Abstract:

The employment norms reflect political compromise for a particular period that informs a set of practices and cognitive frameworks of social interaction. In this paper we try to demonstrate that the determinants of employment norms are located at the juncture between structural changes in employment regimes and competing discourses that govern their interpretation and retroact on them, chiefly through public policies.

Three dimensions of employment regimes corresponding to key roles of discourses are at stake: Relations to the state shows how the public sphere is a space for elaborating public problems; the social power of interest groups is connected to the discourse and forms of regulation tied to organizations and institutions; finally, the forms of market competition are linked to the industrial and occupational discourses on employment. Building on this theoretical framework, we show that German and French employment norms have undergone contrasting changes since the mid-1990s by carrying out the supra-national discourses on employment “at any price”.

**Keywords:** economic change, discourse, social norms, labour market institutions, France, Germany

**JEL:** B59, N30, J08, J80, J88
With the 1997 Treaty of Amsterdam, promoting employment became a goal of the European Union (EU) and, with the introduction of a title on employment into the treaty, it became “a matter of common concern” among the member states (Article 109-O). The goal is to acquire “a high level of employment” without weakening the competitiveness of the European Union (Article 2 of the treaty establishing the European Community). With the Treaty of Lisbon, the formulation became “a highly competitive social market economy, aiming at full employment” (Article 2, Paragraph 3). In order to achieve this objective, a new area of expertise was assigned to the Union, complementary to that of the member states, designed to elaborate a “coordinated strategy” for employment. Common guidelines constitute the key element of this strategy. The main goal is to maximize employment rates in the different EU member countries. We propose that the increasing focus on employment rate as part of the strategic orientations of the Organization for Economic Cooperation and Development (OECD) or the EU over the last 20 years has opened a distinct window of opportunity for the transformation of regulations and norms of employment in the various European countries. The priority given to the (gross) rate of employment as an indicator in the European Employment Strategy (EES) contributes to a paradigm shift: The goal of public policy is no longer to reduce unemployment to its lowest level, but to perform quantitatively better i.e. maximizing the rate of employment (Salais 2007). This shift has led to a breakdown in employment norms to where they prevail today. As will be made clear, we consider employment norms to be categories of understanding and categories for constructing social reality reflecting three dimensions. They are firstly cognitive frames that serve as a foundation for the construction of collective rules. Next, they are products of political compromise. Lastly, employment norms are instruments for analyzing practices related to the job market.

An “institutionalist” analytical perspective has argued that there exists a similar dualism of employment norms in France and Germany that stems from a failure to compromise, affecting the flexibility of the labor market at the turn of the 1980s and 1990s, because unions refused to accept these transformations (Palier and Thelen, 2010). We would like to demonstrate that the breakdown in employment norms in France and Germany follow contrasting trajectories. This is due to the interaction between the evolution of national employment regimes and different ways of appropriating the dominant discursive orientations in the field of job market reforms, spread on an international scale.

The social change that we analyze concerns discursive and ideological transformations that have occurred during the last 15 years. Firstly, we briefly retrace the dominant discourses about employment during the last decade in both international and European contexts and we define the focus of our analysis. This focus includes the mechanisms of change attached to political and social discourses, but also the composition of employment regimes within which emerge employment norms. Secondly, we analyze employment norms by comparing French and German employment regimes as they developed after the war until the 1980s. Thirdly, we compare the transformations of employment norms since the mid-1990s via empirical analysis, looking at issues related to working time, employment stability and wages inequalities. Finally, by reinscribing employment norms within the different constitutive dimensions of the two countries’ employment regimes, we analyze the different methods of appropriating the new employment discourses and the changes they generate on employment norms.
1. Employment discourses and norms: new international and European contexts

To begin, let us have a look at the structural axes of the discourse applied to these supranational contexts before introducing the key elements of our framework for analyzing the links between discursive transformations and employment standards.

1.1 The transformative power and ambiguity of supra-national discourses

The goal to increase gross employment rates (number of employed people compared to the number of people between 20 and 64) to 70% (and 60% for women) was central to the 2000 strategy decided at Lisbon, within which the EU fixed goals to be met before 2010. As this goal was not achieved, however, the new EU strategy for 2020 recently drafted by the Commission restates and amplifies this goal by fixing an increase in employment rates from 69 to 75% during the next decade (European Commission, 2010).

This prioritization of the employment rate is at least bivalent: It corresponds to values, instruments and objectives that can be found both in the social-democratic and in the neo-liberal frame of reference. The idea initially defended by social-democratic networks within the Commission, but also in governmental spheres of the member states, was to not “require compensation” for the completion of the single market, employment development itself being a social goal (Barbier 2010, p. 4). According to social-democratic thinking, employment is the key to integration and accessing social citizenship. In this tradition, the causes of unemployment are macroeconomic and the structural imbalances between labor supply and demand need to be both quantitatively and qualitatively matched.

The neo-liberal, Anglo-Saxon perspective offers an alternative interpretation. Associated with the slogan “making work pay”, the focus on employment level anticipates ambiguities about activation for the following decade (Barbier, 2005). As the “liberal version of activation politics”, the slogan “making work pay”, constructed for the employment domain by OECD at the turn of the 1980s and 1990s, indicates a reversal of employment policy priorities. Employment, by any means, becomes the primary goal in the employment market, replacing protection from labour market hazards. From this perspective, “making work pay” is above all the reformulation of another slogan: “work before welfare”. It takes shape in employment policies via a series of measures designed to encourage the rapid recovery of employment. This strategy is accompanied by a series of recommendations that are intended to favor the work of women, and to merchandise care-work and most all types of home help (Lewis, 2010).

It is part of an analysis aimed at transforming the category of unemployment as it has been historically constructed. Unemployment was explained from then on as voluntary behaviors, a rational choice, that drive people to prefer “non-employment” due to insufficient incentive to get new work. Employment “at any price passes by “the activation” of the unemployed. This reading was reclaimed and circulated by the EES in the middle of the 2000s. The polysemy, or more accurately, the ambivalence of indicators or of notions such as “rate of employment” or “activation”, render these terms truly “empty signifier[s]” (Howarth, 2000, p. 119), precisely precious for their ambivalence. The ambiguity makes it possible to connect strongly contrasting discourses together (Dehousse 2004) - though without representing a “synthesis” - and to justify the existence of a common domain. “Employment rate” or “activation” are not terms of consensus in that, despite oppositions or
divergences concerning other elements, there exists no common conviction or cause. Devoid of sense themselves, the words become intelligible, even significant, once inserted in a distinct and meaningful context. We must now clarify how these ambiguous discourses might be re-appropriated by singular national and local contexts.

1.2 The dynamics of employment discourses and norms

For a specified period, employment norms “reflect a political compromise by the major social actors that informs a set of cultural practices and understandings framing patterns of social interaction”1 (Gallie, 2007). The dynamic of employment norms is situated between structural societal transformations and the competition between discourses presiding over their interpretation. The structural transformations at stake reflect long-term socio-economic dynamics (economic tertiarisation, economic internationalization and financiarisation of capitalism, changes in demographic and familial structures, collective forms of action, etc.) that modify certain components of employment regimes (see below. Transformation of norms might take place when, effected by changes in social reality – here, employment regime transformations -, their ability to constrain behaviors and to arbitrate in conflicts becomes called into question. The contestation of norms uses a new discursive repertoire that modifies the role and identity of relevant actors and promotes institutional reorganization.

Discursive effects on norm systems function at three levels of social interaction. Each of these levels deploys mechanisms that contribute to shape employment regimes (Lallement, 1999, pp. 42-48).

Firstly, preliminary to processes of institutionalization or institutional reorganization, political and social discourses formulate or reformulate public problems at a macro-social scale. In attributing causes and in proposing solutions, these political discourses structure the political landscape. They exclude certain actors and organize power relations in the domain. As such, it is directly related to the cognitive approaches developed in public policy analysis (Jobert, 1998). Influenced by the relationship with the state, this macro-social dimension serves to frame the structuring of employment regimes. The national public sphere is therefore both a discursive sphere and a sphere of regulation - in that it forms and enacts rules - within which the state plays a key role. Employment norms, and above all, the procedures for negotiating these norms, are inscribed in power relations that regulate the domain, control, orient or support autonomy, or extend standards from different levels and forms of private regulations. Employment regulations, but also employment policies, and social and family policies, are domains of public action that wield a decisive impact on employment (Lefresne, 2005, p. 406).

Secondly, social and political discourses concern social groups constituted by either membership of organizations or institutions, or by some other form of organizational or institutional affiliation. Therefore, these discourses influence relations that actors (members of a party or union, or more largely of a social class, enterprise or profession submitting to institutional regulation, etc.) maintain with their organized communities. Discourses are able to change actors’ perceptions or handling of these institutions, and act according to their orientations. This meso-social mechanism might be compared with discursive

1 Gallie refers this definition to the notion of employment system. In our view, this matches more accurately the mechanisms of employment norms.
institutionalism (Schmidt, 2010). It concerns the social power of interest groups. Interactions defined by organizational or institutional affiliations are also discursive and regulatory. In relation to their organizational capacities and their modes of structuring (notably inter-sectoral, territorial and inter-professional), organizations in charge of employment regulation manage to negotiate agreements that are more or less united between branches and enterprises, relatively restrictive and that modify the distribution of power and resources between the organizations at hand.

Thirdly, these discourses “frame” individual actions and attitudes. In diffusing the ways of seeing, interpreting and making sense of their actions, political or social discourses are major sources of change. As micro-social formulations, this method of framing influences identities and resembles processes of socialization (Snow, 2001) that activate several levels of social interaction, including those concerning public authority and interest groups introduced above. Professional logics or company regulations are situated as closely as possible to the actualization of employment norms within both the contexts of the company and the professional sphere. These discursive spheres are originally controlled by managerial or professional organizations. On this aspect, the employment regimes echo forms of organizational competition and structures that come from long-term socio-economic dynamics (modes of company financing, forms of competition or cooperation among firms, organization of vocational training) (Hall and Soskice, 2001). Each of the above dimensions inscribes discourses in webs of social interactions within which exist specific conflicts for hegemonic control.

2. Comparing the dynamics of employment regimes and standards in France and Germany through the 1980s

Let us now use this analytical perspective to synthesize the principal characteristics of employment regimes and norms through the 1980s in both countries, which will then help to place the intervening transformations into perspective.

2.1 The relationship to the state

Let us first examine the contrasting roles assigned to the state in both countries. The influence of the state on work and employment regulation in France is strong. Firstly, the state has fixed a minimum wage and maximum working hours since the 1950s. Secondly, the state supervises the collective bargaining regulation by the social partners (Bevort and Jobert, 2008, p. 77) via the automatic extension to all companies of agreements between employer associations and unions seen as representative by public actors, or via the legal obligation to negotiate on specific issues. Lastly, educative and employment policies constitute means of acting on employment regulations. Reconversion support, economic integration policies, or early retirement, particularly in the industry sector, provide representative examples.

In the German case, state influence is less direct. Indeed, rather than intervening in the content of norms, the German state is involved in defining the procedures available to industrial relations organizations. On this issue, the state has helped developing a system of industrial relations designed to maintain an ability to negotiate between employer associations and unions, which has a long and lively history (Thelen, 1991). Tarif-Autonomie is not necessarily a principal of neutrality: In defending autonomous negotiations between employers and unions, the West German state promoted the importance of market norms,
primarily in its ordo-liberal version of the post-war period (Foucault, 2004). Employment forms, wages, working time, working conditions and training norms are handled de-centrally but are coordinated within a neo-corporatist system of regulation. A part from these national differences, important common points include the stabilizing role of the state as employer in the service sector (Bosch, 2008; Lallement, 1999) along with the high level of legal protection in employment relations.

2.2 The power of interest groups

On the French side, distinct disparities exist in the organizational capacities of unions and employer associations of various sectors. These variations are coupled with structurally weak employer organizations, divided and stuck in an organic and patrimonial view of the firm, but also with unions marked by strong ideological tensions. Following the countless confrontations of the postwar decades, the development of a union inclined to negotiate, and the reconfiguration of employers during the 60s and 70s lead to a process of relative appeasement in the French industrial relations system (Bevort and Jobert, 2008). The weakness endemic to unions has been partly compensated by state power, which boosts and coordinates unions by orienting social dialogue and by assisting in political infrastructure, industrial policy or by the circulation of elites between the state and large companies.

In Germany, employment regulation plays a more important role for employer organizations and unions than in France. These organizations are powerful and are fairly integrated horizontally and vertically across Germany. On the union side, the DGB (Deutscher Gewerkschaftsbund – The Confederation of German Trade Unions) successfully reduced the impact of competitors, almost achieving the single union project attempted by Hans Böckler at the end of the war. The leadership of the metal union (IG Metall) contrasts with the weakness of its counterparts in the service industries, excluding in the public sector. If collective bargaining (mostly on wages) takes place on a regional scale, disparities across regions or industries are contained via the strong centralization of unions and employer organizations and the central role of the pilot agreements negotiated by IG Metall and Gesamtmetall. Thanks to the attracting capacity of employer associations, including German small and medium enterprises (SME), the rate of employee coverage by the industry’s collective agreements largely exceeds the rate of coverage in a union (Traxler, 2004).

2.3 Forms of competition and market structures

There are also differing forms of competition and market structures on both sides of the Rhine. On the French side, the state owned the most important companies in numerous key sectors after the waves of nationalization (1945-46, 1982), continuing through to the 1980s. The relationship between the state and large companies is reinforced by the selection of company leaders via les grandes écoles (elite schools), and the circulation of elites between high-ranking public offices and management positions of companies, who directly negotiate the economic and social conditions of their development (Berrebi-Hoffmann et al., 2009). On the other hand, the domination of large companies within employer representative organizations does not encourage cooperation between firms - notably between firms of different sizes - during the negotiation of employment standards.

In Germany, employers of large companies have an upper hand on key issues within inter-firm relations focused on cooperation, especially between large and small firms, though
tensions do exist. Large companies, particularly in powerful export sectors, such as the automobile, machine tool and the chemistry industries, negotiate demanding employment or training standards that represent for the SMEs - which are their suppliers and which are part of the same employer associations - incentives to improve their productivity. The SME benefit from branch agreements because they assure social peace as they lower transaction costs (Streeck, 2009). Beginning in the 1960s, the largest engineering or chemistry companies have developed an employment norm guaranteeing employment and internal promotion. The long-term relations between banks and large companies and the system of cross shareholdings at the heart of the German postwar capitalist model support the ability of large companies to build integrated networks that limit competition and provide useful services in the whole industry (Hall and Soskice, 2001).

2.4 Employment norms through the 1980s

In the French case, state intervention in the definition of employment norms is part of the macro-economic drive. The purpose of a state-oriented industrial relations system is to moderate inequalities across industries in employment conditions, forms and remunerations. In France, state intervention in employment norms could be analyzed as the declination of a republican citizenship model, as a move to institute active state integration and protection, and as an attempt to compensate for the weakness of unions and employer associations. French employment norms first globally resisted relatively the onset of the crisis of the 1970s. The compromises of the “trente glorieuses” have helped to enhance employment protections (administrative authorization to fire), and develop employment and training policies designed to protect the most vulnerable workers and adequately compensate the unemployed. With rising unemployment in the 1970s, older workers, young people and women appear to be the main victims of deficiencies in the French employment system and the norms it has generated. Social and family policies certainly encourage the participation of women, but they are not gender equity policies. The predominance of full-time employment for women is however an important and original element of the French employment regime.

In the West German case, the absence of minimum wage, of public intervention in the definition of skills or in regulation of working time, etc...demonstrate that the social citizenship in the domain of employment is not directly guaranteed by the state, but that it results from a series of interlocking affiliations: trade and industry (professional associations, unions), company level (works council), and the social security system. Until the early 80s, West Germany nearly completely escaped the rise in unemployment that plagued its neighbors. German exportation has had a positive ripple effect on all active sectors. The crises of industrial restructuring concentrated in certain areas of employment have not destabilized the German employment system. Apprentices and older workers in sectors undergoing restructuring were the main victims of this first crisis of the late 20th century. Generous public early retirement (and disability) programs have facilitated employment adjustments without calling into question the neo-corporatist system. Until the 80s, German women were less present than most other European women in the labor market. The tax family and educational systems discourage female participation.
3. The breakdown of employment norms: different pathways in Germany and France

Since the early 1990s and continuing until the outbreak of the current crisis, both countries have experienced a significant increase in internal employment. France has registered nearly one-fifth employment growth, equivalent to that of the EU-15 and close to that of the United States. Between 1995 and 2007, the gross rate of employment among 15-64 year olds increased from 60 to 65% and from 73 to 80% for 25-59 year olds. Germany, whose employment had declined in the 1990s, experienced two periods of employment recovery prior to the current crisis: 1998-2001 and 2005-2008, producing a surge in employment among 15-64 year olds from 65 to 70% (75 to 80% for 25-59 year olds). In both countries, employment expansion is almost entirely due to women, whose gross employment rate in Germany rose by 10 percentage points between 1998 and 2008 (from 55 to 65% for 15-64 year olds and 63 to 74% for women aged 25-58) compared with 7 percentage points in France (from 53 to 60%). This increase in the volume of employment was accompanied by a change in the employment norms regarding working time, employment stability and remuneration.

![Global employment rates and full-time employment rates in France and Germany](image)

The emergence of part-time jobs and “small jobs” has transformed the employment norms for a growing proportion of the workforce – especially for women. But the breakdown in working time has been more pronounced in Germany than in France. From 1992 to 2007, the average annual hours actually worked per worker fell by the same amount of hours per year in both countries, and faster than in all other OECD countries (except those where it was already very high: Korea and Japan) - 140 hours less per year. While the increase in part-time work explains 86% of the decline in Germany, it is limited to 14% in France (INSEE, 2010). In France, laws reducing the legal working time (1998 and 2000) have made it possible to negotiate a reduction in working time at company level. The share of women working part-time (30%) declined slightly over the past ten years and the average duration of part-time work has increased. Full-time employment standards remain the same,

---

2 All data are from EUROSTAT.
including for women, although fewer and fewer people are able to access these jobs in a given year. While the overall amount of hours worked grew 10% in France between 1997 and 2007, the amount has declined in Germany since the early 1990s. In other words, the rise in gross rates of employment in Germany is due entirely to the redistribution of the total workload among a growing number of employees. Rising global gross employment rates between 1993 and 2007 - 4.3 and 5 percentage points in Germany and France respectively - converted into full-time equivalent employment rate (FTE) results in an increase reduced to 2.5 percentage points in France and a decline in Germany over the last 15 years (from 60.5 to 59.6%).

A second issue relates specifically to employment stability. Measured by the average length of employment tenure in a company, this figure has not declined during the 80s and 90s in EU countries, which is also true of the percentage of employment lasting more than 10 years (Auer and Cazes, 2003). Between 1992 and 2007 the average duration of employment tenure actually increased on average in Germany and France. In contrast, the number of transitions from employed to unemployed rose sharply. The stability of average length of long tenure-jobs, therefore, hides growing inequalities between employees by generation, gender and skill level. If permanent and full-time contracts constitute the most common type of employment, job stability is becoming increasingly unequal and atypical employment options are at the root of movements on the labor market. In Germany, the share of atypical jobs among paid employees has increased from 18 to 33% between 1991 and 2007, with “mini-jobs” recently growing robustly: 5% of jobs in 1997 and 11% in 2007 (SVR, 2007). In France, the share of wage jobs that are not full-time in a given year (including part-time, intermittent and temporary employment) increased from 17 to 31% between 1978 and 2005 (from 22 to 41% for employees).

The third change concerns the expansion of the low-wage sector and wage inequalities. Low wages are usually defined as workers earning less than two thirds of the median hourly wage (basis wage plus all bonuses). On this basis, the proportion of low wages grew by almost 7 percentage points in Germany between 1998 and 2007, so that with 21%, the low-wage sector in Germany has been as prevalent as in the United States since the early 2000s (Bosch and Weinkopf, 2008; Kalina and Weinkopf, 2009). In France, the share of low wages rose in the 1980s, but seems to have stabilized ever since at a level well below that of Germany (12.7% in 2002). In addition, the yearly exit rate out of low-wage employment after one year were higher in France in the second half of the 1990s (34.5%) than in the EU-15 (30.7%) and the difference is even greater when compared with Germany (25.4%). These differences are even more amplified if one considers transitions after seven years (Carole and Gautié, 2008). The key factors producing these differences between the two countries include the existence of a minimum wage (salaire minimum interprofessionnel de croissance [SMIC]), as well as its revalorization – made possible via exemption from social security contributions and the compression of low-wage jobs that followed from these policies.

The substantial increase in low-wage sector jobs in Germany is embedded in a broader context of increased wage inequality since 1997 (Gernandt and Pfeiffer, 2006) and, more generally, of income inequality over the past fifteen years, which has little equivalent in developed or industrialized countries (OECD, 2007). The situation is different in France, where wage inequalities among full-time employees have continued to decline from 1990 to 2005, with the exception of those earning the highest wages. The main factors behind this decline include the magnitude of employees covered by the SMIC (15% in the private sector), the increase in the SMIC relative to the average wage and their spread to all wage...
brackets up to twice the SMIC, and the structural reforms of design and funding of social protection’ (see below). In France, the distribution of non-full-time jobs per year (atypical employment, periods of unemployment, etc.) is the main factor explaining the increase in wage inequalities (Abeberhardt et al., 2007).

It is ultimately not possible to speak of a simple “dualization” of the labor market that would be the same in both countries (Palier and Thelen, 2010). The breakdown in employment norms translates into a continuum of different and increasingly unequal employment situations. If this trend occurred in both countries, it is much more pronounced in Germany where an increase in the rate of employment among women has resulted in, even more than in France, the spread of atypical employment, working poverty and wage inequalities.

4. Contrasting modes of appropriating discursive employment regimes in the 1990s

In France and Germany, changing employment norms originate from investments by national actors in a new discursive register and in new frameworks for interpreting employment and unemployment. These changes have been largely maintained by academic expertise in economics, but also in sociology and political science (Scharpf and Schmidt, 2000) and, importantly, have been spread by the OECD and the EU since the late 1980s.

In both countries, however, domestic political dynamics, combined with socio-economic transformations, account for the reappropriation of dominant international discourses on employment. On both sides of the Rhine, the processes at work are different. Let us analyze the discursive transformations at multiple levels: first in a macrosocial context regarding the formulation of public issues; second in meso-social contexts concerning organizations or institutions; and, finally, in decentralized contexts nearest to the individual relationship to employment. In each case, the discursive dynamics will be connected to political and institutional transformations, to the strategies and regulations of organizations promoting collective interests, and finally, to changes in employment standards in the professions and in the economic sectors.

4.1 The role of the state and the direction of political change

Changes in employment standards occurred via the reformulation of discourses in France’s public sphere about the cause of unemployment. This reformulation was triggered by profound shifts in expertise about unemployment. Unique to France is that public discourses have focused on two issues at once. First, the issue of labor costs, under the heading “social costs” (“charges sociales”), instigated a new discursive coalition in the 80s, combining employers’ associations and conservative political forces that had converted to liberalism. This coalition was later joined by a “modernist” technocratic movement, also active on the left, blaming high wages in the context of globalization. The debate focused on the low-wage sector because of the existing minimum wage – as illustrated by key reports commissioned by successive governments of the left and right (Mareek and Joly, 1994; Pisani-Ferry, 2000).
Secondly, both the introduction in 1988 of the Revenue Minimum d’Insertion (RMI), which became necessary following restrictive unemployment insurance reforms from the first half of the 1980s and developments in the labor market in the 1990s, sparked a debate about all guaranteed minimum income benefits (“minima sociaux”) (Belorgey, 2000), which are means-tested transfer programs (for lone mothers, disabled or unemployed) seeking to prevent poverty for people considered able to be active, at least partially. Insufficient revenue gaps between low wages and the amount of safety net benefits considered to “discourage work” became an issue with the development of part-time jobs. At the beginning of the 90s, this formula became the French version of “making work pay”, but remained initially confined to the right of the political spectrum. By the end of the decade, however, the governing left had also begun to support this position as part of a frame of reference inspired by the British Third Way.

The idea that public resources should be devoted to “encouraging work” and not to “compensating for inactivity” is the shortcut uniting both key elements of the reformulation of unemployment as a public problem. Central to this idea is that it is perfectly in line with prevailing beliefs about the causes of unemployment (labor costs and employment disincentives), but also with the dominant liberal discourse of the 90s, pushing for more flexible employment. The cut in social security contributions on low wages and working tax credits decided both by right and left governments represent an unprecedented subsidization of low-wage sector work, prompting new, more precarious, employment norms.

French political consensus on these measures also reflects a conversion, which began in the 70s in the fields of social policy and employment, to the neo-liberal theses of the technocratic elite, and a gradual but almost systematic takeover by economic statisticians (Jobert and Théret, 1994; Barbier, 2008). These networks (the National Institute of Statistics and Economic Studies, the cabinet of the Prime Minister, the Minister of Finance and the Economic Analysis Council) played a key role in cutting social security contributions for low-wage workers and in establishing a form of tax credit designed to “make work pay” (Colomb, 2009). In charge of evaluating these policies, these experts have maintained the positive effects of this strategy in spite of the high level of scientific dispute on this (L’Horty, 2006b, Mira, 2002).

Following the shock of reunification and the sustained rise in unemployment in Germany, Kohl’s government, at the end of its term, launched a process of public deliberation of the key goals to achieve in order to prepare Germany to the challenges of globalization and the Euro (Siegel, 2002). This collective effort of discursive elaboration has been undertaken as part of a public debate (Standortdebatte), mobilizing all relevant stakeholders in the socio-economic sphere – experts, unions, via employers active on this issue – in which an agenda of deregulation, most notably of the labor market, has gradually become an unsurpassable horizon.

The Red-Green coalition that came into power in 1998 refused the budgetary stimulus, and announced cuts in social security contributions, as well as the “modernization” of the welfare state or the development of family policies (Seeleb-Kaiser & Fleckenstein, 2007). A failed attempt to compromise between the left wing - which is close to unions - and the

---

3 The RMI is a minimum income benefit calculated as a difference between the beneficiaries’ resources (including family benefits and housing benefit) and a flat rate sum. Because of a “specific legacy of ‘Republican’ solidarity, it was from the start associated with a “contract” to support the integration in society of the beneficiaries (Barbier and Knuth, to be published).
social-liberal wing of the Social Democratic Party (SPD), led by Chancellor Shröder, instigated a sequence of radical changes. The “Blair-Schröder Paper” (1999), non-negotiated and launched by the government, has become the programmatic reference for the “2010 social reform agenda” - especially for reform in the domain of employment. At the heart of the argument lies the idea that the labor standards of the industrial age cannot be those of the “economy of the future”, which is a service and knowledge-based economy. This political program emphasizes individual responsibility for job-seekers and advocates for the development of part-time work and a low-wage sector, which would make jobs available at low skill levels (Blair and Schröder, 1999). This interpretation stems from a series of diagnostics that consider the overall level of employment in Germany to be insufficient compared with the United States, for example, due to unskilled labor in the sector of home help (Scharpf, Schmidt, 2001; Eichhorst and Kaiser, 2006).

This discursive shift in Germany has been accompanied by a complete overhaul of expert support. In 2000, a group of experts had been asked to provide scientific assistance for tripartite negotiations about an “employment pact”. Composed exclusively of academic specialists in the field, social-democratic “modernizers”, their work entailed a systematic benchmarking of the policies of major OECD countries (Eichhorst et al., 2001). This group has played a crucial role in setting the agenda for dealing with long-term unemployment (Fleckenstein, 2008) and in the use of employment rates as the measure of labor market policy, supplemented at the time by considerations about employment quality (Schmid, 2002).

In the wake of the scandal that hit the German Public Employment Service (PES) in the early 2000s, the Schröder government dressed the process of ulterior employment reforms in the garb of Peter Hartz, former personnel manager of Volkswagen. The automobile company had been celebrated throughout the 1990s for its innovative firm level agreements. Hartz set up an expert committee mostly made of representatives of either the business world or international consulting firms. Turning away from traditional forms of expertise in Germany, the committee heralds a new step in breaking the consensus on employment and employment policies (Rudischhauser and Zimmermann, 2004). Furthermore the chancellor commits to enacting the committee’s decisions exactly as they are written. Their recommendations include integrating unemployment assistance for long term unemployed (Arbeitslosenhilfe) and social assistance (Sozialhilfe), preparing the gradual shift towards a “negative activation” of the unemployed, and formalizing the new employment policy agenda. This agenda has been long accompanied by increasingly mono-color economic expertise, close to the contents of the recommendations reiterated over and over again in the reports on macro-economic issues by the official “Council of Wise Men” (Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung). The entire process instigated a definitive rupture between the left wing of the SPD (split from the WASG, then fused with the PDS in die Linke) and the rest of the party and the green party. On the other hand however, there is strong consensus between the political left and right.

Following these discursive changes, the French state renewed investment in labor and employment in the 1990s, profoundly reorienting its former policies. At the same time, successive governments pursued a fiscal budgetary and benefits policy that has degraded public accounts but has proven relatively favorable for the growth of household incomes. Domestic demand is in France the force driving the increase in GDP and provides the primary explanation for employment performance, especially compared to Germany (Artus,
2009). First, the public policy response to the focus of public debate on labor costs, especially for low wages, has been to concentrate public spending for employment on social contributions cut on low-wages. Initiated by the Balladur government’s 1993 employment law, the policy of reducing labor costs has been generalized by the Jospin government via laws from 1998 and 2000 on working time reduction: the objective was to compensate partly for the rise in wage costs resulting from lower working time. From 2003 on, with the conservatives who succeeded him, the relief of social contribution was no more linked to the 35-hours working week and was even extended to overtime work by the law for “Work, Employment and Purchasing Power” from 2007. In total, this policy has undergone three types of extensions: The range of eligible wages has been gradually extended (from 1.1 to 1.6 times the minimum wage); the amount of relief from social security contributions was increased (from 5.4% in 1993 to 26% since the act from 2005, at the minimum wage level the contribution to social security schemes is nearly zero); the scale for reducing contributions has also been amended several times in order to establish a progressive transition to a decreasing single rebate between 1 and 1.6 SMIC. This corresponds to a cost of around 1.5% of GDP for public finances.

Incentives for employment have been addressed with the Premium for Employment (Prime Pour l’Emploi [PPE]) a working tax credit introduced in 1999 by the socialist government, aimed to realize the “making work pay” plan (“The PPE is part of a comprehensive approach designed to encourage work” explained the economic minister at the time), but also to reduce income inequalities. This refundable tax credit paid to low-wage workers has been upgraded and extended, particularly for part-time employees, by a conservative government in 2005. “Active Solidarity Revenue”, which was established in 2009, constitutes the culmination of this logic by introducing a negative income tax for low wage earners or for those receiving the minima sociaux who back to work. Between exemption from social security contributions and income supplements paid by public funds, public employment policies in France led to an unrivaled public support of low-wage jobs without demanding compensation from the businesses concerned (Gauron, 2008).

Meanwhile, the central government has cut itself off from important power resources in promoting decentralization of the industrial relations at the regional level – via regional social dialogue – (Jobert and Heidling, forthcoming) and by transferring its jurisdiction over vocational training to the regional level.

In Germany, the state initiated an aggiornamento of the orientation and scope of regulating employment. The macroeconomic challenges resulting from economic decisions designed to implement national reunification (Bibow, 2001), especially the increase in unit labor costs and the deterioration of public accounts, have led successive governments to assist large export companies in their strategy for competitive gains by opting for a policy of “new competitive disinflation” at the turn of the century (Chevillon et al., 2007; Beier et al., 2006). Foreign trade balance, however, has failed to compensate for long-lasting stagnated incomes and internal demand, weighing on employment growth (Arthur, 2009). Social expenditures are part of this policy of labor costs containment. Contrary to widespread view in Germany, the policies of successive governments have succeeded to contain and recalibrate social protection expenditures through incremental reforms better than elsewhere in the EU, which, on a large-scale, led to a real increase in social benefits among the weakest in the EU since the mid-1990s (Lechevalier, 2004). This stance has prompted numerous reforms of social security financing, the costs of which weigh more and more heavily on the federal budget. A gradual transformation of the Bismarckian welfare state has resulted (Palier
and Martin, 2008), both in the areas of retirement and unemployment benefits. The reduction of the scope and of the duration of unemployment insurance benefits has lead to an increased role of the social assistance (Sozialhilfe), which was always distinguished as a provision for the poor as opposed to the provision offered to long-term unemployed by the unemployment assistance (Arbeitslosenhilfe), whose benefits are proportional to former earnings. The heart of the Hartz IV reform has been to merge both. One cannot underestimate the impact of these changes on the transformation of employment norms.

In line with the Blair-Schröder paper, a low-wage sector has been fostered by increasing the pay ceiling for small jobs that are completely or partially exempt from employee insurance contributions (the “mini- and midijobs”). In the absence of an economy-wide minimum wage, this pressure on wage costs accentuates the wage gaps between the export oriented manufacturing sector and service industries (Düthmann et al., 2006). Employment policy reform completed the agenda by managing under the PES objectives, reducing the benefit period, and stimulating long-term unemployment by reformulating conditions of acceptable employment.

4.2 Weakened and disunited interest groups

While strong political agreements have been built between “governing parties”, interest group discourses are rarely met with consensus in the east or in the west of the Rhine. In France, after having been jointly engaged in agreements pertaining to flexibility and the annualization of working time in virtually all industries, the common ground between employers and unions has greatly reduced. The transformation of the National Council of French Employers (CNPF) to the Movement of the French Enterprises (MEDEF) is part of a strategy for defining the reform agenda as is reflected by the program of “social reconstruction” (Vail, 2008). The unions are weak, divided, dependent on the state for financial survival and are primarily institutionalized organizations. Nonetheless, negotiation has become increasingly important for unions, including for the General Confederation of Labor in France (CGT). Unions have as well invested in decentralized social dialogue and got more influential in the areas of integration, training and local development (Jobert, 2000). As managers of regional employment services they have tried to build a strategy to construct a French-style flexicurity, albeit unconvincingly for the moment (Barbier, 2008).

In the German context, the 1990s were marked by innovative agreements that established an important movement towards decentralizing industrial relations and that constituted the most profound questioning of employment standards since the war, including in the industrial sector. The second half of the decade, however, was marked by the failure of tripartite pacts “for work and securing production in Germany” and by the ousting of unions from the agenda for social policy reform. Since the turn of the 20th century, German trade unions in the manufacturing sector had to wage moderation as a compensation for the preservation of employment, which greatly contributed to renewed competitiveness and increased exportation in the German economy of the 2000s.

The unionization rate has been declining quickly in Germany (30% in 1990, less than 20% in 2005) and, following the creation of the Vereinte Dienstleistungsgewerkschaft (Ver.di) in the service industry and the failure of IG Metall (conflicts about working time in Bavaria in 1995 and in 2003 in the new Länder), the Deutscher Gewerkschaftsbund has had increasing difficulties coordinating the various interests of different federations, while a professional unionism has been gaining power. At the same time, employers’ organizations have witnessed a decline in
affiliated companies and they are increasingly divided along ideological lines (BDI and BDA) and by firm size (Streeck, 2009). Since the mid-1990s, a major movement favoring the flexibility of collective labor agreements preceded the recent measures towards labor market flexibility. In 2006, 57% of employees were covered by sectoral collective agreements compared with 72% in 1995 (Ibid.). In addition, unions have conceded from multiple overriding forms to collective agreements. The opening clauses (Öffnungsklausel), which pertain to a majority of companies, enterprise agreements and inter-company alliances for employment (betriebliche Bündnis für Arbeit), are job protecting measures that reflect a rigorous movement towards decentralization and flexibility of the definition of employment standards. Working wages, time and organization are the major challenges of this arrangement (Eichhorst and Marx, 2009).

### 4.3 Increasing disparities in employment conditions across professions and sectors

Discursive dynamics also affect individual relationships with employment, particularly through business or professional discourses. While the “new spirit of capitalism” (Boltanski and Chiapello 1999) has expanded standards of independence and self-realization via professional work, the simultaneous call to develop unskilled employment in the service industry is viewed ambiguously across professions and sectors in France as in Germany. In part, discourses of professionalization valorize the formalization of knowledge through the creation of training programs in new fields such as telemarketing. On the other hand, many firms in these service professions practice strained employment standards by resorting primarily to social or even to personal skills (“sympathy”, personal commitment, etc…).

The development of the service industry, however, has occurred under different conditions on each side of the Rhine. In France, strong competition in commercial services – the retail, hotel and restaurant industries, and telecommunications – indicate that work is becoming more intense and that concomitantly, working conditions are deteriorating (Caroli & Gautié, 2008). Meanwhile, the individual and family service sectors (particularly home care and childcare) have considerably expanded part-time, poorly paid work, predominantly affecting women. In Germany, the absence of a minimum wage and of solidarity across the various industry collective bargainings has lead to a much worse situation. If the rate of working poor fell by one-third in the manufacturing industry between 1980 and 2003, this proportion increased significantly during the same period in the fields of construction, personal services and the transport and logistics sectors, where the rate more than doubled (Bosch and Kalina, 2008, p. 37).

These discursive dynamics are themselves fueled by developments that are shaped by market structures, and they transformed differently in both countries. In France, a trend in the 1990s to abandon the system of cross shareholdings between large firms, which followed privatization; the adoption of shareholder value principles in corporate governance; and the increasing power of executive managers closely related to the state machinery drove a gradual change that helped to construct a new autonomous environment in accordance with the firms’ own preferences (Berrebi-Hoffmann, et al., 2009), including by using state resources. The growing importance of shareholder value added a “work crisis” to the employment crisis. A “new productivism” has spread, where increased organizational constraints are associated with an increase in physical or mental injury, nourishing the debate about occupational accidents (Askenazy, 2004) and suffering at work (Dejours, 2009). At the
same time, both the expansion of companies that outsource and the sheer intensity of outsourcing over the last twenty years have resulted in firms becoming more and more hierarchical, which has had an affect on employment management. These changes are part of a political move to externalize the workforce, ultimately aimed at circumventing labor laws differentiated by business size and enabling outsourcers to employ workers without having to engage in a long-term employment relationship (Perraudin, et al., 2009).

In Germany, the policies associated with restructuring and externalizing large industrial enterprises and the changing ways of financing companies are transforming the competition, but also the forms of solidarity that were forged in the West German socio-economic model from before reunification. Firstly, machine building and chemical companies, as well as those devoted to business services, have reinvented a competitive model that does not reject investing in the workforce, even as they implement massive outsourcing for work-related services. This perspective was accompanied by processes of “outsourcing” and the increasing extroversion of the German economy; large companies use the prospect of enlargement to restructure their production processes as part of the international division of labor – a development that has fueled the debate on the “bazaar economy” (Sinn, 2005). Simultaneously, the major financial players (Deutsche Bank, Allianz, etc…) underwent a gradual change in strategy: They abandoned their role as semi-public financiers of domestic enterprises via bank-firm cross-shareholding in favor of an internationalization strategy. This represents a deep transformation of the corporate governance principles of the Deutschland AG (Boyer, 2005; Streeck, 2009). Solidarity across sectors has also been weakened; employers – like labor unions in the export industry – are taking advantage of differences in employment standards between branches, and services are suffering as a result (Carlin and Soskice, 2008).

These developments contribute to the disruption of collective bargaining and intermediary organizations: They stimulate overriding strategies in collective agreements, destabilize alliances between stakeholders (particularly in co-management, Mitbestimmung), and they contribute to disparities across sectors and to interest variation between large and small companies. They encourage departure from collective agreements, labor market flexibility and wage inequality.

**Conclusion:**

Social norms, such as the employment norms we focus on in the present article, reflect political compromise for a particular period that informs a set of practices and cognitive frameworks of social interaction. We have tried to demonstrate that the determinants of employment norms are located at the juncture between structural changes in societies and competing discourses that govern their interpretation and retroact on them, chiefly through public policies. Analysis of transformations in social reality served as part of an analytical focus on the interactions between three constitutive dimensions of employment regimes (Lallement, 1999) related to three key roles of political and social discourses: Relations to the state demonstrate that the public sphere is a space for constructing public problems, the social power of interest groups is connected to the discourse and forms of regulation tied to organizations and institutions, and finally, the forms of market competition relate to the industrial and occupational discourses on employment.

Building on this theoretical framework, we have tried to show that German and French employment regimes, influenced by dominant discourses and formatted by a transformed
expertise, have undergone profound but contrasting changes since the mid-1990s concerning the motto of employment “at any price”. If the employment standard, understood as a cognitive framework on which to base the construction of collective rules, is consistent across both countries, the empirical employment norms in both domestic labor markets remain distant from each other. As we demonstrate throughout the final section, these disparities are accounted for by differing employment norms resulting from recent or institutionalized political compromises that remain specific to each national context.

To explain these changes in German and French economies, the most recent institutionalist work (Palier and Thelen, 2010) identifies institutional complementarities between systems of industrial relations, the labor market and social protection systems that, due to the inability or refusal of “insiders” to negotiate compromises on flexibility, would have produced in both countries a similar labor market dualism. Our analysis departs from this reading on several key points. First, focused on discursive approaches, we illustrate the central role of expertise in the redefinition of public policies on employment and social protection, backed by political and social coalitions that marginalized unions. Second, our theoretical analysis rejects the theory of a simple dualism in employment, highlighting a much broader continuum of increasing employment standards in terms of the legal relationship to employment, working time, wage inequalities, and the diffusion of a low wage sector. Third, our analysis makes it possible to understand contrasting changes of employment norms in German and France by exploring the original dynamics of national employment regimes and the changes in national discourses about employment. Whether in terms of stagnant employment rates in full-time equivalent, the type of work contract, inequality and working poverty, the breakdown of employment standards is more pronounced in Germany, notably due to the role assigned to women in the labor market.

Bibliography:


Auer, Peter ; Cazes, Sandrine (2003), Employment Stability in an Age of Flexibility, Evidence from Industrialized Countries, Genève: Bureau international du travail.


Barbier, Jean-Claude (2008), « Réflexion comparative sur les conditions sociales d’une flexicurité à la française », Regards sur l’actualité, La documentation française, p. 53-64.

O. Giraud and A. Lechevalier, The breakdown of the employment norms in Europe. A comparison between Germany and France


Bibow, Jörg (2001), The Economic Consequences of German Unification, Levy Institut, Public Policy Brief, n°67.

Bispinck, Reinhard (éd.)(2007), Wobin treibt die Tarifpolitik?, Hambourg: VSA.


Bosch, Gerhard ; Weinkopf, Claudia (2008), Low-Wage Work in Germany, New-York: Russell Sage Foundation.


Carlin, Wendy ; Soskice, David (2008), Reforms, Macroeconomic Policy and Performance in Germany, Center for Economic Policy Research, Discussion paper n°6415.


Düthmann, Anja ; Hohlfeld, Peter ; Horn, Gustav ; Logeay, Camille ; Rietzler, Katja ; Stephan, Sabine ; Zwiener, Rudolf (2006), Arbeitskosten in Deutschland bisher überschätzt, Institut für Makroökonomie und Konjunkturforschung, Hans-Böckler Stiftung, Report n°11.


Eichhorst, Werner; Marx, Paul (2009), Reforming German Labor Market Institutions: A Dual Path to Flexibility, IZA discussion paper n°4100.
O. Giraud and A. Lechevalier, The breakdown of the employment norms in Europe. A comparison between Germany and France


Gauron, André (2008), « Un cas d’école de changement de référentiel. La politique d’exonération de cotisations sociales », in Giraud, Olivier and Warin, Philippe (dir.), *Politiques publiques et démocratie*, Paris: La Découverte, p. 199-216.

Gernandt, Johannes; Pfeiffer, Friedhelm (2006), Rising Wage Inequality in Germany, ZEW-Discussion Paper Nr. 06-019.


Jobert, Annette; Heidling, Eckard (to be published), Dissolution dans les territoires ou reinvention par les territoires des modèles français et allemands de modèle social ?, in Dupré, Michèle; Giraud, Olivier ; Lallement, Michel (eds.), *Les modèles sociaux européens en question – La France, l’Allemagne face aux nouveaux policy mix*.


O. Giraud and A. Lechevalier, *The breakdown of the employment norms in Europe: A comparison between Germany and France*


Schmid, Günther (2002), *Wege in eine neue Vollbeschäftigung. Übergangsarbeitsmärkte und aktivierende Arbeitsmarktpolitik*, Frankfurt am Main, Campus Verlag.


O. Giraud and A. Lechevalier, The breakdown of the employment norms in Europe. A comparison between Germany and France


