 2010: 244). Thus, as Jacobsson and Noaksson suggest, DELSA was able to use the EU to secure the opening it sought via an 'idea boomerang' whereby 'ideas are going from OECD-EU, being enforced by EU Member States and then coming back to OECD' (2010:130).

The revised jobs strategy, outlined in *Boosting Jobs and Incomes* (OECD 2006) acknowledged that centralised bargaining could contribute to employment-favourable outcomes as well as decentralised negotiations. The key breakthrough was reflected in the acknowledgement that there are two routes to success, the 'market-reliant' model favoured by the original Jobs Strategy, which is associated with low unemployment but also with higher income inequality and the alternative flexicurity model, based on coordinated collective bargaining and social dialogue, more restrictive employment protection legislation, more generous benefits, and well-designed ALMP. The latter route is recognised as an effective way to secure low unemployment while minimizing income disparities, albeit at the cost of larger budgets (OECD, 2006:18-19).

At the joint meeting of ELSAC and the Economic Policy Committee in Toronto, 2006, the Ministers agreed that the restated jobs strategy constituted as valid a path to employment creation as the neoliberal path favoured by the original Jobs Strategy. At the same time it reaffirmed the Strategy's four pillars: 1) appropriate macroeconomic policy; 2) removal of impediments to labour

<sup>14</sup> It also touched on women's place in the labour market, but here it focused on workfare for lone mothers ignoring DELSA's case for broader measures to promote the reconciliation of work and family life.

<sup>15</sup> [www.oecd.org/document/30/0,3343,en\\_2649\\_34487\\_155194...](http://www.oecd.org/document/30/0,3343,en_2649_34487_155194...)

market participation and job search; 3) removal of labour and product market impediments to demand; and 4) facilitate the development of labour force skills and competencies. Thus DELSA, with the support of European member countries and the EU, had succeeded in broadening the Jobs discourse.

The table below highlights the similarities and differences in the OECD's jobs discourse as it has developed over time, which in turn reflects the outcomes of important struggles within the organisation as well as between the Economics Department and certain member states. The initial Jobs Study represented a mix of norms and cognitive frames associated with different parts of the OECD. Here a balance was struck between equity and employment, although this was more apparent in the main body of the text than in the edited recommendations. Between 1995 and 2006, the Economics Department was, however, in charge of the Strategy and its normative (neoliberal) perspective is reflected in the country surveys as well as the 1990s reports on the Strategy's implementation. DELSA, however, began to develop a counter discourse, one that recaptured and developed the Study's original themes and provided empirical evidence in support of its claims for the flexicurity option. Finally, with the support of ECLAC, DELSA was given a new opportunity to influence the OECD's Jobs Strategy discourse. While, like the Jobs Study, *Boosting Jobs and Incomes* represented a negotiated product, this time it offered an alternative recognising the importance of equity and inclusion

**Table: Variations on the OECD's Organisational Discourse on Employment**

<b>Discourse</b>	<b>Jobs Study</b>	<b>Jobs Strategy (Economics Department)</b>	<b>Employment Outlook (DELSA)</b>	<b>Reassessed Jobs Strategy</b>
<b>Normative</b>	Employment and "dynamic" equity (i.e., over the life course)	Neoliberal employment strategy to make the labour market flexible by rolling back the Keynesian-welfare state	Inclusive liberalism stressing equity and employment and inclusion of women and others at the margin	A blend of neoliberal flexibility and inclusive liberalism's stress on security and social inclusion
<b>Cognitive: definition of the problem</b>	Growing/stubborn unemployment and wage inequality;	Structural unemployment due to labour market rigidities attributed to regulation and generous social benefits	Inequality and precarious employment social exclusion, ageing	Ageing, unemployment due to rigidities as well as inequality and social exclusion
<b>Cognitive: best practices</b>	Macro stability; product market competition; Work time flexibility; Wage flexibility; Loosen employment protection; Reform benefit systems; Expand ALMP; Life-long learning	Macro stability; product market competition; Wider wage differentials decentralise bargaining, limit minimum wage; More fixed term contracts, ease collective dismissal, reduce severance payment and notice periods;	Macro stability; product market competition; Part time work to promote work-family balance; Coordinated bargaining; Employment protection; Generous benefits linked to activation; Effective ALMPs; to support	Macro stability; product market competition; negotiated work time flexibility; decentralised or coordinated bargaining; employment protection; social policy based on 'mutual obligation'; well-designed ALMP to include

		ALMP – more targeting and close monitoring of job search, increase role for private sector;	integration of women, immigrants, older workers and those with disabilities	marginalised; Life long learning; Work-family balance
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### Epilogue: The Revised Jobs Strategy vs ‘Going for Growth’?

With the acceptance of the revised Jobs Strategy, DELSA won a role in implementation, via its annual *Employment Outlook*, but was this a pyrrhic victory? Certainly DELSA has been able to keep its combined concerns with employment, equality and social inclusion on the agenda. Issue notes prepared for the September 2009 meeting of Ministers of Employment and Labour harked back to the Keynesian era, asking the ministers to consider whether ‘is the standard employment toolkit – with its emphasis on unemployment benefits coupled with a ‘jobs-firs” approach to activating the unemployed – adequate to respond to the crisis? Do these measures need to be reinforced or complemented by other, potentially less conventional measures (e.g. public works schemes and/or labour demand measures)?’ More importantly, the document also proposed another review of the Jobs Strategy in light of the continued rise in inequality and insecurity associated with the global financial meltdown (OECD, 2009a:8). The Ministers concurred, calling on ECLAC to conduct a new review that should ‘assess policies that, while promoting an efficient allocation of labour...also address key concerns associated with workers’ well-being, including rising earnings inequality and segmentation of the workforce between jobs with different working conditions and career prospects’ (OECD, 2009b:4).

At the same time, the Economics Department has clearly not ceded the ground to DELSA. In fact, while DELSA was busy working on the revised Jobs Strategy, the Economics Department’s chief economist had persuaded the organisation to endorse a new study, ‘Going for Growth,’ which was launched in 2005. It has since become an annual publication devoted to ‘deep benchmarking’ (OECD, 2005:5) of a range of ‘structural’ policy fields, many of which were found in the original Jobs Study (e.g. product market competition, education, and employment policies) while adding policy fields the latter ignored, such as policies to reconcile work and family life.<sup>16</sup> There is not the space here to provide a detailed analysis of the first and subsequent Growth reports. While it is clear that the Department has now officially rejected a ‘one size fits all’ approach, growth promotion is accorded a central place. Thus in the words of the former Executive Director, ‘In *Economic Policy Reforms* the main objective targeted is stronger economic growth. Its underlying premise is that growth is essential to create the additional resources needed to address a number of social and equity concerns, and it is therefore key to the search for improving standards of living for all citizens’ (OECD, 2005: 3). And once again recommendations in the area of labour market and social policies include lower labour taxes, decentralise wage formation and/or review minimum cost of labour, reform employment protection legislation and unemployment benefits and activate the long term unemployed.<sup>17</sup>

### Conclusions

The analysis suggests that the OECD needs to be seen as more than a ‘beacon of neoliberalism.’ Certainly, in the hands of the Economics Department, the Jobs Study was translated into a neoliberal discourse that emphasised the paring back of labour market regulations and the employment benefits developed during the heyday of the Keynesian-welfare state. Yet the revised Jobs Strategy legitimised an alternative route, one based on flexicurity, which gives greater weight to equity, security and social inclusion. It does so, however, largely within the parameters set by the original Study. In this sense, it can be said to represent a combination of neo- and postwar social liberalism which Craig and Porter (2004) have labelled ‘inclusive liberalism.’

<sup>16</sup> The first Growth report included a whole chapter on the reconciliation of work and family life that completely ignored the work done on this issue via DELSA’s *Babies and Bosses*, which produced four volumes based on in-depth studies of 13 countries between 2001 and 2005. This suggests that while the Department may consult other units, it continues to rely primarily on its own analyses just as it did during the heyday of the Jobs Strategy.

<sup>17</sup> See for example Table 2.6 (OECD, 2010:68).

Thus the flexicurity option concedes certain neoliberal truth claims. Both versions of the Jobs discourse accepted “sound” macroeconomic policy (fiscal restraint; anti-inflationary monetary policy) and product market competition as essential for employment creation. Moreover, ‘dynamic’ equity over the life course is favoured over equality in the here-and-now. Thus, low wage jobs are acceptable - and in some versions should be encouraged - as a route (back) into the labour market, as long as low wage workers are supported by active measures so they can become ‘stepping stones’ to higher paying, more stable employment. Part time jobs are seen to promote work-life balance even though they mean lower incomes for women, who constitute the majority of part time employees across the OECD. It also accepted that the growth of temporary jobs is linked to partial application of the Strategy (easing up restrictions against fixed term appointments without simultaneously reducing job protection for core workers). At the same time, it softens the impact of these prescriptions by incorporating elements of the social liberalism that underpinned the Keynesian-welfare policies of the postwar era. It does so through the recognition of a positive role for social and active labour market policies in promoting the inclusion of the marginalised and providing adequate security for the unemployed and sufficient benefits to ‘make (low wage) work pay.’

These modifications were secured in part by the actions of the member countries who refused to follow the Department’s injunctions, as others have documented, and who made clear their opposition at meetings of the ECRC as well as at the 2003 meeting of the Committee of Labour and Social Ministers. The ‘naming’ of an alternative may also have helped to advance their cause, especially when this was picked up by the European Commission. In addition to such ‘external’ pressures for change, the revision was also made possible by DELSA’s capacity to forge an alternative discourse within the organisation.

DELSA’s ability to challenge the Economic’s Department’s interpretation supports Barnett and Finnemore’s hypothesis that, like all complex organisation, IOs are capable of developing competing projects, giving rise to internal contestation. At the same time, Barnett and Finnemore’s explanation, centred on the concept of ‘bureaucratic culture,’ offers a more static alternative than the concept of organisational discourse as developed here. To be sure, they claim to address the possibility of change yet in doing so they fall back on the path dependency thesis typical of institutionalist approaches. Thus they argue that ‘existing rules and culture inside an organization strongly shape decisions about the future, foreclosing some options and biasing outcomes towards other’ (2004:43). In contrast, the concept of organisational discourse calls attention to the way in which IOs, or parts thereof, can be engaged in developing new medium term projects, drawing (selectively) on disciplinary knowledge and internal norms. Sometimes these new projects/discourses may follow established paths but sometimes they open new ones. In this case, DELSA opened the way to a (modest) path-shift for the OECD. Its weaker position within the organisation’s hierarchy, however, means that the Economics Department continues to set the broader (still neoliberal) parameters, now pursued through its Growth strategy, with DELSA once again left to keep a more equity-oriented vision alive.

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