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Reforming governance in the Israeli welfare state: The role of organizational settlements beyond the state in instituting change

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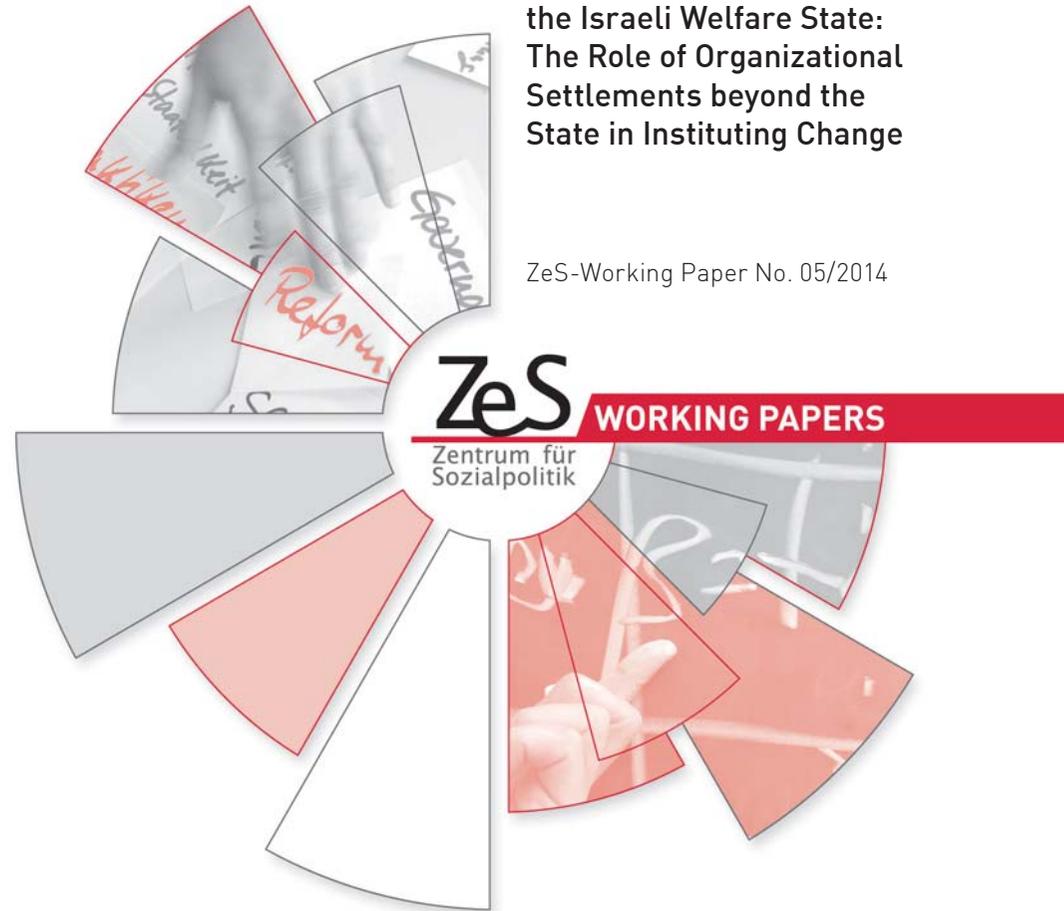
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Asa Maron

**Reforming Governance in
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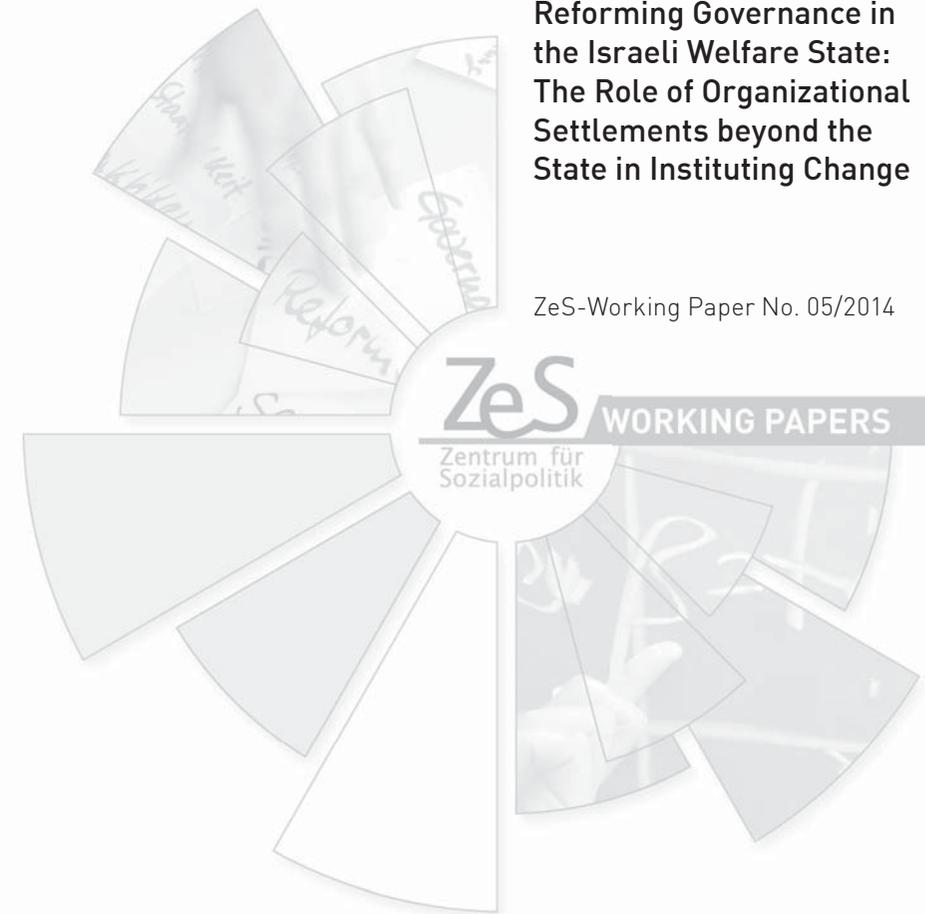
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Welfare state governance reforms are established by new constellations of actors and experimental organizational structures. This paper analyses two most similar cases of governance reforms in two welfare state domains: (1) services for children and teens at risk; and (2) employment services and social security benefits. It utilizes a comprehensive empirical study that surveys reform initiatives and the establishment of innovative governance coalitions formed in order to enable the recalibration of the Israeli welfare state to changing conditions. In both cases, preliminary deliberations of senior bureaucrats were able to establish change coalitions, which were vital in order to overcome bureaucratic stalemates that result from path-dependent administrative legacies. Notwithstanding, governance coalitions differ in their ability to institutionalize new governance configurations within the state: while the new configuration for governing services for at risk populations won political legitimacy and was instituted, the welfare governance configuration suffered from political illegitimacy and was ultimately abolished. By focusing on the organizational aspects of welfare state reform, the paper argues that tentative coalitions' potential to transform into legitimate and sustainable governance configurations depends on their ability to establish inclusive organizational settlements between agencies with different interests, beyond the bureaucratic structure of the state.

Wohlfahrtsstaatliche Regierungsreformen werden wesentlich von neuen Akteurskonstellationen und experimentellen Organisationsstrukturen bestimmt. Das Arbeitspapier analysiert zwei sehr vergleichbare Regierungsreformen in zwei Politikfeldern des israelischen Wohlfahrtsstaates: (1) Leistungen für gefährdete Kinder und Jugendliche sowie (2) Arbeitsvermittlung und Sozialleistungen. Dafür wird auf eine umfassende empirische Studie zurückgegriffen, die sowohl Reformanstöße als auch die Etablierung innovativer Regierungskonstellationen untersucht. Und zwar jene, die eine Anpassung des israelischen Wohlfahrtsstaates an sich ändernde Rahmenbedingungen ermöglichen. In beiden Fällen wurde die Bildung neuer Koalitionen durch Beratungen von Dienstälteren ermöglicht. Für die Überwindung des bürokratischen Stillstandes, der als Resultat vorangegangener verwaltungstechnischer Altlasten im Sinne der Pfadabhängigkeitstheorie verstanden werden kann, waren diese unerlässlich. Ungeachtet dessen unterscheiden sich Regierungskoalitionen in ihrer Fähigkeit, neue Regierungsstrukturen innerhalb des Staates zu errichten: Während die Neugestaltung von Staatsleistungen für prekäre Bevölkerungsteile an politischer Legitimität gewann und demnach institutionalisiert wurde, fehlte es den sogenannten Workfare-Leistungen an jener Legitimität, was schlussendlich zu deren Abbau führte. Mit Blick auf die Organisationsaspekte von Wohlfahrtsstaatsreformen argumentiert das Arbeitspapier, dass das Entwicklungspotenzial von vorläufigen Koalitionen hin zu legitimen und dauerhaften Regierungsstrukturen vor allem von deren Fähigkeit abhängig ist, inklusive Organisationsstrukturen zu schaffen, welche Ausgleich zwischen verschiedenen Interessensgruppen fernab der bürokratischen Staatsstruktur ermöglichen.

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1. Introduction

Welfare state governance reforms strive to establish new governance configurations: constellations of actors and experimental organizational structures forged in order to change the instruments and (potentially) objectives of the state. New types of state and non-state organizations as well as new intra-organizational relations are introduced in order to establish more efficient and productive modes of managing social problems. However, recalibrating the state is rather difficult as instituted administrative traditions and governance patterns favour continuity and reproduce a certain division of labour, authority and autonomy between different units of the state (Painter/Peters 2010; Pierre 2012). New governance coalitions may facilitate change by producing less structured administrative platforms where new governance configurations may be gauged – and here lies both their virtue and vice: while such platforms may transcend deadlocks embedded in the bureaucratic structure of the state and enable novel collaboration and change, they are under instituted and thus unstable and tentative.

This paper asks under what conditions new governance configurations will become instituted arrangements embedded in the structure of the state. It will be argued that political legitimacy remains essential in explaining the endurance of new governance configuration, even when these are formed and practiced beyond the formal organizations of the state. Organizational aspects matter: Political legitimacy depends on the ability to form

an organizational settlement that contains and relaxes possible tensions and struggles between engaged state units. This argument is substantiated by comparing two most similar cases of welfare state governance reform in Israel which differ in their endurance. In the first case, the governance coalition encompassing bureaucratic agencies with different interests was able to form an organizational settlement in which conflicts were negotiated and contained. This inclusive settlement won political legitimacy and received the support of the government to become a widespread policy project. In the second case, a similar governance coalition failed to produce a common organizational structure. As a result, uncoordinated unilateral acts based on distrust led to the exclusion of welfare state agencies, and consequently, to the loss of political legitimacy and the policy project was brought to an end.

Scholarships on New Public Management (NPM) and governance reforms undervalues the role of political contestation in the design, development and outcomes of respective reforms, and frequently mutes the impact of inter-organizational tensions and conflicts on the reconfiguration of the state (but see: Clarke/Newman 1997; Newman 2001). Based on an international macroscopic comparison, Pollitt and Bouckaret (2004: 94-96) argue that the establishment of “reform enabling” organizations and structures is indicative (along with a mode of intensive top-down implementation) of comprehensive

reform outcomes. According to their account, new organizational structures are mainly the result of merges and divisions in the context of coordination and specialization initiatives at the macro government as well as micro street levels (ibid.: 81-86). Too often, scholars depict such organizational changes as consensual developments that follow a rational and universal logic of efficiency, although they are potentially fraught with tensions and conflicts: some arise from changing the borders of entrenched bureaucratic turfs, others from political effort to privilege one type of governance logic over others (Clarke/Newman 1997; Merrien 1998).

Governance reforms in Israel serve as a critical case in which administrative change is particularly hard to establish due to a highly centralized bureaucratic culture, an overly dominative Ministry of Finance (MoF), and unstable political conditions (Galnoor/Rosenbloom/Yaroni 1998; Mizrahi 2013; Nachmias/Arbel-Ganz 2005). Disagreements and sometimes even conflicts between state agencies are important variables in explaining failures to establish NPM and governance reforms (Galnoor/Rosenbloom/Yaroni 1998; Nachmias/Arbel-Ganz 2005). While inter-ministerial coordination, not to say collaboration, creates a challenge for reform in most if not all countries (Christensen/Lagreid 2007), in Israel it forms a deadlock: All attempts to lead a comprehensive top-down reform of public administration failed (Galnoor 2007).

This article explores the development and outcomes of two welfare state governance reforms, i.e. cases in which new policy instruments and governance

mechanisms were introduced in order to establish an innovative approach to manage social problems (Dingeldey/Rothgang 2009). As a result of embedded bureaucratic deadlocks, propelling reform in both cases necessitated a withdrawal from the bureaucracy of the state into non-state administrative platforms. In the first case, a locked-in institutional reproduction maintained the dominancy of out-of-home dormitory care for at risk children and prevented the development of cost-efficient community care models. The establishment of an inclusive organization outside the state with a capacity to produce trust, contain conflicts and decrease struggles between engaged state agencies generated political legitimacy and enabled the institutionalization as a new welfare state arrangement. In the second case, the autonomous status of the Israeli Employment Service, and its strong labour union, prevented the transition from passive into active labour market policy. Inability to produce an inclusive organization outside the state enhanced distrust and led to the exclusion of engaged state agencies, and subsequently, to the production of political illegitimacy and abolishment by the Knesset. In both cases, overwhelming power resources practiced by the MoF and the development of distrust were central in impeding change. On the other hand, leaving the bureaucratic structure of the state carried a potential to form a new inclusive organizational structure that contains tensions and fosters collaboration between discontented bureaucrats.

The paper starts by discussing the organizational aspects of welfare state change focusing on the path-dependent lock-in effect of administrative traditions, and how these may be bypassed. The paper then turns to explain the paradoxical outcomes of structural changes in the state that concurrently advanced liberali-

zation and centralization within the state, and moves on to compare two attempts to establish welfare state governance reforms under such challenging conditions. The final section concludes and argues in favour of reform accounts more sensitive to the role of conflict and organization in the reconfiguration of the welfare state.

2. The Changing Organization of the Welfare State

The organizational dimension is an important albeit understudied theme in welfare state research, especially from a comparative perspective. Some scholars have pointed out that in order to fully capture the nature of welfare state change there is a need to understand not only fluctuation in the 'social settlement' of the welfare state, but also to acquire a deeper understanding of transformation in its underpinning 'organizational settlement': A web of inter-organizational relations between the units that make up the state, which embed the 'what' and 'how' of state conduct (Clarke/Newman 1997). Over time, organizational settlements institutionalize to create administrative legacies: Path-dependent institutional arrangements which reproduce and structure a "division of labour between units and ministries within the state, modes of coordination, and types of hierarchies" (Bezes et al. 2013: 151; see also: Painter/Peters 2010). An organizational settlement is never neutral; it reflects past contestations between state

units, and each strives to engineer organizational structures that privilege its position, autonomy, and interest over others (Moe 1989).

The institutional reproduction of administrative traditions is not automatic. Rather it is the outcome of ongoing complementary actions practiced by institutional actors. Thus, coordinated interaction between engaged institutional actors is vital in both maintaining and changing institutions (Mahoney/Thelen 2010). Institutional actors have complex motivations for change (ibid. 2010) and sometimes even mixed change continuity motivation, i.e. an interest in changing only those aspects that constrain its resources and/or autonomy. Bezes and his colleagues importantly emphasize that coordination initiatives are not neutral, and potentially conflictual, as "the wish to coordinate is often greater than the wish to be coordinated" (Bezes et al. 2013: 150). Put differently, such initiatives may challenge the autonomy of other agencies engaged in

the entrenched pattern. Changing modes of coordination may challenge at least two types of autonomy: First, policy autonomy, i.e. the ability to determine the structure and content of policy, its instruments, goals, outputs, and implementation procedures; and second, financial autonomy, i.e. the ability to raise and allocate funds independently (Verhoest et al. 2004).

In order to propel change, actors need to undertake strategic initiatives by working within existing institutions or around them (Streeck/Thelen 2005; Mahoney/Thelen 2010). Experimenting with new configurations of governance and assembling new change coalitions provides such actors potential platforms where new modes of coordination can be tested and advanced. Coalitions are coordinated constellations of actors formed to advance political goals. Within the growing contestation over welfare state institutions, the capacity of institutional actors to make and remake coalitions in order to propel institutional change toward desired ends is pivotal (Mahoney/Thelen 2010; Palier 2005; Hall 2010; Thelen/Hall 2009; Weir 2006). Coalition-building plays a central role in establishing support for (or at least decreasing resistance to) change by recruiting potential opponents and allying potential collaborators. Palier (2005) suggests that in order to assemble reformative welfare state coalitions in a fragmented polity it is imperative to establish "ambiguous agreements" that enable institutional actors with conflicting interests to converge toward common policy solutions (ibid.: 135). Notwithstanding the importance of ideas in the preliminary formation of coalitions, this paper follows

Hall's material guideline: "where institutional change depends on the formation of a favourable coalition, analysts cannot neglect collective action dilemmas and the organizational structures that facilitate or impede coalition formation" (Hall 2010). Since collective action requires ongoing cultivation, organizations play a fundamental role in coalitions' ability to institute long run collaboration and form sustainable new configurations of welfare state governance.

Along with coalition-making, experimenting with new modes and forms of governance in social and employment policies has become a common change strategy in economically advanced welfare states during the last decade (Zeitlin/Trubek 2003; Peck 2001). Experimentation has proved to be supportive of institutional change initiatives attempting to transcend constraining administrative legacies and change the structure of the state (Carpenter 2001; Rogers-Dillon 2004). Experiments most prominent functions are: "(1) to build new institutional structures to support a favoured policy – these include creating physical infrastructure and professional networks and coalitions (...) and (2) to legitimate favoured policy ideas" (Rogers-Dillon 2004: 170). This paper argues that the organization of the experiment – and in the longer run the governance configuration it wishes to institute – is central in obtaining political legitimacy. Particularly important is the manner in which this organization contains and relaxes tensions and conflicts embedded in administrative tradition and/or inflated by attempts to reform such institutions. The organizational design of

collaborative attempts is crucial for *de facto* collaboration-building. An inclusive structure that encompasses all relevant stakeholders serves three purposes: First, it fosters deliberation between actors with different perspectives and is therefore able to obtain more relevant knowl-

edge regarding the common problem; second, it fosters legitimacy, based on the assumption that deliberation breeds consensus; and third, it prevents the formation of counter-coalitions by excluded actors (Ansell/Gash 2007: 555-556).

3. Methodology

This research is based on a comprehensive study of two cases of welfare state governance reform in Israel between 1990 and 2010: (1) the transition toward community services for children and teens at risk; and (2) the attempt to activate employment services and social security benefits. While a quantitative assessment of large-N studies offers an overview on conspicuous macro level trends, an in-depth qualitative analysis of exploratory small-N studies may reveal important insights into the micro politics, organization, and endurance of welfare state governance change. The main hypothesis is that inclusive organizational settlement will be better able to absorb and contain conflict and as a result have better chances of acquiring political legitimacy and become a more stable state configuration. In order to test this, the research design matches two 'most similar cases' that differ only in (1) their organization of new governance configurations and, consequently, (2) the political legitimacy and endurance these configurations generate

(Gerring 2007: 131-139); the following variables demonstrate a broad cross-case similarity:

- During the first years of implementation, both cases were affirmative examples of reforming the governance of the welfare state, i.e. attempts to obtain new socio-economic goals by introducing new governance instruments and mechanisms based on imported policy ideas.
- Both reforms target underprivileged populations and are based on residual welfare logic.
- Both reforms involve a very similar set of actors and the reform process unfolded within the same time frame.
- In both cases, only when exiting the bureaucratic structure of the state, new paths toward reform were enabled.
- Due to strong administrative resistance to institutional change, a similar pattern of institutional 'layering' (Streeck/Thelen 2005) developed in both cases.

The analysis is based on a thorough collection and comprehensive analysis of administrative documentation obtained in bureaucratic and other administrative platforms of state conduct, 49 semi-structured interviews with senior bureaucrats who played key roles in both reforms, as well as secondary sources. Interviews supplemented documented evidence in tracing a historical-institutional change process and outcomes (Collier 2011) by

gauging organizational actors' interests and preferences, inter-organizational relations (control/autonomy, distrust), and the strategies deployed in these contexts (e.g. preferring certain administrative platforms and organizational structures over others). The interviews examined a similar set of themes and used adjusted questions according to interviewees' positions and episodes of engagement.

4. Liberalization, Centralization, and Administrative Stagnation in the Israeli State

The Israeli welfare state regime is characterized as conservative and dualist. It was born as an integral part of a nation building project, and as a result played an active role in unequally allocating resources and access to protection schemes according to criteria of citizenship, nationality, ethnicity, gender, and contribution to national projects (Shalev 1992; Rosenhek 2007; Ajzenstadt/Gal 2001). The peculiar historical crystallization of the Israeli labour movement made the General Federation of Labour (*Histadrut*) the owners of vast economic enterprises and a major employer (Shalev 1992). The *Histadrut* was pivotal in collective bargaining, supporting strong sectors of the labour force and providing selective occupation-based welfare. For many years it resisted universal welfare provisions, and thus contributed to some of Israel's attributes as a welfare

state: laggardness in enacting basic social rights of citizenship; a comparatively low level of entitlements' generosity and coverage; the absence of social partners from the governance of most welfare schemes; and, consequently, the dominant role of state bureaucracies in their stead (Shalev 1992; compare with: Ebbinghaus 2010). Commencing at the onset of the 1980s, an intensive process of economic liberalization driven by the state, significantly undermined the role of the *Histadrut* in the political economy, and ended its role in the governance of welfare in 1994 (Shafir/Peled 2000; Shalev 2004).

As a result of a severe macro-economic crisis, the Emergency Economic Stabilization Programme was launched in 1985 by the state in order to stop hyper-inflation and decrease the deficit via budgetary cutbacks, wages and prices

restraining, as well as exchange rate fixation. Fundamentally, the stabilization programme enabled a reform of the institutional architecture of the state by disempowering the *Histadrut* and increasing the autonomy and authority of the Israeli MoF and the National Bank, reconstituting both as dominant agencies in the design of social and employment policies (Maman/Rosenhek 2011; Ben-Bassat/Dahan 2006). Throughout the 1990s and into the 21st century, the Israeli MoF became one of the most powerful units of the Israeli state, inflicting great influence on redistribution and entitlement by deregulating labour and financial markets, privatizing public enterprises and services and downsizing the public budget (Shalev 1999). Changed power relations between state agencies led to a dramatic alteration of the conditions under which welfare state institutions and settlements are interpreted, challenged and reformed (Rosenhek 2004, 2007). Under these conditions, some scholars identify far reaching trends of re-commodification and a general trend towards a liberal welfare state regime (e.g. Doron 2007; Filc 2004) while others argue that, nonetheless, core welfare state schemes remain relatively stable (Rosenhek 2007; Shalev 2008).

As a result of the abovementioned structural changes of the state, the MoF, and particularly its Budgetary Division (BD), became the central and most influential unit in the design and implementation of the state budget (Ben-Bassat/Dahan 2006: 33). Following the stabilization programme, the BD anchored its institutional achievements in terms of power and autonomy vis-à-vis politicians and

other bureaucrats. The need for centralized control originated with the traumatic experience of 'losing control' during the 1970s and the beginning of the 1980s, when (1) conditions of low inflation and growth transformed into growing deficits and inflation, and (2) deep distrust emerged between bureaucrats and politicians. The failure to stop growing expenditure and the loss in budgetary control (Noybach 1994; in Deri/Sharon 1994: 16-18) generated a new philosophy in which politicians as well as other bureaucrats are perceived as incompetent and populist, and thus untrustworthy of governing autonomously.

The BD developed a 'compulsory need' to control the budgets of all other units (Noybach 1994; Deri/Sharon 1994: 16-18) in order to prevent breaches in the austerity it enforced. In comparative perspective, the BD is rated second among OECD states in the degree of centralization of the budgetary process, without even accounting for one of its most powerful instruments (Ben-Bassat/Dahan 2006: 30): The Appropriations and Reconciliation Omnibus Law (*Hok Hahesderim*), i.e. a powerful emergency executive mechanism which enables the MoF to promote socio-economic legislation with little parliament supervision (Nachmias/Klein 1999). The MoF's vast control over the budgetary process undermined the authorities of democratically elected politicians (Ben-Bassat/Dahan 2006; Deri/Sharon 1994), and excluded other bureaucrats from the budgetary process, thereby deeply impairing their ability to conduct long term planning and to develop new policy lines. Importantly, the Prime Min-

ister and the Minister of Finance hold a veto authority in regard to BD recommendations, yet these are most often supported without reservations (Nachmias/Klein 1999).

The abovementioned discrepancies in power resources produced broader and deeper divergence between state units' interests and policy preferences. In its post-developmental state era, Israel presents an interesting case where conflicts and struggles between various state units are very common. As a result, social and administrative policy making became highly contentious, leading to stalemates and stagnation in many policy fields. An inability to coordinate policy change led to ad hoc innovation and bargains (Gal-

noor 2007). In the rare case where bottom-up initiatives were able to advance confined change, a gradual development of trust-based compromises between bureaucratic agencies played an important role (Mizrahi 2013).

In this context, attempts to use the capacities of non-state organizations not only for policy provision but also for policy design purposes became noteworthy during the 1990s. I shall now turn to explore two empirical cases in which the locus of deliberation and subsequent governance shifted to extra-bureaucratic arenas under the capacity of a strategic non-state partner of the Israeli state. Nonetheless, the utilization of this extra-bureaucratic potential was quite different.

5. Reforming Social Services for Children and Teens at Risk

Growing public and political attention to the problem of domestic abuse increased the awareness concerning a pressing social problem, i.e. disadvantaged children, teens and their families during the 1990s. An estimation according to which 350.000 children and teens are at risk¹ underscored the deepening gap between available resources (budgets, personnel, service infrastructure) and newly recog-

nized needs in the Israeli welfare state. In 1995, a committee was appointed by the Minister of Welfare and Labour (MoW) to investigate what was defined as a 'burdening sense of crisis', as public services for children at risk were unable to respond to mounting reports of domestic violence and child abuse.² Due to a specific national policy and administrative legacy, residential out-of-home care was the dominant form of public service for at

¹ Ministry of Welfare and JDC-Israel 1996; Interview 1 2010.

² Schnitt 1996.

risk families and their children, with only meagre community family-supporting services (Yaffe 1982; Wazner 1996). Two lock-in institutional mechanisms reproduced this path-dependent administrative legacy and constrained change: First, the quota system in the context of fiscal austerity. The budget for out-of-home placement in dormitory care was designated in per-capita quotas that could only be utilized for this purpose. This form of budgeting disabled the MoW's ability to convert budgets and develop new programmes of community care, and enhanced the BD's capacity for budgetary control.³ Second, the dormitory organizations form a strong interest group that benefits from the status quo⁴ and supports it via the mobilization of senior bureaucrats and politicians (Yaffe 1982; Wazner 1996). Within this locked-in administrative tradition, the MoW enjoyed little financial autonomy; this is reflected in various policy initiatives and continuous attempts to 'fish' for complementary private resources during the 1990s. Concomitantly the MoF enjoyed scant policy autonomy, and was obligated to finance an expensive and inadequate care system.

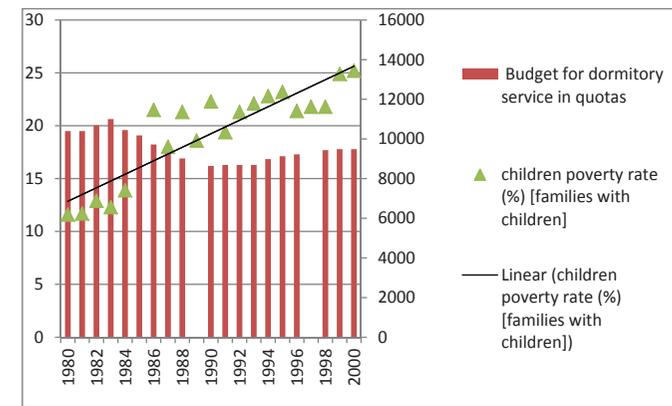
In light of the quota stability throughout the 1980s and 1990s, the growing recognized needs during the 1980s signified a gradual process of institutional 'drift', i.e. an increasing discrepancy between social needs and social protection

schemes (Hacker 2005). *Figure 1* demonstrates these intersecting trends. Although change was essential, no change trajectories seemed to be viable. The expansion of dormitory services was ruled out by the BD for being excessively expensive, inflexible and thus inefficient.⁵ The ability of the MoW to develop alternatives however was limited due to the abovementioned constraints. Moreover, the BD rejected various policy initiatives by the MoW on the account of distrusting its ability to undertake a comprehensive change due to its long lasting commitment to the dormitory establishment⁶ and its politicization and cliental orientation following the 1996 elections (i.e. being controlled by the SHAS party since 1996 it informally diverted many resources to selectively support ultra-orthodox Jewish communities).⁷ BD rejected collaboration and conditioned funding on the development of cost-efficient provision of care.

5.1 ESTABLISHING A 'COMMUNITY GOVERNANCE' COALITION

During the 1990s, the community paradigm gained prominence among the senior officials at the MoW, who engaged in social learning events (seminars and professional excursions) organized by international non-governmental organiza-

Figure 1: Budget for dormitory placements and the rate of children in poverty 1980-2000



tions (NGOs).⁸ The community paradigm postulates that public services must not replace parents but empower them to be competent care givers. Social learning manifested in three policy initiatives launched by the MoW from 1993 to 1998, in an attempt to empower local actors and advance new community-oriented policy solutions. In particular, the MoW undertook significant efforts to augment new resources and budget the 'National Master Plan for Children and Teens At-Risk and Domestic Violence' (1998) headed by its Director General. However, the BD blocked these initiatives and denied the

allocation of additional resources.⁹ This is interesting as the BD supported the community paradigm which underscores not only the viable role of the family, but also the vital role of new modes of flexible budgeting, service provisioning, and the engagement of voluntary non-state actors (NGOs, businesses, volunteers) in the cost-efficient mitigation of risk. Via the community paradigm, the BD could advance its pivotal interest in maintaining austerity, by using existing budgets efficiently to cater for the needs of more children.

It was in this context that the MoW and the JDC-Israel organization contemplated a new collaboration aimed to raise new resources and develop policy solutions for

³ Interview 8 2010.

⁴ Ashalim, the Association for Planning and Development of Services for Children and Youth at Risk and their Families 1998: 216-17; Interview 1 2010; Interview 8 2010.

⁵ Ashalim, the Association for Planning and Development of Services for Children and Youth at Risk and their Families 1998: 216-17; Interview 1 2010; Interview 8 2010.

⁶ Interview 1 2010; Interview 8 2010.

⁷ Sherry 1998 a, b.

⁸ International Initiative for Children, Youth, and Families; Israeli Ministry of Welfare; Israeli National Initiative for Children, Youth and Families; Michigan Family Independence Agency Administration for Children and Families 1999a, b; Family Resource Coalition of America and the International Initiative 2000.

⁹ National Insurance Institute of Israel 1997; Ashalim Executive Board Committee 2002.

children and teens at risk. JDC-Israel is a historically committed strategic partner of the Israeli state.¹⁰ It is the Israeli branch of the American Jewish Joint Distribution Committee (JDC), i.e. a non-profit organization founded in 1914 in order to support Jews and Jewish communities worldwide. Following the establishment of the state, JDC-Israel became a pivotal partner of the Israeli state by hosting, managing and budgeting different social programmes in the fields of welfare, health, immigration absorption and education, thus producing an administrative tradition of joint policy ventures with the MoW. This tradition made JDC-Israel a potential extra-bureaucratic platform for innovation.

The director generals of the MoW and JDC-Israel understood that, in order to become effective, bringing the BD on board and winning its support was essential. The BD was reluctant at first but could later be convinced thanks to its positive appraisal of JDC-Israel: its professional capacity, organizational flexibility, philanthropic resources, and public legitimacy.¹¹ This coalition between the MoW and the BD was based on an ambiguous agreement regarding the need to develop community-oriented services in order to cope with growing risks of children and teens.

¹⁰ Other strategic historically committed non-state partners of the state include: the Jewish Agency for Israel, the Jewish National Fund, and the Rothschild Foundation.

¹¹ Interview 1 2010; Interview 7 2010; Interview 8 2010.

5.2 EMBEDDING THE COALITION IN AN INCLUSIVE GOVERN- ANCE CONFIGURATION

The community governance coalition crystallized into an independent non-governmental organization in 1998 called ASHALIM. Its mission statement was: "helping the service system in fulfilling its mission by serving as a fertile ground for new initiatives unchained by the existing constraints, by deepening the common responsibility and motivation of all engaged actors to develop and implement innovative, professional and successful services" (ASHALIM three-year programme 1998: 3). By localizing international knowledge regarding the negative outcomes of dormitory care and the merits of family empowering community services, ASHALIM focused on developing new models of community care programmes, testing their efficiency in pilot experiments, and later managing their implementation by local NGOs (and to a lesser extent, municipal welfare departments). Its budget was based on a matching financial arrangement between the state and JDC-Israel,¹² each contributing about three million U.S. dollar annually. Various deliberation forums convened regularly in order to govern the conduct of ASHALIM: the founding commission, executive board, and professional sub-committees. These forums were manned equally by senior bureaucrats representing the MoW and the BD (and other ministries such as Education and Health) as well as JDC-Israel senior personnel.

¹² The UJA federation of New York served as a third party until 2008.

The establishment of ASHALIM as an organization was an important step towards the consolidation of the coalition, yet it did not settle the fundamental differences between the MoW and the BD. The BD intended to use ASHALIM as an opportunity to advance institutional change in the form of 'conversion' (Streeck/Thelen 2005) by gradually converting resources from dormitory to community services, and ultimately terminating the dormitory service alignment, in order to produce flexible cost-effective services via the community.¹³ On the other hand, the MoW hoped to develop additional care services. By gaining access to new resources, the MoW intended to develop new community models but also to increase its overall resources to meet growing societal needs and risks. During 1998 and 2004, ASHALIM's total budget was (including philanthropy) 56.5 million U.S. dollar (annually about eight million). This was a major achievement for the MoW, as expanding (or even redeploying) its limited resources was impossible.

Conflicts over the goals of ASHALIM and its role in reforming the Israeli welfare state were central in the ongoing management of the organization. However, an inclusive organization made it possible to contain conflicts and struggles and keep the coalition together, and enabled an ambiguous settlement. Focusing on maintaining budgetary control, an important goal for the BD was to prevent a slip of resources towards undesired ends. This was established by channelling statutory budgets directly to ASHALIM

¹³ Interview 1 2010; Interview 8 2010.

in order to separate it from Ministerial budgets and to secure the BD's budgetary control. Moreover, it strove to gain control over the budgetary commission of ASHALIM: a central organizational node in control of ongoing budgetary and policy decisions. The dilemma of how to incorporate new policy models into the existing care system was critical; the BD favoured omitting 'old' services and converting their budget to new ends, while the MoW endorsed adding new resources and new services on top of the existing care system. This formed a fundamental and unresolved dispute within the organization. The dispute continually occupied ASHALIM deliberation forums. The MoW kept arguing that, in light of mounting risks and societal needs, more resources were needed. The BD opposed the option that ASHALIM will provide extra funding to support new programmes on top of old ones¹⁴ and continuously argued that the MoW had to take responsibility, change its budgetary priorities and close old programmes and services in order to incorporate and finance new community services that were developed. This was vital in order to maintain budgetary discipline and keep austerity intact, in order not to create a fiscal 'burden' on the state.¹⁵

The organizational confinement of conflict did not rule out unilateral strategic action in other arenas. Although the MoW forfeited its policy autonomy within ASHALIM, when opportunities to advance its interest via parliamentary

¹⁴ Ashalim Executive Board Committee 1998, 1999, 2000, 2001.

¹⁵ Committee for improving Children's status 2001; Interview 2 2009.

politics opened up, senior MoW bureaucrats enthusiastically supported Knesset members who promoted the enactment of social rights that will force the BD to allocate additional budgets for children and teens at risk.¹⁶ Notwithstanding, this did not undermine the collaboration within ASHALIM. The common organizational structure contained the disagreements and safeguarded the collaboration, maintaining focus on the development of new policy projects while maintaining ongoing deliberation over disagreements.

5.3 EXPERIMENTATION, POLITICAL LEGITIMACY AND INSTITUTION WITHIN THE STATE

During 2003 and 2004 the new governance configuration embedded in ASHALIM produced two wide policy experiments in order to facilitate a comprehensive transition from the old dormitory service regime towards a new community service regime. These policy initiatives gradually provided municipal welfare departments with financial autonomy in order to convert fixed dormitory quotas to flexible community budgets according to local needs surveys, and to readjust local service regimes towards the community. The political legitimacy of the configuration was reflected, first and foremost, in the support of the government and its decision to expand the community ori-

¹⁶ Committee for improving Children's status 2000; Labor, Health and Social Affairs Committee 2007.

ented arrangement formed in ASHALIM into a national policy project. In 2003, Prime Minister Ariel Sharon appointed a national task force in order to define the problem and offer a policy solution. A year later, Prime Minister Ehud Olmert's government embraced the committee's recommendations (government decree no. 477, 12 September 2006), approved an additional annual budget of 35 million U.S. dollars, and launched a national programme for at risk children and teens. An inter-ministerial steering committee, including representatives of the MoW, the BD, ASHALIM and four other relevant Ministries, was formed in order to manage the programme. The programme's main charter was developing local community service regimes in 56 municipalities with an underprivileged and poor population, thereby targeting merely fifty per cent of the national at risk population. Moreover, the programme was residual as rights were not guaranteed but conditioned upon local management and availability of resources. In spite of being a partial and tentative solution for Israeli at risk children, the national programme was based on the governance principles and policy models that were established in ASHALIM, and fundamentally, the mutual trust and compromise between the MoW and the BD which were developed during ongoing deliberations within an inclusive extra-bureaucratic administrative platform. This conferred legitimacy on the community governance configuration, thereby contributing to its endurance as a stable new welfare state arrangement.

6. Reforming the Governance of Employment Services and Social Security Benefits

Long term unemployment became a pressing social problem in Israel during the 1990s with the dramatic growth in unemployment rates and public spending for labour substituting schemes, social security benefits in particular, which reached a climax of 128.428 beneficiaries (in 2000) and a total cost of 873 million U.S. dollar in 2001 (Gal/Achdut 2007: 80). Social security benefits in Israel are administered by the National Insurance Institute (NII) and the Israeli Employment Service (IeS) which conducted the 'employment eligibility test': A policy instrument by which eligibility to benefits is conditioned on the search for viable employment. The IeS is an autonomous state agency (affiliated with the MoW) administered by state employees without the involvement of organized labour as is the situation in Bismarckian welfare states (Ebbinghaus 2010). Established in 1959, the IeS replaced pre-state labour coordination agencies (Arian 1978: 22-31) and was committed to centralized and procedural modes of labour coordination – which was inherently illiberal.¹⁷

Criticism of the inadequacies of the IeS and its mode of labour coordination began to mount and was expressed by the State Comptroller and other units of the state. A central critique focused on the ill conduct of the employment eligibility test: the IeS was blamed for fostering comfort

unemployment by applying sanctions when needed and conditioning eligibility on intensive job search.¹⁸ Notwithstanding, the formal and managerial autonomy of the IeS, and its cohesive labour union (unafraid to instigate full strikes in order to block reform), prevented all attempts to modernize and adjust the IeS to changing needs and demands; these attempts include: critical examination of the IeS cooperation with the NII and the BD by the State Comptroller, enforcement of internal managerial reforms, and privatization.¹⁹ The BD developed a deep distrust in the IeS which was perceived as incompetent agency plagued with nepotism and corruption. In order to enforce change, the BD gradually exhausted its resources. At the end of the 1990s, when the IeS made several attempts to advance new policy programmes and demonstrate its competency in solving the respective problems, this distrust by the MoF led to the refusal to budget these autonomous policy initiatives.²⁰ While the workload per IeS street-level officer rose by 280 per cent, the budget per job-seeker declined by 71 per cent during 1986 and 2001 (Koreh 2001). *Figure 2* presents these intersecting trends between 1996 and 2005.

To sum-up, formal and managerial IeS autonomy supported an entrenched administrative tradition, which devel-

¹⁸ State Comptroller Office 1991.

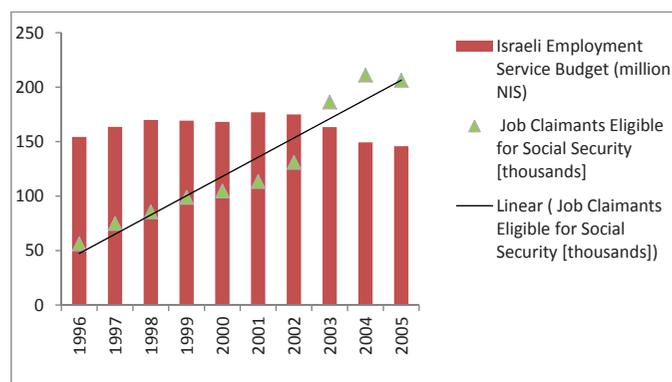
¹⁹ State Comptroller Office 1991, 1999; Interview 8 2009; Interview 1 2010.

²⁰ Interview 8 2009.

oped into a path-dependent deadlock that maintained a budget-less IeS control over the employment test and lack of policy autonomy for the BD, unable to enforce

active labour market reintegration. This deadlock was difficult to overcome from within the bureaucratic structure of the state.

Figure 2: Israeli Employment Service Budget (Million NIS) and Number of Social Security Eligible Job Claimants (thousands) 1996-2005



6.1 ESTABLISHING A 'WORKFARE GOVERNANCE' COALITION

A new way towards change was enabled by an ambiguous coalition between different state agencies, based on the imported 'Wisconsin Works' (W-2) workfare model (Helman/Maron, forthcoming). In 1997, based on a government decision to reform the employment eligibility test, an inter-ministerial commission, including the Director Generals of the MoW and the IeS, and senior officials of the BD and the

NII, was established.²¹ The commission failed to reach agreed recommendations but was the platform on which workfare was introduced as an innovative policy solution by a private consultancy agency (ibid.). The workfare paradigm postulates a supply side solution to the problem of rising unemployment and increasing public expenditure by focusing on rapid labour market reintegration using sanc-

²¹ Inter-ministerial commission on the reform of employment services 1998; Interview 7 2009.

tions (Lodemel/Trickey 1999; Peck 2001). According to the workfare model, these goals mandate a new policy instrument in the form of private job-centres: flexible and innovative street-level organizations that can meet these goals efficiently.

The private consultant joined forces with the labour attaché at the BD, and produced a path-breaking policy document, translating the workfare idea to Israeli circumstances.²² Together they functioned as persistent institutional entrepreneurs who formed an ambiguous agreement (Palier 2005) by providing various state agencies incentives to embrace the model (Helman/Maron, forthcoming). The consent of the IeS was not easily won. Yet, by building tactic compromises with the Director General of the IeS, they managed to secure his consent. Several international delegations of senior bureaucrats were inaugurated between 1999 and 2002 in order to build legitimacy for workfare as an 'international panacea'. Following the first delegation in 1999, the IeS hired the private consultant agency itself to prepare a "strategic plan for putting the unemployed back to work" and guide internal reform according to workfare principles (Zohar 2007: 52).

Based on an ambiguous agreement regarding the need to implement a workfare reform the Commission for the Reform of the Treatment of the Unemployed Recipients of Long-term Subsistence Allowances (known as the Tamir Commission) was established by governmental decree (March 2000), which provided public legitimacy and a statutory authority to al-

²² Shaviv 1999.

ready established intra-state coalition. The commission was asked to formulate, guide and govern a policy experiment and implement a new employment test model by private 'one-stop' job-centres. By conditioning eligibility on comprehensive participation in work related activities, the experiment aimed to reintegrate long term unemployed to the labour market. In spite of some disagreements, at the conclusion of the commission's deliberation, the IeS embraced the *Zeitgeist* of workfare and the role of private job-centres as its street-level implementers.

6.2 RESTRICTIVE CONFIGURATION OF GOVERNANCE AND THE DEFEAT OF POLITICAL LEGITIMACY

The ideational consensus, however, did not settle the thorny issue of autonomy and control. A struggle over the control of the statutory administration of the experiment and the regulation of private job-centres made the establishment of a common extra-bureaucratic organization hard to realize. Throughout the Tamir Commission deliberations, the MoW and the IeS actively pursued the establishment of a statutory administration, which would supervise the experiment and the operation of private job-centres within the MoW and under its authority.²³ The BD was concerned that the autonomy of the IeS in the experiment might undermine its control and influence over the future deployment

²³ Tamir Commission 2000a.

of workfare in Israel. Since the MoF is not an executing Ministry, the BD had to act strategically and retrieve the construction of the administration from the jurisdiction of the MoW and IeS.

Similar to the first case, JDC-Israel was offered (this time by the BD) to host an extra-bureaucratic organization that will oversee the governance of workfare in Israel. JDC-Israel was a logical venue for a shared organization for several reasons. First and foremost, JDC-Israel was a politically neutral arena beyond the direct control of state agencies and also an organization endowed with public legitimacy.²⁴ Moreover, JDC-Israel served as venue for the Tamir Commission's deliberations, and senior JDC-Israel officials were engaged in borrowing the workfare model. Another suggestion was that the private consultancy company, which gained the trust of all coalition members, would manage the experiment using the organizational resources of JDC-Israel,²⁵ again, in order to facilitate extra-bureaucratic governance. The MoW strongly resisted subordinating the administration to JDC-Israel, away from its control, and argued that it must remain within the state in order to make it sovereign.²⁶ The Minister of Welfare acted swiftly in order to protect its autonomy and appointed a senior bureaucrat, who was later replaced by the director general of the IeS, as acting heads of the developing administration.²⁷

These unilateral strategies utilized

²⁴ Tamir Commission, Subcommittee on the Establishment of the Experiment 2000.

²⁵ Tamir Commission 2000b.

²⁶ Tamir Commission 2000a.

²⁷ Tamir Commission 2000c.

by the IeS and the MoW to usurp the administration of the workfare experiment paved the way for a coercive strategy deployed by the BD in order to sustain control. The BD used its privileged institutional powers within the new architecture of the Israeli state in order to exclude the challenging agencies and monopolize control over the governance of the Israeli workfare. In 2003, the MoF and the Prime Minister Office drove a structural reform by breaking the joint welfare/labour ministerial structure and subordinating the IeS to the newly formed Ministry of Industry, Trade and Employment (MITE) (Doron 2007). Second, the MoF utilized the Appropriations and Reconciliation Omnibus Law (*Hok Haahesderim*), a powerful executive mechanism, to ban the participation of all public sector organizations including the IeS in the experiment²⁸, and also to exclude the MoW and the NII from the legislation of amendments to the Social Security Act in order to implement the experiment. Finally, the Omnibus Law was used to make Israeli workfare far more demanding and stringent for participants (Koreh 2003), disregarding the urgent need to filter out unemployable participants and adjust the rigid demands to their heterogeneous needs (Maron 2014).

The policy experiment "From Social Security to Secure Employment" was launched in August 2005. Instead of a common extra-bureaucratic organization, within which disagreement and even conflict between engaged state agencies can be contained, an exclusive organizational structure was formed under the

²⁸ Ministry of Finance of Israel 2004.

MITE (within the bureaucracy) without the participation of the MoW and the IeS, and with only technical representation of the NII. As a result, conflict was not confined by the new governance settlement and shifted back to the state and the public sphere. Soon after inauguration, programme participants and their advocacy NGOs created a massive public outcry, focusing on the inadequacies of the programme and the compulsion of work on the unemployable population. This campaign received wide and sympathetic coverage in the media, and also occupied many Knesset sub-committees in which concerned Knesset members summoned BD and MITE bureaucrats in order to examine the complaints: as many as five public committees and professional teams were established in order to supervise the experiment and examine why it was criticized so roughly.

The BD resisted the recommendations of the NII and the MoW to filter participants in advance, and similarly rejected another suggestion by the NII in a contentious hearing in the Knesset in December 2005 to establish an independent extra-bureaucratic committee to manage such filtering.²⁹ A report by a professional public committee (known as the 'Second Tamir Commission') pointed to the exclusion of the MoW as yet another factor that hampered the inadequate treatment of participants in the experiment.³⁰

The exclusion of the MoW, the NII, and the IeS from the governance of the experiment drove the mobilization of a

²⁹ Finance Committee; Labor, Health and Social Affairs Committee 2005.

³⁰ Tamir Commission 2006: 7.

wide counter-coalition combining non-state actors (advocacy NGOs and the media) and some segments of the state (politicians, the IeS, and the MoW) who criticized the experiment relentlessly. The IeS in particular joined forces with politicians and advocacy organizations to undermine the 'usurped' workfare programme, putting forward an inclusive public alternative (Zohar/Frenkel 2011). Facing this criticism, the experiment underwent significant programmatic changes during the five years of its implementation. However, the exclusive organization that governed the experiment endured. In April 2010, while the MoF strived for a permanent legislation of the temporal experiment, Knesset members who resisted the experiment used their position in the Labour, Welfare and Health Committee of the Knesset to block the legislation and discontinue the experiment.

7. Conclusions

The study of new public management and governance reforms, particularly in welfare state domains, needs to pay closer attention to the role of inter-organizational conflicts and concomitantly, to the conciliatory potential of the organizational design in the reconfiguration of the state. This paper argues that in order to better understand how experimental and tentative governance coalitions (particularly in a contentious context) may become permanent state institutions, it is necessary to examine their organizational design. When the organizational design of new governance configurations is capable of including engaged state agencies and maintain an ambiguous consensus, it is more likely to be politically legitimate and become a more stable arrangement in the welfare state. In the two cases of welfare state governance reform analysed above, ambiguous agreements based on imported policy solutions rallied various state agencies to create a governance change coalition. However, while innovative policy solutions may produce tentative agreements and facilitate potential change trajectories, it is the organizational setting in which they are embedded that ultimately determines their political legitimacy and endurance. In the first case, the establishment of an inclusionary organization with deliberative forums beyond the bureaucracy of the state helped producing a working consensus that upholds collaboration in spite of disagreements and even struggles over the role of ASHALIM in the reform of public services for chil-

dren and teens at risk. In the second case, struggles between the IeS, the MoW, and the BD over the administrative venue and control of the workfare experiment led to more unilateral acts and eventually to the exclusion of the former from the workfare governance configuration. This produced political illegitimacy. First, the BD lost the knowledge and experience accumulated by the MoW, IeS, and NII regarding the target groups of workfare as a result of the monopolization of the reform. The exclusion of agencies that presented more moderate welfare-to-work logics resulted in an extremely stringent design of workfare. Participants, advocacy NGOs, and the media publicized and criticized the rough, disciplinary and punitive implementation of workfare and its uniformed imposition on heterogeneous unemployable populations (unemployable due to old age, maternity responsibilities, as well as mental, physical, or health incapacities) (Maron 2014). Second, after its exclusion, the IeS joined forces with politicians and advocacy organizations to create a subversive counter-coalition that put forward a public alternative for the exclusive configuration that governed Israeli workfare. The coalition undermined the configuration by publicly criticizing the exclusion of dedicated public servants and the high costs of privatized workfare.

What lessons can future research draw from these cases with regard to the changing organizational and social settlements of the welfare state? First, researchers should consider how conflicts

over the goals and instruments of the welfare state, and their mediation via different organizational designs, contribute to the change or continuity in the classic logics of welfare state regimes vis-à-vis the market. The endurance of new governance and social policy projects is central, yet their institutional consolidation – by ‘layering, conversion or displacement’ (Streeck/Thelen 2005) – is as important. Consolidation in the form of ‘layering’, which characterizes strong endogenous constraints with little exogenous constraints, breeds hybrid organizational settlements. As a result, different governance patterns provide differentiated social rights to different individuals within the same target group, based on local experiments and change paths. Second, new governance configurations are producing new arenas and agents through which policy goals are pursued beyond the state, although not necessarily beyond the reach of state authority. However, political legitimacy of new configurations, as viewed by different public and private stakeholders, remains vital for their endurance and institutionalization. Third, economic logic and ideas advanced by fiscal agencies become ever more dominant in recent welfare state reforms, i.e. to produce new welfare configurations such as ‘the third-way’ and ‘the social investment state’ (Jenson 2012). This is based on the power resources of fiscal agencies, but also the ideational potency of economic ideas such as cost-efficiency and austerity. Given that coalitions and ambiguous agreements between collective actors are central in enabling welfare state change (Palier 2005), and that liberalized compro-

mises are prevalent as a result, it becomes more important for researchers to understand how such growing institutional and ideational dominancy are embedded and (possibly) mediated in the new organizational settlements of the welfare state.

Interviews

- Interview 1. Deputy for social budgets, the Budgetary Division at the Ministry of Finance, Air-Port City, 8 December 2010.
- Interview 2. Chief finance officer ASHALIM, Jerusalem, 16 and 29 December 2009.
- Interview 3. Head of Children Division, ASHALIM, Jerusalem, 10 February 2010.
- Interview 4. Head of Children ASHALIM, Jerusalem, 10 February 2010.
- Interview 5. Head of the National Program for Children and Youth at Risk, former head of the Engelberg Center for Children at Brookdale JDC-Israel, Jerusalem, 21 October 2010.
- Interview 6. Private consultant for the Israeli workfare program and former officer at the Budgetary Division, Jerusalem, 10 September and 18 June 2009 (with Dr. Sara Helman).
- Interview 7. Director general of the Ministry of Welfare, Mevaseret-Zion, 28 June 2009 (with Dr. Sara Helman) and 7 January 2010.
- Interview 8. Welfare attaché at the Budgetary Division, Jerusalem 6 May 2009 (with Dr. Sara Helman) and 8 November 2010.

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Frank Nullmeier

Out of the Public Eye – The International Labour Organisation in the Media



ZeS-Working Paper No. 01/2014.

Politics takes place in public communication and is part of public communication. Today, public communication is substantially determined by the media. This is also the case for the field of global social policy. The following study addresses the question of how global social policy and, in particular, the International Labour Organization (ILO) as the key player in global social policy, is discussed in the media. Are global social policy and the ILO visible at all in the media? To what extent is the organisation visible? How do the media report about the ILO and on what exactly does media coverage of the ILO focus?

Herbert Obinger
Klaus Petersen

Mass Warfare and the Welfare State Causal Mechanisms and Effects



ZeS-Working Paper No. 02/2014.

The question whether and how warfare has influenced the development of advanced Western welfare states is contested. So far, scholarly work either focused on the trade-off between military and social spending or on case studies of individual countries. What is missing, however, is a systematic comparative approach that is informed by an explicit consideration of the underlying causal mechanisms. This paper outlines an agenda for a comparative analysis of the warfare - welfare state nexus. By distinguishing between three different phases (war preparation, warfare, and post-war period) it provides a comprehensive analysis of possible causal mechanisms linking war and the welfare state and provides preliminary empirical evidence for war waging, occupied and neutral countries in the age of mass warfare stretching from ca. the 1860s to the 1960s.

Aline Grünewald

Social Security around the World

A Review of Datasets

ZeS-Working Paper No. 03/2014.



Due to increasing scholarly interest in social policy reforms and processes of policy diffusion, comprehensive datasets on social security systems are all the more necessary. As such, this paper provides an overview of existing datasets on social security and discusses their strengths and shortcomings. The projects presented are appropriate for empirical analyses, including both event history analyses and multivariate regressions. As much of the research on social security systems thus far has mainly focused on OECD countries, this paper takes a closer look on data of the Non-OECD world, which can be used to supplement existing data projects and for the analysis of global social security dynamics.

Simone Scherger, Steffen Hagemann

Concepts of Retirement and the Evaluation of Post-Retirement Work

Positions of Political Actors in Germany and the UK

ZeS-Working Paper No. 04/2014.



Concepts of retirement and related moral arguments play an important role in debates around pension reform. What retirement is – or should be – varies according to the surrounding welfare culture and an actor's general interests and beliefs. In this paper, we study the meaning that specific collective actors in Germany and the UK attribute to retirement, and their evaluation of post-retirement work, which is an exception to 'normal' retirement. For this purpose, we examine interviews with experts from unions, employer federations and relevant non-profit organisations which have been conducted in the context of a wider comparative project. Additionally, we draw on policy documents by the same actors. Our analysis of the interviews and the documents reveals similar retirement concepts among the same kinds of actors across countries: trade unions and at least some non-profit organisations advocate retirement as a social right and as a distinct (ideally work-free) phase of life. In contrast, employers have a less substantial concept of retirement. At the same time, when morally justifying what retirement should be in their view, the actors refer to ideas that establish a connection to the specific welfare culture surrounding them.

