Activating the Unemployed in European Societies

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Erklärung nach § 6 Abs. 3 PromO

Hiermit erkläre ich, dass mein Anteil an dem Artikel mit Anne Schüttpelz dem einer wissenschaftlichen Einzelleistung entspricht. Für diesen Artikel habe ich die Datenerhebung und Datenauswertung allein durchgeführt. Die Konzeption des Artikels war weitgehend durch die AutorInnen des Sammelbandes vorgegeben, diesen Rahmen habe ich jedoch in Bezug auf unsere Hypothesen selbständig ausgelegt. Frau Schüttpelz hat Hintergrundwissen zu den europäischen Reformen geliefert.

Düsseldorf, den 25.04.2013
Patrizia Aurich

Eidesstattliche Erklärung nach § 6 Abs. 4 PromO

Hiermit erkläre ich, dass ich diese Arbeit gemäß der Darlegung in der Erklärung zu § 6 Abs. 3 PromO selbständig verfasst und keine anderen als die angegebenen Hilfsmittel verwendet habe. Diese Arbeit ist noch in keinem anderen Promotionsverfahren angenommen oder beurteilt worden und ich habe keine kommerzielle Promotionsberatung in Anspruch genommen.

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Zusammenfassung:

Diese Dissertation untersucht den Wandel von Wohlfahrtsstaaten hin zu einer aktivierenden Arbeitsmarktpolitik in den Jahrzehnten 1990-2010. Sie stellt dabei zwei sich widersprechende Thesen aus der Literatur einander gegenüber und versucht diesen Widerspruch aufzulösen: Die eine These besagt, dass sich aufgrund von strukturellen sozio-ökonomischen Veränderungen im Kontext von Wohlfahrtsstaaten deren Politiken in Bezug auf Arbeitslosigkeit wandeln und zwar hin zu einer in allen Wohlfahrtsstaaten ähnlichen Politik, nämlich der der Aktivierung von Arbeitslosen (Konvergenzthese). Eine andere These besagt, dass Wohlfahrtsstaaten trotz ähnlicher Herausforderungen, wie z.B. der Globalisierung oder des demographischen Wandels in westlichen Gesellschaften, unterschiedliche Profile von wohlfahrtsstaatlichen Politiken beibehalten, wobei die Unterschiede entlang jener Differenzlinien verlaufen, wie sie sich in der Nachkriegszeit zwischen verschiedenen westlichen Wohlfahrtsstaaten herausgebildet haben (Diversitätsthese). Da sich für beide Thesen Belege finden lassen, versucht diese Arbeit Elemente beider Erklärungsansätze zu integrieren und damit den gegebenen Widerspruch aufzulösen.

Hierzu wird zunächst ein Analyse-Ansatz entwickelt, der die Unterschiede in der Politikentwicklung hinsichtlich einer Aktivierung von Arbeitslosen in Bezug auf beide Thesen zu untersuchen ermöglicht. Dieser Ansatz wird auf den Vergleich dreier bisher unterschiedlich gearteter Typen von Wohlfahrtsstaaten angewandt. In einem weiteren Schritt werden dann einige den widersprechenden Thesen zugrunde liegenden Erklärungsansätze hinterfragt: zum einen wird entsprechend der Konvergenzthese geprüft, inwieweit supra-nationale Politikempfehlungen die Richtung nationaler Reformen beeinflusst haben. Zum anderen wird ausgehend von der Diversitätsthese geprüft, inwieweit die politische Interessenstruktur eines Wohlfahrtsstaates die Beibehaltung bisheriger Muster wohlfahrtsstaatlicher Politik gefördert hat. Schließlich wird ein Erklärungsansatz entwickelt, der beide Erklärungsfaktoren integriert und damit sowohl der Konvergenzthese als auch der Diversitätsthese gerecht wird: Im Rahmen einer Diskursanalyse wird gezeigt, welche neuen Ideen der neuen Politik aufgegriffen werden und in welchem Ausmaß dies dazu beitragen kann, die politische Interessensstruktur eines Wohlfahrtsstaates zu verändern.

Summary:

This dissertation investigates the change of welfare states towards an activating kind of unemployment policy during the period of 1990-2010. It juxtaposes two contradictory perspectives from the welfare state literature: One perspective claims that due to socio-economic changes in the context of welfare states the policies of those welfare states would become more alike, which would lead to a similar policy of activating the unemployed (convergence hypothesis). Another perspective argues that despite common challenges that western welfare states are faced with, such as globalisation or demographic change, the policies of these welfare states remain distinct according to different profiles that have developed in the post-war period (diversity hypothesis). As both perspectives are able to present empirical evidence for their claim, this dissertation attempts to integrate their explanatory powers in order to solve the given paradox.

In order to do so an analytical framework is developed, which allows depicting differences in policy development in regard to both of the above perspectives. This framework is applied to an empirical comparison of three previously very different types of welfare states. In a next step, explanatory approaches related to each perspective are tested: on the one hand, the influence of supra-national policy recommendations is said to have influence national reforms and thus policy convergence. On the other hand, the diversity hypothesis assumes that structures of interest make existing policies rather stable. An explanatory approach is proposed that includes both variables thus integrating both hypotheses: Using discourse analysis it is shown, how new ideas in regard to policy are being picked up and to what extent these can serve to change the given interest structure of a welfare state.

Contents

1. Introduction to the Dissertation

Western welfare states have been exposed to a number of different challenges over the last 40 years. As a consequence, the welfare state as a mode of redistributing risks between different groups of society has been significantly remodelled. The main idea behind this was that welfare policy, as it had developed in response to industrialisation in the 19th century, is not apt anymore to deal with today's risks in society and is increasingly also lacking resources to do so. The risks, which the industrial welfare state mainly dealt with, concerned the social security of the male adult worker, who was the main income earner in an economic order based on mass industry. Since then, however, many things have changed: On the one hand, the worker today is not necessarily male anymore. Due to changes in family values and changing gender roles the classical division of work in the family has been replaced by other models of family life. At the same time, the economy today is less based on classical types of industry, but has developed towards a post-industrial economy, the outcome of which is still topic of a lively debate (Armingeon and Bonoli, 2006, Burgoon and Dekker, 2010, Clasen and Clegg, 2006, Giesecke, 2009, Pierson, 2001). Part of this development is the turn towards the service sector, which loosens the boundaries of the normal work biography. Lower wages and less stable working conditions have affected both, the revenue structure of the welfare state (through lower taxes and social security contributions) as well as the type of risks it is supposed to deal with (Pierson, 2001: 83-92). All of this becomes even more pressing considering the massive changes induced through globalisation, which affects economies and societies worldwide. Considering these new economic interdependencies many argued that it would not be viable anymore for states to put high taxes on their citizens in order to finance costly social programmes (Mosley, 2003, Tanzi, 2002). At the same time, certain types of social policy programmes became more costly (for example, pensions in consequence of demographic ageing) and welfare states have been faced with new social risks such as lone parenthood or long-term unemployment.

As a consequence of all of these developments most welfare states have been reformed. One example of such reform can be found in social policy for the unemployed. In the 1970s mass unemployment has rocketed and the overall levels of

unemployment have since then remained high. Thus, unemployment is a major risk in post-industrial welfare states. New solutions were deemed necessary in order to deal with this problem: Whereas in the early history of the welfare state unemployment was seen as a problem of insufficient demand for labour, which was dealt with in the framework of Keynesian stimulation policies, the continuously high degree of unemployment turned the focus towards the unemployed themselves, thus questioning the degree of suitable and adequate labour supply (Armingeon and Bonoli, 2006, Goul Andersen et al., 2002, Koistinen et al., 2009). This concerned also the design of social policy programmes towards the unemployed, of which it was argued that they run danger of facilitating a behaviour harmful to economic development and by extension harmful to the financial sustainability of the welfare state (EC, 2001, OECD, 1994). The idea of ‚welfare dependency' was invoked (see: Murray, 1984) suggesting that unemployment policy can provide poverty traps and impede on individual activity on the labour market. The view that unemployment had become increasingly structural became popular (Clasen and van Oorschot, 2004: 233) raising questions not only about the motivation of the unemployed, but also about their employability (Jackman et al., 1998). As a consequence of both of these questions, it was proposed to increase efforts of ‚activating' the supply side of the labour market, i.e. the unemployed (OECD, 1994).

The knowledge on the degree and kind of change through welfare state reform so far is inconclusive. While some have assumed far-reaching and rather drastic changes (Breen, 1997, Gilbert, 2002, Jessop, 1993; Fleckenstein 2008), others have pointed towards a diversity of change (Bonoli, 2003, De Beer and Schils, 2009, Esping-Andersen, 1996, Goul Andersen, 2005, Pierson, 2001a, Scharpf and Schmidt, 2000, van Berkel et al., 2012). The first perspective implies convergence of welfare states into one direction. It is based on the assumption that all welfare states experience similar challenges, which require a similar response. One factor most often cited as one to affect all welfare states equally is the pressure produced by common global markets (Tanzi, 2002). This pressure is said to induce the necessity of reducing the generosity of welfare transfers and services (also called ‚retrenchment policy', Pierson, 2001a), in order to keep the economies of welfare states competitive. Convergence in this case thus means finding the lowest common denominator, which would mean a race-to-the-bottom between different welfare states.

Yet a clear-cut retrenchment so far has not occurred and another stream of research points to the institutional particularities of different welfare states, which stand in sharp contrast to convergence theory (Goul Andersen et al., 2005, Armingeon and Bonoli, 2006, Clasen, 2005, Pierson, 2001a, van Gerven, 2008). This second perspective assumes that policies remain diverse in relation to their different national contexts. These national contexts differ in regard to economic structure, social structure and design of welfare policy. The latter point was most prominently developed by the so called welfare regime theory (Esping-Andersen, 1990). This theory assumes that welfare states developed differently in the post-war period, because the working class, as the main advocate of welfare policy, had to build coalitions with other classes, the success of which differed in different national contexts. In the view of that theory, these differences in coalition-building resulted in differences concerning the comprehensiveness as well as the generosity of welfare states. On the basis of this, many have argued that once a country has developed a specific profile of welfare policy with a given redistribution of income between classes, every further development or change of that country's policy is to be affected by its general welfare regime type in the sense that the overall logic remains more or less the same (Esping-Andersen, 1999, Pierson, 2001b). The main variables invoked by this literature are that of interest and political equilibria, where welfare states receive "positive feedback" (Pierson, 1993) from political interests in maintaining them.

The research on activating unemployment policy reform is a prime example for the described theoretical divide: while some emphasise *convergence* through common policy ideas, pressures and supra-national governance (Fleckenstein, 2008, Heidenreich and Bischoff, 2008, Seeleib-Kaiser and Fleckenstein, 2007, Gilbert, 2002), others emphasise *persistent diversity* on the basis of previous policy settings of given welfare regimes (Barbier and Ludwig-Mayerhofer, 2004, Dingeldey, 2007, Serrano Pascual, 2007, Graziano, 2012, van Berkel et al., 2012, Bonoli, 2010). Assuming that both theories have significant empirical material at their disposal to prove them right, the question remaining is how the divide can be turned into a more fruitful conglomerate that is able to show the extent of which new policy ideas of activation have become integrated with previous unemployment policy designs. The main research questions of this study thus are:

- To what degree did unemployment policies in different welfare states develop towards activation over the last two decades?
- And what can explain differences in the degree and kind of change towards activation?

Putting emphasis on the degree of change acknowledges that change can happen gradually with ambivalent results. This theoretical preposition will now be described in more detail with reference to the state-of-the-art research on activating policy reforms.

Conceptualising Activation Policy[1] *– Revisiting the Dependent Variable*

The concept of ‚activation policy' is broad. It brings together at least two different ideas: one is related to the retrenchment paradigm and another to the employability of the unemployed. In line with the argument of the retrenchment paradigm the first idea questions the generosity of welfare states. It assumes that generous transfers do not provide enough incentives for individuals to participate in the labour market (Streeck and Heinze, 1999). This view voices concern with a very basic question of welfare state policy: to what degree should individuals be enabled to sustain their existence independent of labour market activities? In other words: which degree of ‚decommodification' (Esping-Andersen, 1990) is adequate and tolerable, especially in times of high unemployment? Decommodification, meaning the possibility for individuals not having to sell their labour on the labour market in certain circumstances such as age, sickness or similar, was seen as the major idea behind the development of post-war welfare states (Polányi, 1944) and by extension it became the cornerstone of regime theory, which distinguished different types of welfare states in regard to the type and the degree of decommodification: the social-democratic, most decommodifying welfare state, the liberal, least decommodifying welfare state, and the continental, medium decommodifying welfare state (Esping-Andersen, 1990). The criticism that the generosity of welfare state transfers is now presented with seems to imply to some observers such great changes that they might dissolve differences between welfare states (Gilbert, 2002, Jessop, 1993), implicitly rendering the regime theory irrelevant. Thus, all welfare states would reduce benefits and thus the degree of decommodification

[1] When I speak of ‚activation policy' I mean activating *unemployment* policy.

independent of their previous type affiliation. However, other parts of the literature have recently re-introduced the regime theory assuming that this kind of change (i.e. a decreasing generosity of transfers) is more likely to happen in certain kind of welfare states, namely in previously not so generous policy schemes of "liberal" welfare regimes (Barbier, 2005, Serrano Pascual, 2007). One reason given for this, is that these countries are more open for discussions about deservingness and the perception of the unemployed as dependent on welfare (Rothstein, 1998, Serrano Pascual, 2007).

The other idea of ‚activation' is related to the employability of persons, who are long-term unemployed. It assumes that skills decrease during longer spells of unemployment (Layard et al., 1996). In this view unemployment policy should be designed so as to minimise skill deterioration. Skill development, training and work placements are seen as necessary provisions in addition to transfers in order to keep the unemployed fit for the labour market (Lødemel and Trickey, 2001). This idea is part of the ‚social investment' agenda emphasised also by supra-national organisations, such as the EU, and was conceptually supported by works of Anthony Giddens and others (Giddens, 1998, Jenson and Saint-Martin, 2006). But despite this broad reception, the assumption of convergence towards a social investment state has also been presented with arguments in favour of a regime-specific adaptation: Just as retrenchment is seen to be more likely in a certain type of welfare state, it is argued that these policies of human capital development (or active labour market policies, short: ALMP) have come to use mainly in welfare states previously recognised as belonging to the social-democratic model (Barbier, 2005, Bonoli, 2010, Dingeldey, 2007, Iversen and Stephens, 2008, Serrano Pascual, 2007). Liberal welfare states, on the other hand, would not be willing to increase expenditures, because only the lowest tier of society would benefit from such provision (i.e. those dependent on the very meagre type of low benefits).

Causes of Change towards Activation

Both hypotheses, that of persistent diversity as well as that of convergence towards activation, put forward a number of independent variables in regard to their claim. The hypothesis on persistent diversity is often based on an analysis of interests in the different types of welfare regimes (Bonoli, 2000, Esping-Andersen, 1996, Pierson, 2001a). The regime theory assumes that the power of different interest groups has

produced different types of welfare state regimes, which in turn produce constituencies for their own type of welfare state. Interests, in this case, are reinforced through policy structures, which makes them rather stable (Pierson, 1994). Reform in such context becomes even more difficult, the more structures of governance are devolved to regional levels and the more stakeholders are involved for example via self-financing (Clasen and Clegg, 2006). Both factors increase the number of interested parties and veto points. Now what does all this mean in the case of activating unemployment policy?

In regard to social investment, it has been shown that it is not much in the interest of core workers, the so called labour market insiders with significantly advantageous positions on the labour market, to finance measures of increasing employability, so called ALMP (Clegg, 2007). On the one hand, they themselves might not need them, as they are already employed and probably sufficiently qualified. Moreover these policies might produce new competition for them on the labour market as they help outsiders enter the labour market (Rueda, 2007). Labour market outsiders, at the same time, often do not have the necessary power to push for their agenda, even though they might need active labour market services (Bonoli, 2006). In that sense, countries with a strong division between labour market insiders and outsiders are supposed to be less prone to introduce social investment policies. The type of continental welfare states comes closest to this, but the liberal type of welfare state also shows features of stratification between labour market insiders and outsiders. Overall, for the area of human capital investment the same explanations seem to be of use as for redistributive welfare policies with the consequence of distinct worlds of human capital formation that some view as comparable to the welfare regime distinctions (Iversen and Stephens, 2008).

At the same time, it is also not in the interest of labour market insiders to become the object of lower transfers and scrutinised conditionality, should they become unemployed. As they have achieved a certain kind of status in regard to qualification and pay, they might request insurance-like conditions of welfare receipt, which recognises their contributions to the system. Therefore retrenchment proposals must seem unpopular to the majority of individuals in social insurance schemes of the continental and the social-democratic type (Clasen, 2005, Esping-Andersen, 2004, Pierson, 2001a).

Convergence theory, on the other hand, is based on the assumption that policy learning is possible (Hassel and Williamson, 2004, Heidenreich and Bischoff, 2008, Seeleib-Kaiser and Fleckenstein, 2007, Trampusch, 2005). According to this view, policy makers can learn from other countries performance or they can get new insights from supra-national/international organizations. These learning processes often involve the orientation towards so called „best-practice“ models (Lindsay, 2007). As the transfer of policy models into another context with a different history and different institutional structures is not always easily possible (Pierson, 2004, Scharpf and Schmidt, 2000), some intervening variables have been proposed. One of these concerns the influence of a level of policy-making that lies above the welfare state. In the beginning the OECD was an international proponent of activation (OECD, 1994), but the EU also embraced this policy and included recommendations in regard to such into its European Employment Strategy (EES). While the OECD offered mere policy recommendations to its members, the EU put more emphasis on the implementation of the EES in its member states and even introduced a governance modus called “Open Method of Coordination” (de la Porte et al., 2001). Even though this process can only be considered soft law, which is not binding, a huge literature has started to investigate into the impact of such ‚Europeanisation’ on national policy-making (Börzel and Risse, 2003, Büchs and Hinrichs, 2007, Graziano et al., 2011, Heidenreich and Zeitlin, 2009, Hemerijk and Schludi, 2000, Palier and Guillen, 2004, Visser, 2003).

As full convergence is a rather unlikely result of welfare state change, others have pointed towards different degrees of convergence. Indeed, there is a large literature in political science, which uses explanatory variables that assume incremental change in singular aspects of welfare policy rather than a whole-scale overhaul of the system. For example, ideologies and ideological differences between political parties are assumed to have become less pronounced making the positions of the mainstream parties nowadays often interchangeable. This leads to a lack of electoral competition (Kitschelt, 2001, Ross, 2000) and similar policy outcome independent of the party in power. The policy outcome is then more likely to be in the direction of policy change as the lack of electoral competition makes parties less vulnerable to getting voted out of office. At the same time, this policy change can be expected to be rather moderate, because it is often undertaken by parties that are more likely to be trusted by the citizens to produce

acceptable results, i.e. to implement policies carefully without going over the top (Ross, 2000). In that sense, it is often the involvement of parties not seen as especially hostile towards the welfare state, such as social-democratic parties, which leads to successful but also limited reform. Such incremental change based on support of the broader party spectrum is often accompanied by new social pacts (Rhodes 2001, Hassel 2003, Hemerijck and Visser 2000, Avdagic 2005) or the selective compensation of some groups (Bonoli, 2001, Häusermann, 2006).

Theoretical aims

This study argues that there is significant value in combining both perspectives, that of policy convergence and that of persistent diversity, in order to explain differences in-kind between policy reforms. In fact the two opposing perspectives are arguing on different levels: While the first position emphasises the influence of time and the dynamics of policy development, the second position calls attention to the preserving power of previous differences, rendering these stable, almost unalterable structures. It is, however, hard to believe that in a world where time progresses in an unstoppable way policies can remain stable over a long period of time: In the end, policies are not locked off from interaction with changes in their surroundings. A similar argument can be made against the convergence idea: Even though path-breaking change of an abrupt kind can take place, it is unlikely and not necessarily the most transformative kind of change (Goul Andersen, 2007, Streeck and Thelen, 2005, Bonoli, 2000, Hinrichs and Kangas, 2003). The most likely scenario is therefore one in which new policy ideas interact with previous policy structures in a way that both factors influence policy development over time.[2] At the same time, different points of departure are likely to influence the direction of change: thus, in addition to different degrees of change it is

[2] Such assumption finds strong support in the literature on so called ‚mature welfare states' (Pierson, 2001b). According to this stream of literature, the maturity of welfare states not only increases the complexity of the research object, for example in regard to differing risk groups (Clasen and Siegel, 2007), but also that of possible explanations for its evolvement over time (Amenta, 2003, Bannink and Hoogenboom, 2007, Mahoney, 2003, Pierson, 2004). Thus, time is an intermediating factor for both: policy stability and change. The question to be answered by social policy research is whether, how and to what degree forces from the past interact with new policy ideas.

important to also allow for different types of change within an analytical framework for researching activating unemployment policy. My assumption is that in light of the amount of change in recent decades, it seems hardly plausible to conclude that, yes, there has been change, but that this has not significantly changed differences between different types of welfare state regimes. It seems a rather static view to assume that all welfare states jump a step up or down a ladder without this having any effect on their relationship or, more specifically, on their position in a welfare state typology. From a logical point of view *new diversity* is the more likely outcome. It was shown above how some of the commonly used variables, dependent and independent ones, lend themselves more easily to support one or the other of the two opposing perspectives. In the following, I will discuss these approaches with the aim of developing a different analytical framework.

In regard to the dependent variable of the reform phenomenon ‚activation policy', a paradox can be observed. While a broad stream of convergence literature documents significant change, in regard to at least two policy ideas, namely retrenchment and social investment, other parts of the literature reject any convergence hypothesis arguing that welfare states have preferences in regard to either one of the policy ideas based on differences developed in their post-war welfare profile and a resulting proximity to either one of these solutions. There are problems with each of these views:

1. The sheer existence of more than one convergence logic (in this case retrenchment *and* social investment) makes convergence towards one policy goal seem unlikely. Instead it opens the room of options for policy development rendering the use of wider analytical frameworks as necessary. In that regard, convergence theory could learn from regime approaches and develop such new frameworks of differences-in-kind that cover different logics of activation.
2. At the same time, current pressures on unemployment policy schemes put the plausibility of the rather conservative view of regime theory with its proximity argument into question. The assumption of path-dependent policy adaptation does not leave much room for innovative policy-making. To put it more boldly: why should a welfare state with already rather low transfers (such as the liberal UK for example) be more prone to retrenchment than a welfare state with high transfers (such as social-democratic Denmark)? As spending in the liberal case is

comparatively low, the need for retrenchment might be less pronounced. Furthermore, as transfer payments made to benefit recipients are already low, it might seem quite harsh to further downgrade them. A similar argument can be made for the idea of social investment: why should a welfare state with high spending and high service provision (such as social-democratic Denmark) be more prone to increase spending on social investment than a welfare state with lower spending and low service provision (such as the liberal UK)? In the social-democratic case, more spending might be hard to finance and the need for such expenditure is probably less pronounced.[3] The argument of regime heritage is therefore quite at odds with the idea of policy learning (cf. for example: Heidenreich and Bischoff, 2008, Stiller, 2010).

The argument I would like to make is that in order to adequately assess welfare state change towards an activating kind of unemployment policy, we need to make use of an analytical framework that is able to analyse change in kind over time. Firstly, it needs to be acknowledged that the dependent variable of ‚activating unemployment policy' proves too complex as to be compressed into one dimension that would be useful to analysing convergence towards one policy goal, which would fit nicely a comparison with the one-dimensional decommodification index of regime theory. Instead, we need a framework that includes both goals, retrenchment and social investment, allowing for differences of in-kind between them. In order to do this, I will introduce the distinction of incentive creation and active support (paper 1). The degree of coercion and incentive-orientation based on the retrenchment logic affects the autonomy of benefit recipients, whereas the degree of training and other instruments aimed at increasing employability affects the support in becoming active on the labour market as entailed in the social investment logic. These two logics have to be treated separately in the analysis of activation policy. Secondly, diversity is often analysed in a cross-sectional manner, as the *result* of a process, whereas convergence is analysed looking at policy *development* over time in regard to one common indicator. I argue that

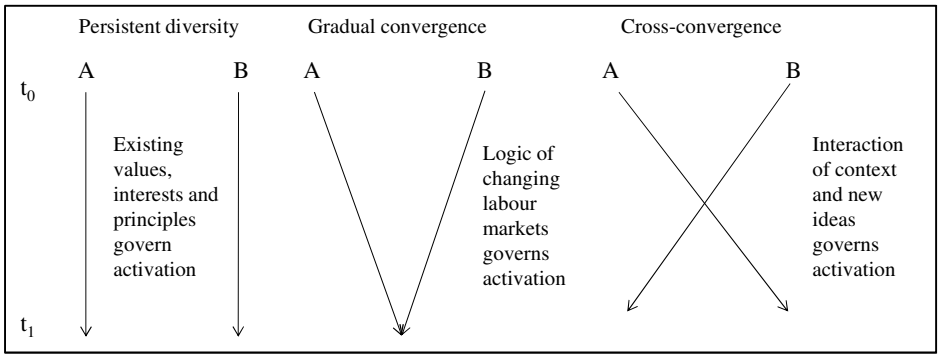
[3] Such mechanism has been prominently discussed in the theory of "crowding-out", where previous policy engagements define the room for policy reform. The assumption then is that the higher spending is on ‚old' policies, the lower is the leeway to introduce new policies (Bonoli, 2007, Manow and Seils, 2000).

we need to combine both perspectives in order to avoid over-interpreting differences at a moment in time or putting too narrow a focus on one direction of reform.

Such an approach allows for analysing convergence and divergence at the same time and is more suited to analyse hybrid policy types. In Figure 1, the two models of gradual convergence and persistent diversity are shown and contrasted with an alternative: cross-convergence. The first model depicts the idea of persistent diversity. Two welfare states – A and B – develop their policy schemes, but they do so on the basis of past institutions. It is assumed that existing values, interests and principles also govern new policies, such as activation policies. The development is therefore parallel, and results in two new policy schemes with a similar degree of difference between them than the one that existed before. This scenario, however, does not take into account that countries can learn from each other, and that this might lead them to deviate from previous policy structures. For example, country A could be positively impressed by some performance of country B, and, as a result, this country may try to copy some of the successful measures. Such developments can be strongly encouraged through mechanisms like the Open Method of Coordination (OMC) at a European level, which is geared towards exchanging best practices, and overall, this could lead to more mixed and hybrid policy types (Dean, 2007: 584).

However, it seems questionable that this hybridisation has gone so far as to lead to a neat convergence, as implied by Model 2. If countries A and B copy from each other, it is more likely that this will result in an exchange of positions or the establishment of new positions in between the two countries, rather than in one common position. Assuming total convergence – according to an overall logic of a changed global labour market – will rid us of the opportunity to grasp the steps in between, which are highly relevant in understanding change. The model of gradual convergence dismisses these merits of classification too easily.

Figure 1: Conceptualising policy change.



Source: Own depiction.

It seems more plausible to assume something like the third model in Figure 1, which I call cross-convergence. It implies a common development that leads to new diversity in the sense of crossing positions. In this model, values, interests and principles based on previous policies may interact with new ideas and pressures. This may lead to changing some, but probably not all, of these policy elements, and in the end, to new differences between the policy schemes. Even if the positions themselves would not really cross, the direction of reform could be expected to be opposite, thereby representing the idea of cross-movement.

This way the rather conservative stance of regime theory in regard to welfare state reform can be avoided *without sacrificing a diversity perspective*. The classical assumption of regime theory that typologies can serve to classify a coherent type of policy for a given country is questionable for mature welfare states. First of all, differences within countries are possible and open up opportunities for change (Pfau-Effinger, 2004b). This concerns differences between classical risk groups (sickness, old age, unemployment), but also the so called new social risks that appeared with the advent of post-industrial society (Armingeon and Bonoli, 2006). Not all of these risk groups are treated in the same way and especially not according to one overarching regime logic (van Oorschot, 2006). Secondly, time itself has an independent impact on policy making and can have diverse effects of hybridisation or de-hybridisation respectively (see also: Bannink and Hoogenboom, 2007). Policies are in flux all the time and typologies should be viewed as useful analytical tools to assess differences within a country or degrees of change over time instead of trying to identify coherent types (similarly: Haas, 2005).

In regard to explanatory variables of change towards activation, I have shown above how different variables support either one of the perspectives of convergence or diversity. Following the idea of "cross-convergence", however, an approach is required that is more multi-faceted. For example, both of the interest arguments come down to the assumption that systems, which favour labour market insiders, such as social insurance welfare states, are not prone to introduce activation in any significant way (Clasen, 2000). Thus the main explanatory factor is that of self-interest. Such understanding of welfare states makes them resilient to change as long as a major group benefits from the given type of distribution. This view excludes any other assessments of policy reform, which may produce different outcomes than welfare state stability. For example, an assessment of policy reform in the light of New Social Risks might lead individuals to reflect on the needs of others compared to their own. Due to changes of the economic and social environment different values of redistribution might come to contradict one another opening up opportunities for change (Pfau-Effinger, 2004a). For example, in a policy regime based on values of equity, where everyone receives benefits only on the basis on his or her work record, new values based on need might develop in the context of insecure and disrupted work biographies. These aspects of policy assessment are excluded from the view of the interest approach and most of the proponents of the interest hypothesis argue in terms of party representation, unions or other features that are more readily used in political science (Armingeon and Bonoli, 2006, Bonoli, 2009, Clasen, 2005, Jingjing et al., 2008, Kitschelt, 2001, Scharpf and Schmidt, 2000). In doing so, they take interests as given rather than analysing the social foundations of policy assessment.

The second approach of policy learning, on the other hand, seems in danger of overestimating the external input and losing sight of the importance of domestic processes for policy change. Supra-national influence might initiate a change, but this hardly ever results into a full impact punctuated-equilibrium change (Goul Andersen, 2007). The extent of which such supra-national influence interacts with domestic variables is still an open question (Graziano, 2012).

Thus, it seems necessary to take into account explanatory factors for both reform developments and to find a mode of interaction between them that allows for a joint analysis. Therefore, I propose to use discourse as an intervening variable. Discourses

allow analysing the reflexivity in the evaluation of welfare state policy linking the influence of previous policy settings to policy change (Schmidt, 2010). Discourses over activation policies contain often normative valuations relating social groups to each other. This means, how the group of the unemployed is socially constructed and what support it finds in the majority society plays a role in justifications of activation policy reforms. At the same time a problem-solving process is implicit, i.e. the question of how the societal problem of unemployment can best be solved and what role the state should play in it. For both questions the context framing the reform is of decisive importance: The previous welfare-state regulations are substantial points of reference, since they are the central objects of the reform. Reform intentions express themselves first in a political discourse, in which previous, possibly also culturally charged structures of policy are questioned. For example, do the unemployed display the values that the majority expects of benefit recipients? Have recent policies helped in integrating the unemployed into the labour market? What new instruments might be available and how could they be integrated into the given context of welfare policy regulation?

Thus, discourses do not take place detached from institutional structures, such as social inequality, welfare policy regulations or the dominant context of political economy. Instead, they allow political actors to present reform proposals and, if successful, to push decisions through the legislative process and into the framework of governance structures. The discourse is shaped by actors whose positions emerge from basic social inequality. The structure of social inequality can be understood as the product of the dominant economic and socio-political relationships as well as market forces against the background of values and interests. Birgit Pfau-Effinger calls the combination of such factors the 'welfare arrangement' model (Pfau-Effinger 2005: 5), in which welfare state policies are *"the result of conflicts, negotiating processes and compromises of social actors in relation to their ideas and interests"* (Pfau-Effinger 2005: 6). Such an integral approach is fruitful for the explanation of change in welfare states because it can show how social and cultural structures make socio-political contingencies possible (Cox 2001; Pfau-Effinger 2001; Schmidt and Radaelli 2004; Pfau-Effinger 2005). This means that interests are just one part of a broader equation of interpretative action just as supra-national policy making is only one of many possible influences initiating reform. I argue that discourses play a significant role in bringing

ideas and interests into the social interactions of policy formation and that they differ in the contexts of social policy, social inequality, social praxis and cultural values leading to different types of activating unemployment policy and thus different types of policy change towards activation.

Procedure

The study is based on four papers, in which different aspects of the theoretical aims are developed. One paper deals with the dependent variable of activating unemployment policy reform, whereas three papers deal with different explanatory variables, including interest representation, supra-national influences and discourses.

The first paper discusses in detail the idea of cross-convergence and develops an analytical framework to apply this concept to the empirical phenomenon of change towards activation in unemployment policy. Policy change is analysed over a period from 1990 until 2010 for policy schemes in three different welfare states for different benefit schemes (unemployment insurance and social assistance). Utilising a fuzzy-set methodology different directions of reform are shown and different types of activation policy distinguished from previous "passive" unemployment policies. Cases were selected on the basis of regime theory with one country representing each type: Denmark (social-democratic), Germany (continental) and the United Kingdom (liberal).

In the second paper one assumption of the diversity perspective is tested empirically: that of interest representation in welfare states. As interests to date have only been analysed via indirect political variables (party representation, unions, etc.) without paying much attention to the actual attitudes of the population, this paper will look at attitudes derived from the European Value Survey. Departing from the assumption of the regime approach that the middle class had significant influence on welfare state development during the times of welfare state expansion in the post-war period I will test the hypothesis that in welfare states with a strong middle class involvement this group shows little preference for activating the unemployed (i.e. themselves). I propose to take a look at opinions of the population in order to determine whether policy assessments actually conform to interests (paper 2). Even though a large amount of research on attitudes towards the welfare state exists, a detailed analysis of attitudes towards activation policy today is still missing from the literature. As cases

two countries are chosen, which, in the analysis of the first paper, showed significant and in view of the regime theory unexpected change: Germany and the United Kingdom.

The third paper looks at a theoretical assumption related to the convergence perspective: one explanation for policy change, which is given in the literature, concerns the role of supra-national organisations and their policy-shaping influence. This paper investigates the influence of such supra-national policy-making for one welfare state (Germany), which for a long time qualified as a so called "frozen welfare state", a term which indicates the inability of a welfare state to change (Esping-Andersen, 1996, Ferrera and Rhodes, 2000, Scharpf and Schmidt, 2000). However, Germany experienced significant reforms in the 2000s, especially in unemployment policy, which most observers qualify as path-breaking (Eichhorst et al., 2008, Fleckenstein, 2008, Hassel and Williamson, 2004, Mohr, 2007, Trampusch, 2005). Thus it is a very valuable case to test the possible power of outside influence.

The last paper suggests looking at an explanatory approach more open to both perspectives, that of convergence and that of diversity. It is argued that policy discourses relate to interests as well as to new policy ideas and therefore can act as intervening variable explaining new differences between welfare states. Again, those cases with the highest degree of change (in respect to hypotheses from the regime theory) are chosen: Germany and the United Kingdom.

The study closes with a discussion on the overall results from all four papers.

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2. Activating the Unemployed – Directions and Divisions in Europe[1]

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Abstract:

One of the continuously disputed issues of research on welfare state reform is the question of convergence or divergence. Despite much reform in the direction of an activating kind of unemployment policy, for example, differences between these unemployment policies remain. These differences are often attributed to different types of welfare regimes. This article departs from the assumption that policy changes have brought about changes in diversity. It proposes a two-dimensional model of activation, putting forward a new type of 'coercive welfare' in addition to the distinction between generous and strict activation. The study compares policy development in three European countries, Denmark, Germany and the United Kingdom, and applies a fuzzy-set methodology (Ragin 2000). The findings show that by re-conceptualising indicators commonly used in research on activation policies, a puzzle of opposite reform directions emerges.

2.1. Introduction

Over the last 30 years, the focus in the fight against unemployment has shifted from stimulating the demand side of labour, towards questions of labour supply. Especially in the 1990s, many countries began to transform their unemployment policies into policies that were supposed to 'activate' benefit recipients. It was assumed that unemployment policies made individuals too passive with regard to labour market participation (Layard and Philpott, 1991, Nickell, 1998). In order to avoid this, individuals should not be allowed to receive benefits in a passive way, but, rather, benefits should be dependent on actively seeking work (OECD, 1994, Sinn, 2002, Streeck and Heinze, 1999). But as employment in the labour market is often a significant problem for benefit recipients, what constituted 'actively seeking work' remained ambiguous. Apart from participation in training or other measures of personal

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improvement, work-like activities and behavioural requirements, backed up by sanctions, were introduced in some countries.

The literature diverges on the question of whether this trend towards activation policy results in convergence between different welfare states. While some assume differences in kind, others see differences only in the degree of reform. The first approach assumes that social and political institutions exert a stabilising effect on policy development, so that new policies mainly reflect the structure of policy sets already present in a country. Based on this assumption, at least two types of activation policy have been distinguished (Barbier, 2005, Bruttel and Sol, 2006, Dingeldey, 2007, Kahl, 2005, Lødemel and Trickey, 2001, Serrano Pascual, 2007). The second approach, on the other hand, assumes that the logic of activation concerns all unemployment policies equally, independently of their institutional context (Gilbert, 2002, Jessop, 1993). More recently, it has been stated that continuously ongoing reforms lead to 'contingent convergence', implying an 'obsolescence of established typologies of activation styles' (Eichhorst and Konle-Seidl, 2008: 432). Both approaches have their weaknesses: while the assumption of gradual convergence tends to ignore the history of quite different policy schemes, the assumption of persistent diversity is rather static and seems to rule out real change.

Rather than adopting one of these polar positions, this paper assumes that the shift towards activation has resulted in new differences between welfare states. The assumption is that countries with different policy legacies have different possibilities for policy learning. In that sense, the direction of reform is important (i.e. comparing policies over time), as is an understanding of policy elements that might change within the overall composition (i.e. the dependent variable). In this article, I first discuss conceptual challenges in comparing activation policies, before presenting a framework that attempts to tackle these challenges. I then apply this framework to measuring change in three countries (Denmark, Germany and the United Kingdom). Fuzzy-set methodology will be used to determine the degree of change and differences between countries in a systematic fashion.

2.2. Conceptual Challenges

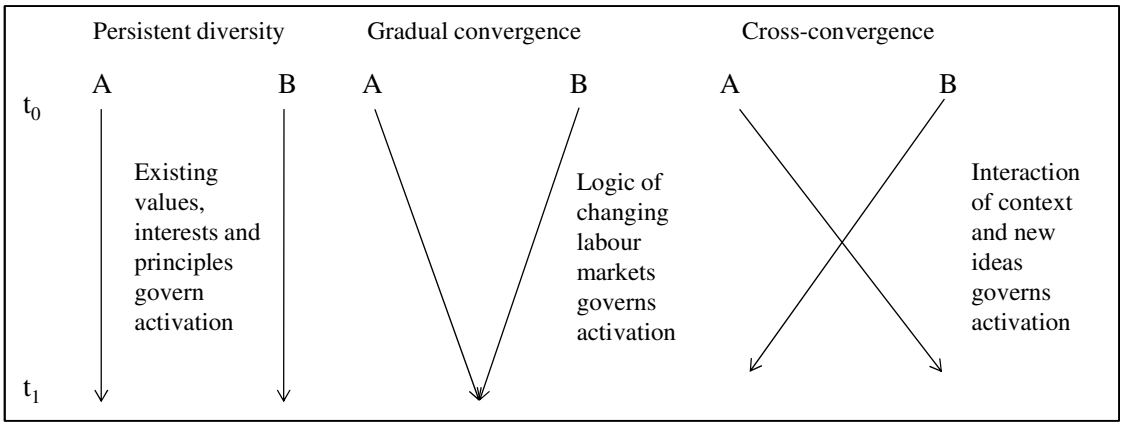
In this section I first discuss competing views of policy change in greater depth. I then show how previous typologies have come to favour one of these models in the way they operationalise the dependent variable of activation policy.

2.2.1 Models of policy change

On the one hand, the problem with determining the impact of activation is of a theoretical nature. In Figure 1, the two models of gradual convergence and persistent diversity are shown and contrasted with an alternative: cross-convergence. The first model depicts the idea of persistent diversity. Two welfare states – A and B – develop their policy schemes, but they do so on the basis of past institutions. It is assumed that existing values, interests and principles also govern new policies, such as activation policies. The development is therefore parallel, and results in two new policy schemes with a similar degree of difference between them than the one that existed before. This scenario, however, does not take into account that countries can learn from each other, and that this might lead them to deviate from previous policy structures. For example, country A could be positively impressed by some performance of country B, and, as a result, this country may try to copy some of the successful measures. Such developments can be strongly encouraged through mechanisms like the Open Method of Coordination (OMC) at a European level, which is geared towards exchanging best practices, and overall, this could lead to more mixed and hybrid policy types (Dean, 2007: 584).

However, it seems questionable that this hybridisation has gone so far as to lead to a neat convergence, as implied by Model 2. If countries A and B copy from each other, it is more likely that this will result in an exchange of positions or the establishment of new positions in between the two countries, rather than in one common position. Assuming total convergence – according to an overall logic of a changed global labour market – will rid us of the opportunity to grasp the steps in between, which are highly relevant in understanding change. The model of gradual convergence dismisses these merits of classification too easily.

Figure 1: Conceptualising policy change.



Source: Own depiction.

It seems more plausible to assume something like the third model in Figure 1, which I call cross-convergence. It implies a common development that leads to new diversity in the sense of crossing positions. In this model, values, interests and principles based on previous policies may interact with new ideas and pressures. This may lead to changing some, but probably not all, of these policy elements, and in the end, to new differences between the policy schemes. Even if the positions themselves would not really cross, the direction of reform could be expected to be opposite, thereby representing the idea of cross-movement.

Of course, which of these three models of policy change one ends up with, depends on how the variables for measuring change – in our case, activation policy – are conceptualised. In the following, I discuss how previous conceptualisations of the dependent variable of 'change towards activation policy' have come to emphasise either the model of convergence or persistent diversity, instead of new diversity, before proposing a different framework that is more suitable for measuring the latter.

2.2.2 The dependent variable of 'activation policy' in previous typologies

Approaches that assume gradual convergence tend to focus on the contrast between new and old policies. They measure the degree or the occurrence of change, for example, as increased expenditure on active labour-market policies, or by contrasting old policy arrangements with newer ones (Gilbert, 2002, Hvinden, 2003). The focus of such a procedure is on change itself, rather than on differences within change.

With regard to persistent diversity, the case is a little more complicated, as it takes differences in kind into account. Two types of activation policy are often distinguished, one type is seen as rather strict and coercive in respect of labour market participation. It emphasises direct labour market entry and sanctions non-compliance. The level of benefits, as well as that of labour market services, is rather low. This approach is often called 'work-first', 'workfare', or 'liberal activation' (Barbier, 2005, Bruttel and Sol, 2006, Dingeldey, 2007). Another type of activation policy is supposed to be more generous in respect of benefits and compliance rules. It emphasises education and training over direct labour market participation. Policies such as these are often called 'enabling', 'human capital development', or 'social-democratic activation' policies (Barbier, 2005, Dingeldey, 2007, Lødemel and Trickey, 2001).

The distinction made between these types of activation is reminiscent of a concept used by the famous welfare regime theorist, Gösta Esping-Andersen. His theory proposed three types of welfare regimes, which are distinguished according to their degree of decommodification (Esping-Andersen, 1990). 'Decommodification' means the degree to which individuals are able to sustain their own livelihood, independent from selling their labour power in the labour market. This is made possible by social rights to income replacement in certain risk situations (e.g. age, sickness, unemployment). Decommodification can therefore broadly be interpreted as a measure of welfare state generosity. Empirically, such generosity differs in three ways: Liberal welfare states are the least generous, as they provide mainly minimum income schemes with almost no earnings-related compensation, continental welfare states are, to some degree, more generous, as they grant earnings-related benefits, social-democratic welfare states, however, are the most generous, with relatively high universal benefits.

It seems that most of the typologies on activation policy follow this logic: the more generous welfare states (the social-democratic type in Esping-Andersen's terminology) will apply a more generous and humane kind of activation: human capital development or social-democratic activation policies. The less generous ones (the liberal type, according to Esping-Andersen) are assumed to apply work-first or liberal activation policies (Barbier, 2005, Dingeldey, 2007, Lødemel and Trickey, 2001, Serrano Pascual, 2007). While some contend that there is no such thing as a 'continental' type of activation (Barbier and Ludwig-Mayerhofer, 2004), others have argued that a distinct continental type of activation can be discerned (Clegg, 2007, Daguerre, 2007).

The problem with these typologies is that they apply a one-dimensional analysis of social rights. For example, the increase of sanctions and duties is often interpreted as a decrease in social rights, while measures to improve employability, such as active labour market policies (ALMP) and services, are interpreted as an increase in social rights. The consequence is that, if both developments occur, the position of countries on the scale of generosity is kept rather steady, because new rights are counterbalanced by new duties. Remaining differences, then, simply represent different points of departure, i.e. persistent diversity. Furthermore, the effects of some policy instruments on generosity, i.e. their quality as a social right, are not always clear, so that the distinctions sometimes seem arbitrary. For instance, work-for-your-benefit programmes, often defined as workfare or liberal activation (Dingeldey, 2007,

Lødemel, 2004), can increase the employability of benefit recipients as they learn to live and work in a working environment. In that regard, benefit recipients are 'enabled through workfare', a quality that is usually only assigned to the generous activation policies of the social-democratic or human capital development type. At the same time, the mandatory character of some forms of training, often seen as enabling or human capital development (Lødemel and Trickey, 2001), can make them instruments for testing work readiness and deterring benefit receipt, rather than generously helping individuals (similarly, Dostal, 2007). These ambivalent effects of both policy instruments should, accordingly, be assigned to more than one dimension, in order to have a useful distinction.

In the following section, I put forward a new conceptual framework that takes these problems into account in order to uncover different logics behind activation policies.

2.3. Governing Activation – Separating the Dimensions

I suggest distinguishing, not between different types, but between different dimensions of activation policy. On the one hand, activation policy is about influencing individual action. This relates to the issue of overly generous unemployment protection in 'old' welfare states. These kinds of policies have been charged with reducing economic incentives for unemployed individuals and, in particular, the incentive to work (see above). In reply to such critiques, social rights have been increasingly connected to conditions (Clasen and Clegg, 2007, Serrano Pascual, 2007), a process that has been called 'recommodification' (Pierson, 2001). This kind of reform increases pressure on individuals to participate in the labour market, while decreasing their range of choice, i.e. their autonomy over decisions about whether or not to stay on benefits. On the other hand, activation is about enabling individuals to become employed, i.e. promoting human capital development.

For the first dimension, it would seem to be useful to rank activation policies along a continuum of coercion and autonomy (Dimension 1: 'incentive creation'). Social rights, such as income replacement as analysed by Esping-Andersen, can grant autonomy (see Table 1). But activities that can be combined with receipt of benefits can also increase autonomy over the choice of whether or not to stay on benefits, and should accordingly be viewed as new social rights in activation policy. However, coercion is also part of activation policy and can counterbalance the autonomy effect of these rights through conditions of benefit receipt. These conditions concern, for example, the definition of reasonable employment (i.e. when

the benefit recipient is expected to terminate benefit receipt), the code of conduct (i.e. the behaviour expected of the recipient whilst receiving benefit, for example sending out applications, showing up for appointments, etc.), and the sanctions that are used in the case of non-compliance.

As the first dimension is mainly concerned with possible incentive effects of policy instruments, the second dimension focuses on the enabling character of activation policies: What kind of activities are provided, and how are individuals helped to become active? All publicly-provided activities, whether they consist of proper training, education or simple work practice, are part of this category, as well as public employment services and guidance (see Table 1). The criterion is the extent to which the state takes responsibility for the provision of activation measures (Dimension 2: 'active support').

Table 1: Indicators

<table>
<tr><th>Policy elements</th><th colspan="2">Indices</th></tr>
<tr><td>Income replacement</td><td rowspan="2">Autonomy via social Rights</td><td rowspan="5">Incentive construction</td></tr>
<tr><td>Range of activities encouraged</td></tr>
<tr><td>Definition of reasonable jobs</td><td rowspan="3">Coercion through conditionality</td></tr>
<tr><td>Sanctions</td></tr>
<tr><td>Code of conduct</td></tr>
<tr><td>Activities offered</td><td rowspan="2">active support</td><td rowspan="2">Degree of active support</td></tr>
<tr><td>Case management / guidance</td></tr>
</table>

Source: Own depiction

Combining these two dimensions creates four types of policies in respect of activation (Figure 2). These differ with regard to the value they place on incentive creation and active support. The upper-left field policy pursues a strategy of 'recommodification'. In this scheme, social rights are reduced and made increasingly conditional. The overall aim is to create incentives for direct labour market participation. These policies assume that individuals rationally calculate the advantages of being on benefit and that they are capable of securing a

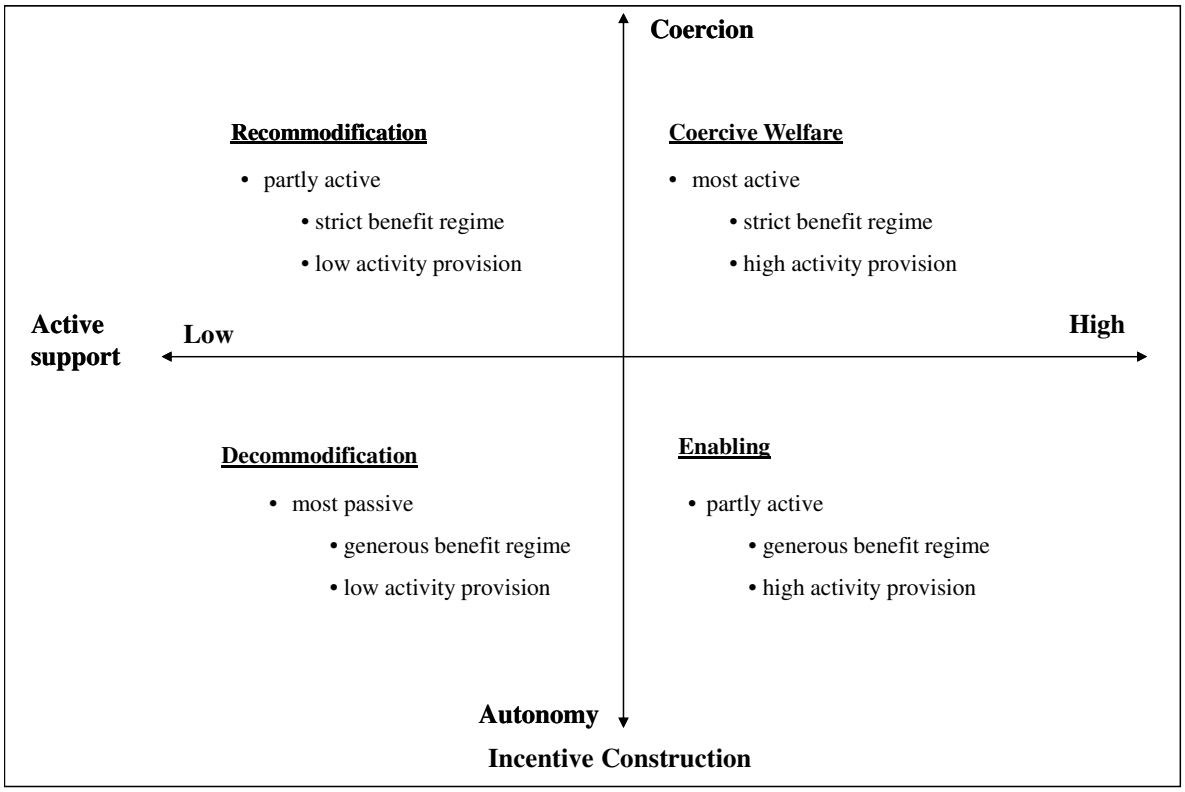
position in the labour market themselves. It is also assumed that these individuals are well trained, and that they simply do not want to work. Social rights, according to this view, need to be strongly balanced by conditions in order to avoid moral hazard.

The lower-left strategy is the exact opposite, and the point of departure for most unemployment policies before the introduction of activation measures. It is based on the classic social right of relatively generous income replacement, and could, accordingly, be called 'decommodification'. Individuals are seen as morally capable, in the sense that they do not need external incentives for making choices about claiming benefit. Furthermore, they are seen as employable and not in need of extra services, training or other activation measures provision. This type of policy tends to refrain from activating the individual at all, and represents an ideal type of 'old' passive welfare.

The policy schemes on the right-hand side differ from those on the left-hand side of the framework in respect of their focus on active support. The lower-right, like the decommodification type, is also based on the assumption that individuals are morally capable (of deeciding whether or not to stay on benefits). Income compensation is relatively generous, and few conditions are attached to benefit receipt. However, in contrast to the decommodification scheme, this scheme assumes that individuals may need additional support in terms of training and employment services. I therefore refer to these policies as the 'enabling' type, as their emphasis is more on active support than on the creation of incentives.

Finally, there is one more field: 'coercive welfare' (upper-right). This type of policy combines the two activation objectives, increasing incentives for benefit exit, and improving employability. It therefore shows the highest possible degree of activation. It is this hybrid type that is emphasised in the literature. It differs from simple recommodification in that it assumes that the unemployed are unable to help themselves. At the same time, they are seen as morally weak and in need of additional incentives in order to realise their potential. As a result, this type of policy combines high active support with a strict benefit regime. Individuals are not so much pushed towards labour market participation, but into making use of activation measures and enabling opportunities that the public services provide.

Figure 2: Conceptual framework for activation.



Source: Own depiction

Overall, the framework permits the identification of four different types of unemployment policy, of which three have an activating quality. Two of these activating types are 'pure' types of activation, in the sense that their focus is either on the creation of incentives (recommodification policies) or on the provision of active support (enabling policies). A third approach signifies a hybrid space in-between (coercive welfare policies). These three types are different from a fourth type of unemployment policy, namely, that of 'old' passive welfare that focuses on decommodification. Accordingly, this framework should be able to display change from passive to active unemployment policy, as well as different types of activation policy.

In the next section, I attempt to measure these differences empirically. It should be noted that the types of policies described above are to be seen as theoretical ideal types (Weber, 1922/1980), to which real policies will conform only more or less. The indicators developed in Table 1 have been subjected to the fuzzy-set methodology (Ragin 2000). This enables the measurement of gradual differences in relation to a given ideal type. Such gradual measurement will also allow changes in degree over time to be analysed.

2.4. Empirical Analysis of Three Welfare States

2.4.1. Case selection

In order to investigate diverse change towards activation in Europe, appropriate units of analysis need to be identified in relation to time and space. The debate on activation began in the 1990s (OECD, 1994), which is why the time frame is set from 1990 until the present, comparing policies at two points in time (1990 and 2010). This enables the bigger and lasting changes, rather than minor policy experiments, to be identified.

As far as country cases are concerned, for my purpose (testing the assumption of persistent diversity) it is useful to include countries used in previous typologies, and to compare the much emphasised poles of supposedly liberal and supposedly social-democratic activation policies, with a continental policy scheme. The UK and Denmark were chosen as liberal and social-democratic cases, respectively, as they also played prominent roles in previous analyses (Barbier, 2005, Dingeldey, 2007). Germany, a continental welfare state, recently introduced reforms interpreted as path-breaking (Eichhorst et al., 2008), and therefore seems to be a good case in point to contrast with the other countries. As different welfare states often focus on different programmes for unemployment protection (minimum income schemes vs. insurance), all of the programmes that relate to unemployment protection (unemployment insurance, unemployment and social assistance) are compared at two points in time (1990 and 2010), giving a total of 13 cases (only Germany had unemployment assistance before the reform).

2.4.2. Hypotheses

For all countries, we should expect a change from a more or less passive policy towards a more activating policy. Whether this change consisted of more incentive creation or more enabling measures, or both, should, according to the literature, be in some way related to the previous regime type. Denmark, as a generous social-democratic scheme, would be expected to implement the most generous activation policy in the form of 'enabling' measures with strong social rights, little emphasis on conditionality, and high active support (Barbier 2005, Lødemel and Trickey, 2001. In contrast, the liberal UK, as one of the least generous schemes in the world of regime theory, would be expected to adopt a 'recommodification' scheme. Activation in this case would focus on the creation of incentives through low benefits and

high conditionality, rather than on active support (Barbier 2005, Dingeldey 2007, Serrano Pascual 2007). For Germany, different scenarios are conceivable: While those emphasising the relevance of regime theory often put the continental case somewhere in between those of social-democratic and liberal states (Dingeldey 2007, Serrano Pascual 2007), others conclude that Germany has moved towards a liberal model of activation = that would resemble a 'recommodification' scheme. Germany should therefore either be somewhere between enabling measures and incentive creation (coercive welfare), or join the UK in the recommodification quadrant.

2.4.3. Method

The method of analysis that was used is based on the fuzzy-set variant of qualitative comparative analysis (QCA) (Ragin, 2000). The basic idea of QCA is that social phenomena may share similar causes or other equivalences, which can be measured by looking at their composition (Ragin, 1987). As the different types of activation scheme in my framework are composed of different dimensions, this method is useful for determining the degree of composition of these dimensions in a given policy. QCA relates to boolean algebra and the idea of set theory. For example, a policy element such as income replacement can be located somewhere along the dimension of incentive creation. To what degree this element actually creates an incentive, i.e. at which position of the dimension the policy element is to be located, is for the researcher to determine (Schneider and Wagemann, 2007). In this respect, QCA is not so different from other qualitative methods used in comparative social research. Like when using the methods of difference or agreement by John Stuart Mill, for example, states or policies have to be categorised by the researcher in order to determine the elements that make them similar or different (Mahoney, 2003, Skocpol and Somers, 1980). Fuzzy set QCA offers tools for making this qualitative assessment more systematic and comprehensible: While the basic QCA variant requires dichotomous decisions of whether an element is member of a certain category or not, the fuzzy-set variant also measures the degree to which an element is member of a given dimension.

For the purpose at hand, i.e. determining the extent of change along different dimensions of activation, all policy elements of the programmes are compared and ranked according their supposed effect with regard to the theoretical concept: more or less coercive, more or less supportive etc. For the dimension of incentive creation, a scale of 0 to 1 is used, with 1 being

the highest, and 0, the lowest possible value. The results for single policy elements are then indexed for each value (autonomy and coercion), and resulting values of autonomy and coercion are balanced against each other. The value of the dimension of active support is also measured by using a scale from 0 to 1 for both policy elements, guidance and activation meassures, which again are recoded into an index for this dimension.

With regard to social rights, Denmark's policies before the reform (referred to here as the 'old' programmes) used to have the highest net replacement rate for income compensation (see Table 2a). Accordingly, it is assigned a value of 1 for this policy element. The 'new' programmes however, are somewhat less generous, and are therefore given a value of only 0.7, as were the German insurance programmes (both 'old' and 'new'), and both 'old' British programmes, social assistance and unemployment insurance, in 1990. The lowest degree of net replacement of all the programmes considered is displayed by current social assistance policies in Germany. As far as the social right to activation measures is concerned, the picture is different. While it is no surprise that, on the whole, the new schemes occupy higher ranking positions in this field, it is interesting that Denmark and the United Kingdom have the highest scores. In both countries, benefit recipients have a right to a wide range of activities, ranging from education, to subsidised employment, and voluntary work. Germany, on the other hand, occupies only a middle position in this field, with unemployment insurance being more generous in providing rights to activity (0.7) than social assistance (0.5). In respect of the 'old' programmes, however, Germany scores higher in the ranking of activities for social insurance (0.5) than Denmark and the UK (both 0). This is because insurance recipients in Germany used to have rights to vocational training and subsidised job placement.

With regard to coercion, both of the current British programmes and the current German social assistance scheme rank highest on pressure in terms of the definition of reasonable employment. From the first day of unemployment, every job is seen as reasonable, unless family circumstances do not allow it. The new Danish programmes and the old British programmes have or had protected time frames of about three months before every job has/had to be accepted (both score 0.7). The old Danish programmes had a time frame of 12 months (score 0), whereas the German schemes allowed gradual reductions in earnings over time before the reform (score 0.3 and 0.5 respectively). As far as sanctions are concerned, those programmes where a full suspension of benefits was or is possible, are assigned a score of 1, as the degree of coercion through sanctions is highest, whereas programmes that have or

had gradual sanctions are assigned values below 1. Those programmes with sanctions not going below social assistance (i.e. living minimum) level are assigned scores of less than 0.5, because the pressure on recipients through sanctions can plausibly be assumed to be not as strong. Accordingly, the British programmes rank highest as they allow for temporary suspension. Only the old British assistance scheme stipulated gradual sanctions, and, together with current German social assistance, is given a score of 0.7. The new Danish assistance programme uses even smaller gradual distinctions in sanctions, and therefore scores 0.5, whereas the older Danish programmes have scores ranging from 0 to 0.3. The Danish and German insurance schemes have the same scores. Finally, the code of conduct was assessed by looking at the number of requirements, their concreteness and time frames. For example, in the old Danish programmes, an obligation to take part in activation measures only sets in after four years of being on benefit. These programmes rank lowest in terms of coercion through a code of conduct. Almost all of the new programmes have scores greater than 0.5, due to having greater numbers of requirements. The UK programmes and the Danish insurance scheme score highest, because they require benefit recipients not only to actively look for work, but also to participate in activation measures, to sign an integration agreement, etc. Of the new programmes, only German unemployment insurance has a score below 0.5 (0.3), as the only requirement is to accept ‘reasonable’ employment.

Table 2a: Comparative assessment of autonomy and coercion in activation policies (unemployment insurance (UI), unemployment assistance (UA) and social assistance (SA).

	Social Rights - Autonomy enhancing		**Conditionality - Coerciveness**		
Rank	Income compensation	Range of activities	Definition of reasonable employment	Sanctions	Code of conduct
1	**DK both old** (79/83)	**UK-SA-new** (4 programmes for everyone)**, DK-both-new** (2 programmes, for everyone)	**UK-both-new** (every job on min. wage); **DE-SA-both** (every job unless caring for children/sick)	**UK-both-new and UK-UI-old** (temporary suspension)	**UK-both-new** (5 requirements plus flexible content of integration agreement & regular contacts), **DK-UI-new** (5 requirements & regular contacts)
0,7	**UK both old** (64/75), **DK-UI-new** (61/63), **DE-UI-new** (61/60), **DE-UI-old** (60/60)	**UK-UI-new** (New Deal can be joined earlier), **DE-UI-UA-old** (discretionary training and subsidised employment), **DE-UI-new** (right to training and subs. empl. after 6 months for everyone)	**DK-both-new** (after 3 months every job), **UK-both-old** (after 13 weeks no more limitations)	**UK-SA-old** (40% of minimum benefit), **DE-SA-both** (10-60% cuts in benefit, 25% cut formerly)	**DE-SA-new** (3 requirements & flexible content of integration agreement, avail. only 15 hours per week),
0,5	**DK-SA-new** (59/56)**, DE-UA-old, DE-SA-old** (54/53)	**DE-SA-new** (discretionary training, work-for-benefit), **DE-UI-UA-old** (discretionary training and subsidised employment)	**DE-UI-both** (every job that is not unlawful, violates tariffs or requires more than 6 hours of daily travel, during first 3 months = no wage below 20% of previous income, 4-6 months wage below 30%, later every wage)	**DK-SA-new** (recipients missing activation have their benefit cut proportionally to hours missed)	**DK-SA-new** (2 requirements plus additional work for couples)
0,3	**UK both new** (45/56) and (45/45)	**DE-SA-old** ("Hilfe zur Arbeit", offers of work placements)	**DE-UA-old** (after 6 months every job paying amount of transfer)	**DE-UI-both, DE-UA-old, DK-UI-both** (suspension, but social assistance back-up)	**UK-both-old** (actively seeking every week)**, DE-all-old** (accept reasonable jobs or integration measures), **DE-UI-new** (accept reasonable employment)
0	**DE-SA-new** (35/46)	**UK-UI-old** (some training subsidies, project work), **DK-both-old, UK-SA-old** (2 discretionary programmes for longterm unemployed)	**DK-both-old** (after 12 months)	**DK-SA-old** (no explicit regulation)	**DK-both-old** (obligation to activation after 4 years)
Explanation	Net replacement rates of average wage (singles/ couples with 2 children one spouse working)	Range of **choice** of activities while on benefits	Both: wage in relation to benefit, time frame	Both: degree of sanction (suspension vs. gradual), timeframes	Range of requirements, concreteness, time frames

Sources: Own depiction, based on: Bundesregierung, 2006, Clasen, 2005, Denmark, 2006, DWP, 2005, Kvist et al., 2008, Lindsay, 2007, Martin, 1996, MISSOC, 2010, OECD, 2007a, OECD, 2007b, StatBank, 2005.

The degree of active support was assessed by looking at the design of support and guidance, as well as the actual provision of activation measures (see Table 2b). As the elements in this dimension show more variety, smaller scores are used, ranging from 0.1 to 0.9. Scores of 0 and 1 are never given, because there is no programme with full activation (second labour market) or completely individualised guidance structures. As far as guidance is concerned, the new programmes again score significantly higher, with the Danish programmes scoring highest due to intensive contact and profiling measures. The UK social assistance programme also has an intensive gateway period and regular interviews (score 0.8), that are not quite as intense for insurance recipients (score 0.7). Some of the old Danish and British programmes did not have that much guidance before the reform (scores 0.1 and 0.2 respectively), at least this wasn't stipulated in the law, as it was, for example, in Germany (scores 0.3 to 0.6). The provision of activation measures was assessed by looking at coverage, quality of activation measures and their duration. The older programmes used to address designated groups, such as the long-term unemployed, and programmes often lasted for only a short time. The German programmes continue to be relatively active in this regard (score 0.7). The current assistance scheme in Germany and the current unemployment insurance scheme in the UK, however, offer activities only at the discretion of the case manager, which makes them rank only slightly higher than the other older programmes (scores 0.3 and 0.4 respectively). The most comprehensive provision of activation measures is provided by the new Danish programmes and by social assistance in the UK. All three programmes offer rights-based activation measures. Since the Danish scheme of education is more comprehensive (full-time) and not just limited to one year as in the UK, it ranks slightly higher (score 0.9 rather than 0.8).

Table 2b: Comparative assessment of active support.

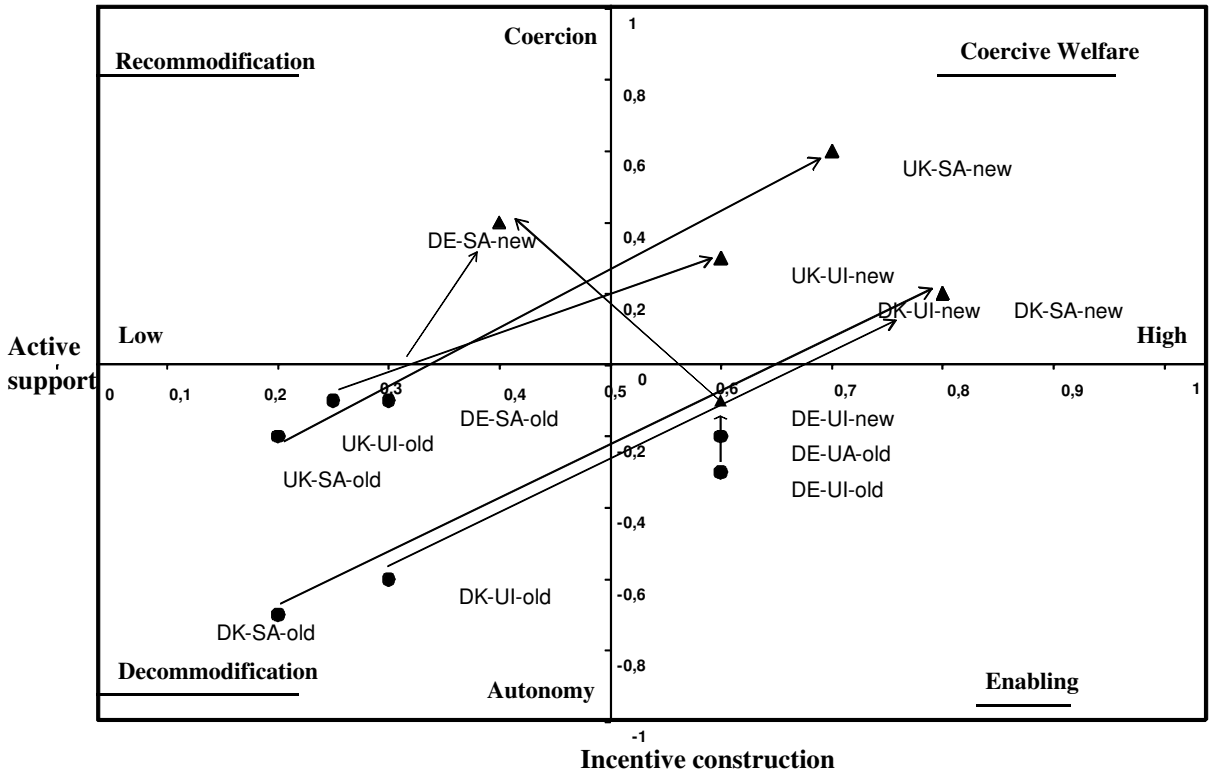
	Support & Guidance	Activity provision
0,1	**DK-both old, UK-SA-old** (no action plans, limited guidance)	**UK-both old** (projects of in-work-benefit and training schemes for longterm unemployed)
0,2	**UK-UI-old** (voluntary back-to-work-plan, job matching through Job-Centres)	**DK-SA-old** (municipal obligation to provide some activation), **DE-SA-old** ("Hilfe zur Arbeit", offers of work placements)
0,3	**DE-SA-old** (counselling through municipal social assistance offices)	**DE-SA-new** (10 months work-for-benefit, discretionary training)
0,4	**DE-UI-UA-old** (guidance through public employment service)	**UK-UI new** (New Deal activities at discretion)
0,6	**DE-both-new** (case management, personal integration agreement, no regular contact, discretion)	**DK-UI-old** (right to job offers for long-term unemployed, education allowances for those who completed work offers)
0,7	**UK-UI new** (access to Jobcentres, regular contacts)	**DE-UI-UA both** (rights to vocational training, subsidised jobs)
0,8	**UK-SA new** (intensive gateway period, individual action plan, low discretion, regular interviews)	**UK-SA new** (limited periods of rights-based activities which can be chosen from 4 options)
0,9	**DK-both-new** (profiling, individual action plan after 9 months, intensive contact schemes)	**DK-both-new** (right to full-time education, wage subsidies, rehabilitation over entire benefit period)
Explanation	**Intensity (offer or obligation), regular guidance (action plan)**	**Coverage (discretion vs. right, target groups), quality of activities (deterrence or enhancement), duration**

Sources: Own depiction, based on: Bundesregierung, 2006, Clasen, 2005, Denmark, 2006, DWP, 2005, Kvist et al., 2008, Lindsay, 2007, Martin, 1996, MISSOC, 2010, OECD, 2007a, OECD, 2007b, StatBank, 2005.

2.5. RESULTS

The results discussed above are summarised in Figure 3 in order to display trends measured by indices based on the above evaluation. Before the reforms, Denmark had the most generous scheme, whereas the UK and Germany had less generous schemes, but surprisingly similar positions on the dimension of incentive creation. Still, the balance between autonomy and coercion tipped towards autonomy for all schemes before the reforms, and almost all of the programmes presented themselves as 'decommodifying'. The only exceptions were German unemployment insurance and assistance, as both programmes entailed some active support, and therefore qualify as 'enabling' programmes.

Figure 3: Developments in Social Assistance (SA), Unemployment Assistance (UA) and Unemployment Insurance (UI) in Denmark, Germany and the United Kingdom from 1990 -2010.



Source: Own calculation based on data from table 2 a) and b).

Since the reforms, the balance in almost all schemes has tipped towards coercion. UK schemes now have the characteristics of a liberal welfare state, associated with a high degree of coercion. However, the degree of coercion differs between programmes: British unemployment insurance is a little more generous than social assistance. Denmark has applied increased coercion to both unemployment insurance and social assistance recipients. But this

has only slightly tipped the balance towards coercion, and the Danish scheme remains one of the more generous schemes. In that regard, expected differences between the supposedly liberal and social-democratic policy schemes seem to hold, as the UK schemes are less generous than the Danish ones. However, the continental case cannot be simply inserted in-between those of the two other regimes: while social assistance in Germany does rank somewhere between social assistance in the UK and Denmark, after a high increase in coercion, post-reform unemployment insurance in Germany is more generous than both unemployment schemes in Denmark. The picture of activation policy in Germany is therefore a rather different one.

In terms of active support, the expected differences between a social-democratic and a liberal scheme do not seem to hold after the reforms: While Denmark and the UK continue to differ in terms of incentive creation, they have recently moved in a similar direction in the area of active support. They can now both be considered 'coercive welfare' schemes, and the degree of change both of them have pursued is strikingly similar. This relative convergence between the liberal and the social-democratic scheme becomes even more visible when compared to policy development in Germany. Unemployment assistance was merged with social assistance in Germany and the merged scheme now has the level of activation formerly associated with social assistance. Unemployment insurance in Germany remains an 'enabling' scheme but social assistance in Germany is now the only 'recommodifying' scheme.

The development of the different strategies in different contexts is examined in more detail below. The account elaborates in more detail on the development of single policy elements and highlights possible facilitating contextual features.

2.5.1. Denmark

Denmark's move towards increased coercion partly contradicts the assumption of 'generous social-democratic activation'. While activation was originally seen as an additional right that unemployed persons should have, in recent years activation measures have become increasingly mandatory, and the definition of 'reasonable' employment much broader (Andersen and Pedersen, 2006). Today, any job offer has to be accepted, as long as it pays the minimum wage and does not require more than four hours of daily travel (Andersen and Pedersen, 2006). Denmark, together with the UK, now scores highest on the code of conduct (more than four stipulations of conduct in the law) but, at the same time, continues to grant

generous benefits (more than 60 per cent net replacement). On balance, this makes it less coercive than the UK. Furthermore, when sanctions are applied, individuals can still claim social assistance, whereas in the UK and Germany, a full suspension is temporarily possible.

The increase in active support entailed high-quality activation measures such as education, wage subsidies and rehabilitation over the entire benefit period (Kvist et al., 2008: 238), as well as structured case management through profiling and individual action plans (Born and Jensen, 2005) and work placements for social assistance recipients (Jensen, 2008). However, the extent of change along the active support dimension is also explained by the rather passive set-up before the reform in Denmark, compared to other Scandinavian countries. While Sweden has had quite a long tradition of activation (Kvist et al., 2008), the obligation to work in Denmark was rather weak from the 1970s until the 1990s (Andersen, 2007: 14). Very few programmes existed at the beginning of the 1990s, and they were only targeted at persons who had been unemployed for more than two years (Jensen, 2008: 121-122). They included subsidised jobs (the so-called 'job-offer scheme'), and were mainly intended to re-establish eligibility for benefit receipt (Kvist et al., 2008: 240). The opportunity to develop this policy area has clearly been embraced boldly, resulting in a fully-fledged system of activation measures.

2.5.2. United Kingdom

The British scheme has also seen a major shift in the active support dimension. Again, this might be explained in terms of the previously existing programme structures: UK policy, as a liberal policy, was already rather coercive when activation was adopted. An increase in activation, therefore, might have been more feasible along the active support dimension. This is plausible if we take the key actors into account: while coercion had already been increased under the Conservative governments of the mid-1980s with the introduction of the Jobseeker's Allowance (Clasen, 2005), the New Labour government, elected in 1997, opposed the relatively straightforward retrenchment agenda (Lindsay et al. 2007: 543). While it did depart from earlier Labour positions, the claim with which they won the 1997 election that their approach was 'more humane' distinguished them from the Conservatives (Lindsay, 2007). New Labour endorsed the JSA scheme, but complemented it with policies that were supposed to support transition into the labour market (similarly, Clasen, 2002: 68, Lindsay,

2007). These policies were based on recommendations by social scientists, such as Anthony Giddens, as well as economists, such as Richard Layard (Cebulla, 2005: 3, 20).

The 'New Deal' strategy includes access to intensive support, especially for the long-term unemployed (Finn and Schulte, 2008: 313), intensive periods of counselling, regular job interviews (Lindsay, 2007), as well as activity options for individuals who have completed the 'Gateway' period of job counselling (Clasen, 2005). The activation options include subsidised job placements, temporary employment in community projects, and education or voluntary work (Finn and Schulte, 2008: 313). Whereas the Conservative government withdrew from pilots of work-based training policies (Lindsay, 2007), New Labour emphasised this and introduced such measures on the basis of rights. It is because of the rights-based character of interventions and the wide range of activity options that the UK ranks higher than Germany, as far as the provision of activation measures is concerned.

2.5.3. Germany

The construction of individual action in Germany started from a relatively autonomous position. It differed from Danish policy in having somewhat less generous net replacement rates, and stricter regulation of 'reasonable' employment (Sell, 1998: 536). Still, it was more generous than UK policy. With the 'Hartz IV Reform' of 2005 (Fleckenstein, 2008), coercion increased for most of the unemployed. Unemployment assistance and social assistance were merged into 'Unemployment Benefit II', which resembled the latter more than the former in that its characteristics were low benefits, sanctions, and stricter behavioural requirements (Eichhorst et al., 2008). Another part of the reform was a reduction in the duration of benefit for insurance recipients, potentially enlarging the group of assistance recipients, and thereby indirectly increasing pressure on the recipients of unemployment insurance.

Surprisingly, the results show that Germany – prior to the 2005 reform – was relatively active: the generosity of the 'old' scheme related not only to benefits, but also to active support. Insurance recipients had rights to vocational training and subsidised job placement, even to relatively expensive job placements (ABM) and offers of temporary jobs, subject to social security contributions. However, the reform reduced access to this scheme considerably: While the new Social Security Code II (SGB II, social assistance refers to the employment promotion law in Social Security Code III (unemployment insurance), § 16 of SGB II refers only to a slimmed-down version of the SGB III catalogue, subjecting any offers

of ABM, training or education to the discretion of the case manager. The only rights-based instruments for this group consists of separate financial subsidies, as well as separately organised so-called 'work opportunities' (Arbeitsgelegenheiten). These work opportunities are jobs paid at €1 - 2 per hour, and are also applied as 'work-tests' (Büttner, 2008).

Some argue that German policy makers took the UK as an example, referring to it extensively in order to justify changes (Eichhorst et al., 2008: 23, Seeleib-Kaiser and Fleckenstein, 2007: 440). However, it is not generally recognised that UK developments were only partly mirrored in Germany, and that different models of activation were applied to different groups: insurance recipients experienced more enabling measures, whereas the assistance schemes became recommodified. This selective character of activation (Clegg, 2007) can also be seen in the negative image of assistance recipients as 'welfare scroungers' who, in the words of former chancellor, Gerhard Schröder, have 'no right to be lazy' (Schröder 2003). This rather neo-liberal logic is partly explained by a change in the social-democratic government shortly after the election in 1998, in which the more traditional wing of the party lost its influence (Blancke and Schmid, 2003: 8f, Stjernø, 2008).

2.5.4. Summary

The main differences in the development of activation policies in the three welfare states concern the extent of activation. It is also, in part, related to different understandings of what coercion should be about. In Germany, coercion mainly entailed a reduction of benefits and more sophisticated sanctions for job refusal, while access to active measures was reduced. In Denmark and the United Kingdom, on the other hand, coercion consisted of an increased obligation to participate in intensive supervision and activity programmes. Increased duties on the part of benefit recipients have been accompanied by an increased provision of active labour market policies.

The analysis of activation, from this perspective, reveals a different picture of activation in Europe: countries previously seen as most distinct (DK, UK) have actually developed in a more similar direction than those countries for which convergence was assumed (DE, UK). The British activation strategy, like the Danish one, seems to be the result of different actors emphasising different views of activation, combining the Conservatives' focus on incentive creation and the Social Democrat's integration policy into a 'coercive welfare scheme' Germany, on the other hand, a country not often seen as a trailblazer for activation, has

displayed rather distinct characteristics in different programmes of unemployment protection: while the policy development of social assistance has moved in the opposite direction from the two other countries towards recommodification, the insurance scheme remains rather generous, with only small increases in coercion. This supports the idea of cross-convergence: despite some common developments, new differences and opposite directions of reform.

It should be borne in mind that values are relative to the countries that were included in the study. One could argue that this defeats any attempt to draw general conclusions. But as the aim is to test differences between regime types, these countries, which represent the whole spectrum of regime types, are an appropriate choice. Any deviation from the regime hypothesis, whether large or small, is an important finding, notwithstanding the fact that other countries with different values might have produced different comparisons. Theoretically, there is no reason to expect greater variation outside the sample. In that regard, a sufficient degree of variety seems to have been provided for.

Ultimately, the results question a continuing influence of the national context on policy development. Rather, it is the other way around: countries develop in the direction in which they have most potential for improvement. Change seems most likely to occur in areas that have previously been ignored, resulting in somewhat opposing directions of reform and in exchanges between regime types. The application of fuzzy-set methodology enabled the analysis of these seemingly irrelevant small differences between policy schemes and led to a more robust analysis of change over time.

2.6. Conclusion

This paper argues for a comparative model of activation policy based on different dimensions of activation and allows change, as well as different types of activation policy, to be analysed. The dimensions of incentive creation and active support were chosen as the qualitative yardsticks with which to measure change in unemployment policy schemes. The resulting model displays distinct policy logics of ‘recommodification’ and ‘enabling’ welfare regimes, a mixed, ‘coercive welfare’ regime and an ‘old’ passive welfare regime associated with ‘decommodification’.

The framework was applied to the analysis of change in three formerly quite different welfare states, which represented different types of welfare regime. While all countries experienced significant changes in policies for the unemployed, the analysis reveals some new

lines of division in Europe. While the UK and Denmark endorsed a strategy that pursued both objectives of the activation paradigm (increased incentive creation plus more active support), making them coercive welfare types, Germany embraced a selectively recommodifying approach to social assistance, leaving the insurance scheme almost unchanged. These results demonstrate surprising similarities between countries formerly seen as pursuing distinct risk-management approaches in terms of opposing types of activation, and in terms of overall welfare regimes (Esping-Andersen, 1990). Furthermore, they point to a distinct path of activation in continental welfare states. We can see new diversity and gradual developments that seem to indicate cross-convergence, rather than gradual convergence or persistent diversity. This is not to deny that the positions of countries on the analytical framework may change again, and that gradual hybridisation may be taking place. The fuzzy-set approach, however, allows for such dynamics as well. It will be a task of future research to account more accurately for these differences over time, and to provide deeper insights into the shift towards and, in light of the recent crisis, also perhaps away from, activation in European societies.

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3. Activation reforms and the middle class: attitudes in a European comparison[1]

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Abstract:

National differences in the design of social policy are often attributed to differences in the political composition of governments during the making of welfare states. These differences produced different "welfare-state regimes" (Esping-Andersen 1990). Despite considerable changes during the last 20 years through activating labor-market reforms, differences between these welfare regimes remain (Barbier and Ludwig-Mayerhofer 2004). Still, it is unclear how the "old" types of welfare policy have translated into "new" types of policy. One central thesis of welfare-state research concerns the influence of the middle class. This article investigates the attitudes of the middle class towards an activating kind of unemployment policy in order to test the validity of the "middle-class hypothesis". Data from the European Value Survey show that middle-class attitudes in this case are not related to self-interest. Rather, they are the product of dynamic reflections about policy and social structure in a given welfare arrangement.

3.1 Activation and welfare-state change

The western welfare state, as it developed around the turn of the 19th to 20th century, has been in a constant crisis since the economic crisis of the 1970s. Though this model, in general, is still widespread, thus contradicting many of the retrenchment theses (Pierson 1994; Siegel 2002), the discussion is still virulent over its sustainability, its legitimacy and the related options for reform. In particular as regards competitiveness and the labor market, the welfare state is reproached for its supposedly negative effects. In this regard, increasingly the assumption is gaining credence that constantly high unemployment must result from a structural problem in western welfare states (OECD 1994). The thesis is put forward that high levels of social welfare benefits and absent incentive structures lead the unemployed to reduce

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the intensity of their job seeking behavior on the labor market (Snower 1997; Nickell and Layard 1999; Bertola, Blau et al. 2001; Nickell, Nunziata et al. 2005; Bassanini and Duval 2006). As a consequence, a strategy of "activation" was propagated which has the goal in particular of reorienting the incentivising effects of social policies thereby activating the unemployed (OECD 1994; EC 2001). The "activating state" pursues thus a strategy of differentiating responsibility for unemployment (Lamping and Schridde 2004, p. 52).

Although many welfare states in the past two decades have reformed their unemployment policies under the label of "activation", thus far there has been no recognizably uniform strategy (Hanesch 2001; Lødemel and Trickey 2001; Barbier and Ludwig-Mayerhofer 2004; Serrano Pascual 2007). Rather, the new policies differ so much that some literature contributions even speak of different "activation regimes" (Serrano Pascual 2007). Often in this regard it is assumed that basic differences between welfare states, i.e. different types of welfare-state regimes (Esping-Andersen 1990), also affect policies on the activation of the unemployed (Barbier and Ludwig-Mayerhofer 2004; Kahl 2005; Dingeldey 2007; Serrano Pascual 2007).

The regime theory differentiates welfare states according to their degree of decommodification. The degree of decommodification means the extent to which individuals can secure their existence in various adverse life situations (e.g. old-age, sickness and unemployment) independent of their labor-market participation (Esping-Andersen 1990). "Social-democratic" welfare states are considered in this light to be rather generous decommodifiers, as they grant rather generous transfers … "liberal" welfare states to be low-level decommodifiers, and "conservative-corporatist" welfare states somewhere between these two extremes. The initial premise of the theory concerns the interest-coordination between the middle class and the working class (Baldwin 1990; Esping-Andersen 1990). The variously strong involvement of the middle class in policy formation is supposed to have had a decisive influence on the degree of generosity of welfare-state policy because the middle class is thought to have supported the welfare state only out of self-interest (Baldwin 1990). That is, the less the interests of the middle class and working class were in harmony, the less probable was middle-class support for welfare-state policies, and therefore the less generous these policies turned out. Generosity is linked to the middle class' interest, because if anything this group expects a degree of social protection that preserves their own living standards.

Research on the new activation policies assumes that the heretofore comparatively more (and less) generous welfare states also behave more (or less) generously towards the unemployed who are to be activated (Barbier 2005; Lødemel and Trickey 2001; Serrano Pascual 2007). This would most probably mean that the configuration of middle-class interests has not changed. These relational assumptions have however not been comparatively examined up to now. The question is therefore pertinent how the attitudes towards activation reforms differ in the middle classes of different countries, and, whether such differences also correlate with their different interests deriving from the welfare-regime types where they live. To answer this question, first the theoretical relation between welfare-state regime types and the middle class is elaborated in more detail. Thereafter criteria for the interest-theory assessment of activation policies are developed and tested by attitude data from the European Value Survey. The article concludes with an interpretation and discussion of the differences found.

3.2. How is self-interest the basis for welfare-state type formation?

The point of departure for answering the above question is the assumption made in classical welfare research that the different types of welfare states reflect the interests of different social groups living in them (Esping-Andersen 1990). It is also assumed that in particular the interests of the middle class have decisively helped form each type of welfare-state policy (Baldwin 1990). For this, the realization is fundamental that also the middle class is vulnerable to common social risks (old age, sickness, unemployment) and, within certain boundaries, has an interest in collective solutions to the problems associated with these risks:

"By [the] distinguishing [of] risk from poverty or class position, interests in redistribution can be discerned among a wider spectrum of groups." (Baldwin 1990, p. 26)

On the basis of this assumption concerning the risk distribution, differences in the political alliances between the classical supporters of the welfare state – the working class – and the middle class, are considered decisive for the differences between welfare states (Esping-Andersen 1990). Since the middle class is supposed to have been interested only in a welfare state that made possible the conservation of its established standard of living in a given risk situation, their involvement in policy-making should also have had a decisive influence on the degree of decommodification of each welfare state. Benefit payments in these highly decommodified welfare states are therefore often income-based and exceed the

minimum subsistence level (Baldwin 1990, p. 26). Despite a higher total level of welfare-state expenditures, these states reproduce in this way social inequality, since they are based on principles of equity: Whoever has contributed more to the general income through social security contributions or taxes, also receives more in case of risk (horizontal redistribution). Vertical redistribution (from the top down) by contrast is more frequent in welfare states with a guaranteed basic income, which – in the case of liberal welfare states – comes with less total welfare state expenditure.

In the regime-theory, thus three overall types of welfare state can be distinguished that vary on the one hand in the amount of income replacement (decommodification) they provide, and on the other, in terms of the kind and the degree of redistribution. These presumed relations between regime structure and interests of the middle class are shown in Table 1. The liberal welfare state developed under low levels of middle-class participation, because the comparatively strong conflict in Anglo-Saxon countries between labor and capital (Manow 2009) under the given political condition of majority voting rights led the middle class to act rather against the interests of the working class out of fear of increased taxes (Iversen and Soskice 2006; Manow 2009). Consequently the liberal welfare state is characterized by low levels of social benefits not based on previous income levels. The benefits are need-tested ("targeted"; see: Korpi and Palme 1998), so that groups with high income and corresponding assets cannot access these benefits. Therefore, for the middle class in such a regime, the welfare system remains inconsequential as they tend to prefer private social security arrangements. As a result, the mostly tax-financed benefits are mainly paid for by the middle class and top-down, i.e. vertically redistributed. Therefore the middle class in this system, seeing itself as a net payer, supports the welfare state only to a very low degree (Iversen and Soskice 2006).

In other European countries by contrast, the main line of social conflict was less concentrated on class differences and more on the power struggle between various actors, such as in the conflict over the relative dominance of the church and state (Manow 2009). The position of the middle class in this case was thereby less clear-cut and other types of political coalitions emerged. In the conservative-corporatist welfare states such as Germany, bourgeois elites introduced systems of social security "insurance" which are exemplary for a welfare provision over and above the simple subsistence minimum. The benefits are in great measure oriented to previous income and duration of contributions. The redistribution takes place

mainly horizontally, i.e. between equal status groups. The middle class is well secured in this system and itself profits from the social security insurance-type contributions. Therefore their support for this welfare-state type is quite strong.

Also in the social-democratic (mainly Scandinavian) type, the middle class supports the welfare state, since it is in great part (up to a certain maximum income limit) also socially secured by the welfare state. Of course, historically, the middle classes in the social-democratic welfare states were differently constituted than those of the conservative-corporatist (mainly continental European) states: While in the latter religious and bourgeois-oriented middle classes influenced the formation of the welfare state, the middle class in Scandinavia was constituted mainly of the agrarian industry and the rural population (Manow 2009). This rural population had a very unsteady income, so that social security through regular contributions financed from employment income was hardly feasible. Therefore minimum benefits which everyone, independent of work status, could claim, were in the interest of this middle class (Manow 2009, p. 113). For this reason the social-democratic regime type provides a universal minimum and relatively generous social security benefit level. Payments are income-oriented up to a certain limit, beyond which persons must provide for themselves. As a consequence, support for this kind of welfare state is slightly polarised: While the greater part of the middle class strongly supports this form of social policy, the upper class shows some tendency towards rejecting it (Meier Jaeger 2009).

Table 1: Regime type and the middle class

Regime Type	Charakteristics	Middle Class Position
Liberal	• Low decommodified • Vertical redistribution	• Not or hardly insured by state –> is a net payer • *low* level of support
Conservative	• Medium decommodified • Horizontal redistribution	• status is assured by welfare state • *strong* support for special programs
Social-democratic	• Highly decommodified • Horizontal and vertical redistribution	• in greater part insured by welfare state (ceiling) • *polarized* support

Source: Author graphic based on Esping-Andersen, 1990.

The theoretical relation between middle-class self-interest and welfare-state type are empirically only partly supported by attitude research (Arts and Gelissen 2001; Blekesaune

and Quadagno 2003; Mau 2003; Brooks and Manza 2006). These contradictory results may also have to do with the fact that welfare states have changed fundamentally since the 1980s. In the meantime other interpretations in regard to needs and justice, aside from those assumed by the middle-class hypothesis, may have already gained in significance as, for example, Germany's labor-market policy has actually come rather closer to the liberal model of welfare (Mohr 2007; Fleckenstein 2008; Aurich 2011). To test the middle-class hypothesis today, current problem questions must be examined that have resulted from the changes in the welfare state – attitudes towards the conditionality of social benefits, towards the various forms of penalties, and others. The policy field of labor-market activation is in this respect interesting because in the last two decades it has been the object of particularly strong reform efforts (Eichhorst, Kaufmann et al. 2008). In the following therefore the theoretical dimensions are developed for an analysis of interest in regard to this area of policy reform, and corresponding hypotheses set up about the attitude of the middle class in the various welfare-state types.

3.3 Activation and welfare-state regime types

3.3.1 Activation and decommodification: What is changing?

If we wish to analyse attitudes towards activation policies in relation to welfare-state regime types, we must find a nexus, which connects what is new in the new policies with welfare-regime theory. Regime theory is concerned with differences in the degree of generosity – decommodification. It is precisely this generosity which, in the discussion over activation policies, is put into question for its potentially negative effects on the labor market (Nickell 1998; Streeck and Heinze 1999). A main argument was, that the "old" social policy, as it emerged in post-war Europe, sets false incentives and this leads to a reduced labor-market participation of the unemployed. The reorientation of policy with respect to incentives seems thus to be an intersection between old and new policy dimensions and therefore is suitable as a focus of investigation.

Incentives can be effective in a positive as well as negative respect: The old policies were criticised for setting positive incentives to claiming benefits by making them relatively easy to get. Involved with this was also the freedom of unemployed individuals to freely choose their new job and with that, to decide whether they would continue to get benefits or not. In pre-activation regimes, if someone was offered a job which was not in line with their

qualifications or previous income, they were not necessarily forced to take it. Instead there were regulations on status protection in regard to pay, qualification etc. (Sell 1998). Activation advocates therefore demanded limiting benefit recipients' protection against lower-qualification jobs and increasing the acceptability to unemployed persons of available jobs (Streeck 1998: p.42-43). In short, those social rights should be restricted which are assumed to "invite" clients to continue to collect social welfare benefits.

Beyond restrictions on these positive incentives, also negative incentives were demanded that were supposed to make receiving unemployment allowances uncomfortable and thereby make the recipients "more active". Thereafter, benefits were paid on condition of specific client obligations, noncompliance with which could be penalised by benefit reductions (see also: Clasen and Clegg 2007; Serrano Pascual 2007). These measures were supposed to have an effect of engaging the unemployed on the labor market. Thus to the already existing preconditions on benefits, e.g. being member of a risk group, required contribution periods and the like, additional conditions were introduced that sought to influence client behavior during periods of benefit receipt ("conditions of conduct", Clasen and Clegg 2007: 167). Among these required client behaviors are for example regular job-applications on the labor market, but also measures aimed at individuals' further development, such as obligatory participation in training and continuing education.

Activation can be thus understood as a newly formulated equilibrium between rights and obligations. The right of clients to make autonomous decisions over benefit receipt was weakened. Further, obligations were introduced that were supposed to regulate the behavior of benefit recipients specifically in the direction of ending their benefits. If we want to investigate the interest of the middle class in regard to this, its attitudes must indicate how much it supports, on the one hand, new obligations placed on the unemployed, and, on the other hand, preserving their social rights to freedom of choice in matters of jobs and benefits. The hypothesis in regard to the middle-class's self-interest, formulated generally, would be: The more the interests of the middle-class are affected by the reforms in unemployment policy, the less the restriction of existing social rights to freedom of choice, or the introduction of obligations, is supported.

3.3.2 Data and methods

To investigate in how far the attitude of the middle class relates to activation policies within different types of welfare states, it is important to choose cases that represent the different types in regard to the middle-class thesis. That is, a case of a regime with a low level of middle-class support and low decommodified social policy should be compared with a case of a regime with high middle-class support and high decommodification. At the same time these cases should at best be characterised by a marked change in the area of labor-market activation policy. The UK was one of the first countries to implement comprehensive activation reforms (Barbier 2005). Besides, it can be shown that in this – until now liberal – welfare state, the change to activating labor-market policy has turned out to be particularly marked (Aurich 2011). In research on activation, the continental welfare states have been until now little noticed, although in Germany, with its "Hartz Reforms", a marked shift in labor-market policies took place which is even being interpreted as approaching the liberal type of welfare state (Mohr 2007; Fleckenstein 2008). Besides that, there is particularly strong support of the middle class in this type of welfare state. Social-democratic welfare states like Sweden or Denmark were of course path-breakers in labor-market activation policies, though their policies were rather more oriented towards preserving employability than towards reforming incentive structures. Moreover, the polarised attitude towards social policy – because of the system's capping of universal social benefits – makes the application of the middle-class thesis to them more difficult.

In the following therefore only the cases of Germany and the UK are compared. Both are ideal-typical representatives of welfare-state regimes that have gone through a significant, though not simultaneous, transformation. Though it is controversial whether attitudes precede change in policies – or whether they are changed by it – (Raven, Achterberg et al. 2011), the assumption seems plausible that change in attitudes is possible both before and after policy reform. The third wave of the European Value Study from 1999/2000 is the chronologically closest to both countries' reforms (Germany – 2003, the UK – 1997).

The dependent variable is meant to capture the middle-class interest in the way that it might be affected through the changed activation policies. Here it is important that the variables refer specifically to the situation of benefit receipt by the unemployed and to their rights and obligations during the receipt period. Questions 94 and 187 in the European Value Survey (EVS) fit this criterion: Question 94 addresses the matter of whether unemployed

should have the right to autonomously decide about whether they want to work (see Table 2). The item asks whether the respondent agrees with the statement that "nobody should have to work, if they don't want to". Question 187 refers to the obligation to accept any type of job. A response is sought to the question whether "unemployed who refuse to accept a proposed job should lose their entitlement to unemployment benefits". According to the regime theory, the degree of support should depend on whether the middle class views itself as a recipient of rights and obligations or not.

Table 2: Variables measuring attitudes towards activation policies

Category	Items EVS 1999/2000
Duties	"unemployed should take any job or lose their entitlement to unemployment benefits" *(V 187)*
Rights	„not having to work, if you don't want to" *(V 94)*

Source: European Value Survey 1999/2000.

For my analysis, average attitudes of the middle class in the two countries were compared. The respondent status level was provided by the variable "socio-economic status" requested in the European Value Survey: The division there into four groups (upper/upper middle class; middle, non-manual workers; manual workers/skilled, semi-skilled; manual workers/unskilled, unemployed) is based on John Goldthorpe (Erikson and Goldthorpe 1992: p. 38) and differentiates societal groups after the educational specificity and degree of authority in a given type of employment (similarly to Lengfeld and Hirschle 2009). In the following, the two middle groups – non manual workers and skilled manual workers – are interpreted as "middle class".

3.3.3 Hypotheses about activation policies and middle-class attitudes

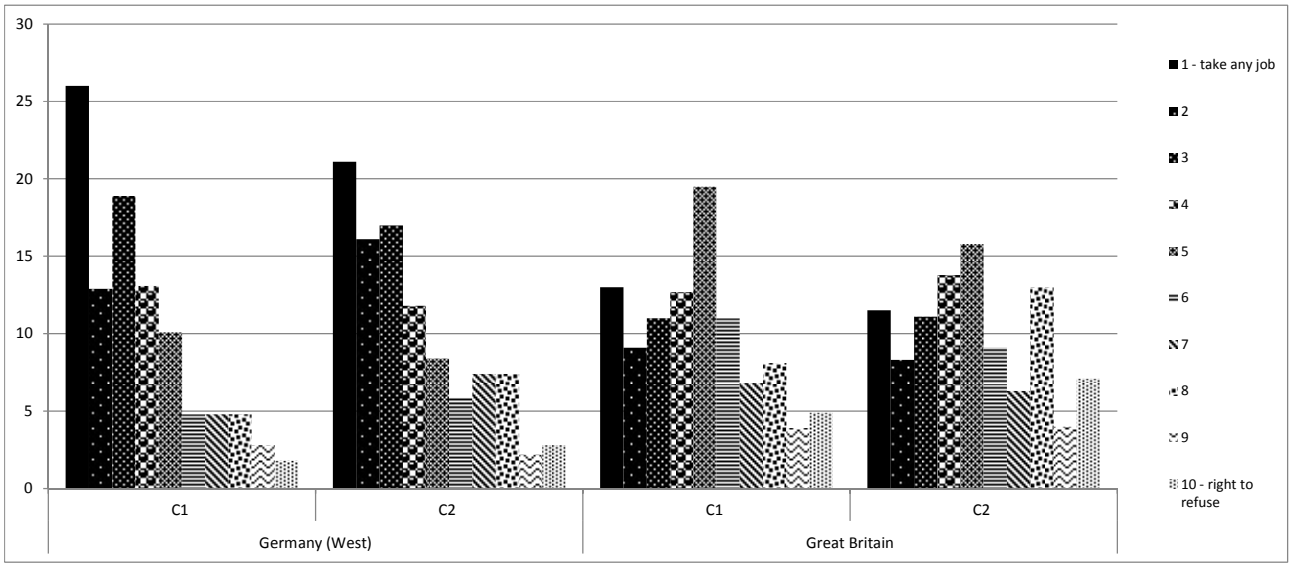
On the basis of regime theory, a general formulation of the middle-class thesis could read like this: "the more the middle class is affected by activation, the less supportive is its attitude towards such policies". Specifically, this means that the middle class – if it is affected by activation – should have to agree with the principle of a person's right to choose their job. At the same time it should disapprove of the withdrawal of an unemployed person's right to benefits who rejects taking a specific, available job. For Germany this would mean that the middle class should rather approve of the right to autonomous choice, and rather disapprove

of the obligation to take any job that is proposed. This should be particularly the case in the Germany of the time of the survey, since the decisive labor-market reform had not yet taken place. Therefore it is probable that the German middle class at the time had an even greater interest in avoiding a type of reform more disadvantageous for them than it was for the middle class of the UK, where such reforms had been enacted already in 1997. In contrast to this, the UK is one of the less generous welfare states, according to the regime theory. The middle class receives very little in welfare-state benefits, but largely supports it financially. Thus it may be expected that the middle class there tends to reject the right of beneficiaries' freedom of decision, and approve of their obligation to accept any proposed job.

3.4 Self-interest and activation? Results in international comparison

Figure 1 shows differences in respondents' attitudes towards the obligation of the unemployed to take any job offered or else to lose benefits. It appears that in Britain as in Germany, attitudes among the broad middle class are relatively homogenous, although in both countries the lower middle class tends to agree somewhat less with this obligation than does the upper middle class. The differences between countries however outweigh these intra-national differences by far. While in Germany in both groups interviewed more than 20% unreservedly approve of obliging the unemployed to take any job, this number in Britain for both groups is only slightly more than 10%. At the same time, the number of those supporting the right of the unemployed to refuse a job is well above 5% in Britain, whereas it is only about 2,5% in Germany. Despite these differences on the margins of the scale, there seems to be greater support for the middle positions in Great Britain then in Germany.

Figure 1: Attitude differences on the obligation "to take any job, or else lose benefits" (%).



Source: data from the EVS 1999/2000, C1 (middle, non-manual workers;), C2 (manual workers/skilled, semi-skilled)

Whether these differences actually are statistically significant can be tested through a comparison of means. On a scale of 1–10 the mean value of disapproval of the obligation of the unemployed to accept any job is for the German middle class 3.56, whereas the mean for middle class approval in Britain is 4.75. Germany thus shows a clearly stronger tendency to obligate the unemployed to accept any job than Britain (1 = acceptance of any job). At the same time, the British are less approving of the idea to suspend benefits as a penalty for not accepting a job. A T-Test shows that these differences in mean value are also significant (see Table 3).

Table 3: Analysis of samples on the approval obligating the unemployed to accept any job

Test bei unabhängigen Stichproben

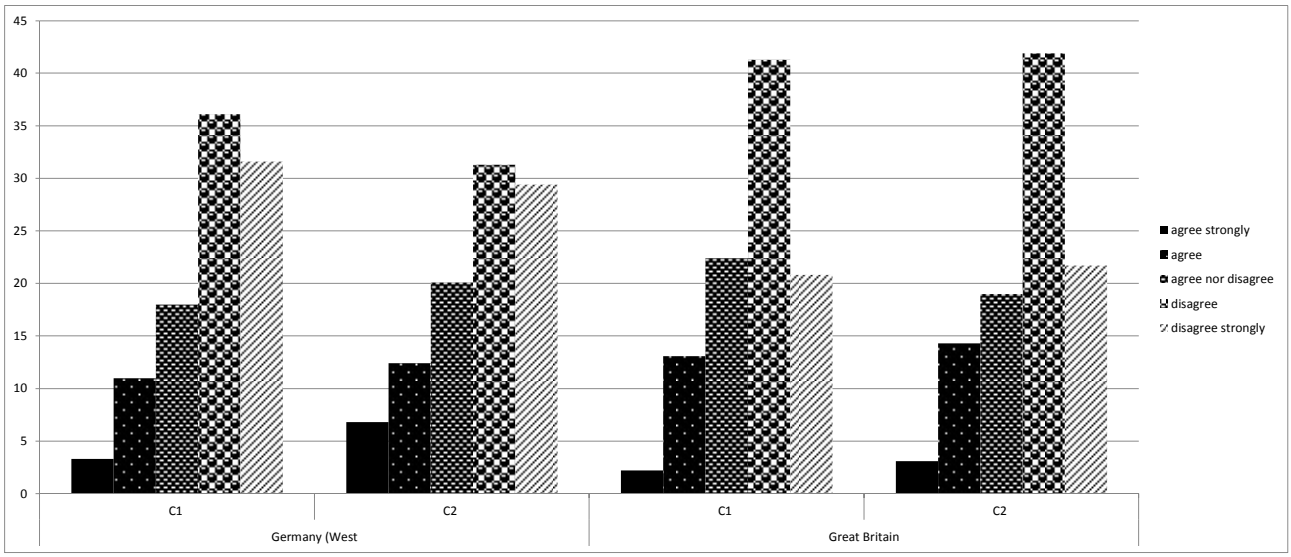
		Levene-Test der Varianzgleichheit		T-Test für die Mittelwertgleichheit						
									95% Konfidenzintervall der Differenz	
		F	Signifikanz	T	df	Sig. (2-seitig)	Mittlere Differenz	Standardfehler der Differenz	Untere	Obere
take any job-right to refuse job when unemployed (Q54B)	Varianzen sind gleich	1,108	,293	6,721	803	,000	1,191	,177	,843	1,538
	Varianzen sind nicht gleich			6,635	623,625	,000	1,191	,179	,838	1,543

Source: data from the EVS 1999/2000

Also in regard to a person's right to decide whether to work or not, there appear to be central differences in a country comparison (Figure 2). In Germany in both groups about 30% of respondents reject the freedom to decide. In Britain however in both groups only about 20% are against this freedom of choice. However, in Britain a number of people support the

"disagree"-stance, which is only slightly less strong then the view of "disagree strongly". Therefore it is important to look at the mean value again.

Figure 2: Attitude differences towards "nobody should have to work, if they don't want to"



Source: data from the EVS 1999/2000, C1 (middle, non-manual workers), C2 (manual workers/skilled, semi-skilled)

On a scale of 1–5 the mean value in the German middle class with regard to their attitudes towards disapproval of the freedom of choice is 3.82; the mean value for the British middle class is 3.65. While thus both groups tend to reject freedom of choice (5 = rejection in any case), the rejection in Germany is a little bit stronger. The difference between these mean values is also significant (see Table 4), even though the total difference is rather small.

Table 4: Analysis of samples on disapproval of the right to freedom of choice

Test bei unabhängigen Stichproben

		Levene-Test der Varianzgleichheit		T-Test für die Mittelwertgleichheit						
									95% Konfidenzintervall der Differenz	
		F	Signifikanz	T	df	Sig. (2-seitig)	Mittlere Differenz	Standardfehler der Differenz	Untere	Obere
not having to work if you dont want to (Q17E)	Varianzen sind gleich	,494	,482	-2,128	800	,034	-,165	,077	-,316	-,013
	Varianzen sind nicht gleich			-2,161	695,848	,031	-,165	,076	-,314	-,015

Source: data from the EVS 1999/2000

To sum up, it can be maintained that the middle-class thesis about its support for the obligation to accept any proposed job cannot be confirmed. The German middle class should, in line with the social-insurance-based structure of conservative-corporatist welfare state policy, have no interest in being penalized for refusing a job. Yet this group shows a higher level of assent to obligating the unemployed to accept any job. Conversely, the British middle

class, although they would scarcely be affected by an obligation to work, supports this policy measure less. Also in regard to support for freedom of choice the middle-class thesis is not confirmed. In Germany, where the middle class is to a much greater extent affected by activation reforms than in Britain, support for retaining freedom of choice is less than in Britain, where the middle class approves of this right despite deriving practically no advantage from it.

The results of this analysis justify doubts about the transferability of the middle-class thesis to the welfare states in times of reform. Though the analysis, because of its number of cases, has a rather explorative character, the differences between the countries – which are statistically significant besides – contradict markedly the middle-class thesis. In the following I develop an explanatory framework for these differences.

3.5 Attitudes as a dynamically shaped product of the welfare arrangement – an explanatory attempt

The empirical results show that differences in the attitudes of the middle class towards activation policies do not run along the lines of interest that one would expect for the different types of welfare states: While in Britain relatively lenient attitudes dominate – although the middle class itself has no vital interest in lenient activation policies – the attitudes in Germany, where the middle class could be more affected by activation policies, tend to be less lenient towards the unemployed.

It would seem that these differences must be considered in the context of a complex historical development. While the politics of interest coalition may be a plausible explanation for the emergence of national differences, other mechanisms seem relevant instead for the reform of welfare-state policies. One thread in the literature on attitudes leads for example to the significance of reflexivity (Larsen 2008; Dallinger 2010). It assumes that individuals develop attitudes not only against the background of their own group interests, but also against their reflection of the specific political system, economic situation and social structure (Rothstein 1998). One such approach, which combines the different factors in such welfare-state contexts, is that of the "welfare-arrangement" (Pfau-Effinger 2005). This approach distinguishes cultural, political and economic factors of welfare-state institutions from the social structure and the interests of special societal groups, assuming that within this arrangement tensions and contradictions can emerge out of which possibilities for change and

new developments result. The combination of the two above approaches makes it plausible that, against the background of a specific welfare state and the social relations between the various societal groups among themselves, viewpoints develop reflexively about what needs exist and what is just in each welfare arrangement. This can decisively influence the further course of welfare-state policies, such as the change towards activation in labor-market policy. Two particular factors that appear relevant in the change towards activation policies are selected here and discussed with regard to the two cases:

Welfare-state type as point of departure for reform

The welfare-state type has been until now mainly understood as a "conserving" factor. Customary structures, traditional values and stable interest-groups lead in this view to a continuity of each welfare-state type. Esping-Andersen called this phenomenon "middle-class loyalty" (Esping-Andersen 1990: 33). One could however instead understand the customary policies also as a point of departure for change that inspires rise to a new direction of development. The literature shows for example that the effect of institutional structures on attitudes often occurs in the opposite direction: Support for the welfare-state in developed welfare states is often less manifested than in new welfare states, such as in eastern Europe, because there is less need to do so (Dallinger 2010; Taylor-Gooby 2011). Further, it can be shown that, in welfare states that implement market-oriented reforms and cuts, support for the welfare state increases – in opposition to these policies (Svallfors 2011).

A possible explanation for the relatively strong support of the incentive orientation in heretofore rather decommodified welfare states could thus be that these, because of their decommodifying policies, are faced with exceptional financial burdens which affect especially the middle class. In times of constant unemployment this increases pressure to keep the system financeable, and pressure on the unemployed would seem, considered politically, one way to do this. Besides, in a system of heretofore relatively generous social security, pressure on the unemployed which could result from the new activation policies might be considered comparatively mild. More lenient regulations protecting the unemployed against qualification degradation or prospective income loss – as in conservative-corporatist welfare states such as Germany – could make freedom of choice be still strongly enough perceived as to provide some margin for revising them "downwards" later. In other welfare states with regulations already rather harsh towards the unemployed on the other hand, the exercise of

additional pressure on groups that already live at the poverty level could be considered at least problematic, if not downright inhumane. Even if, in liberal welfare states, the image of the "lazy unemployed" is repeatedly invoked (Murray 1984), this is an image that has always been brought up as the opposite pole to guarantees of social benefits, and not just recently in connection with activation.

Social relations as orientation for reform

One aspect of regime theory that is easily overlooked in the middle-class thesis is that of stratification. Esping-Andersen stresses how the different policy types have different effects on societal structure (Esping-Andersen 1990). While in the social-democratic welfare states, with the universality of welfare-state benefits, there is relatively little stratification, the differentiation between beneficiaries and non-beneficiaries in liberal welfare states contributes to a dichotomous stratification. In conservative-corporatist welfare states a highly differentiated stratification according to status group is found. Attitude research also shows that there are central differences in attitudes towards the various risk-groups, e.g. in regard to the assessment of the possibility of individuals to exercise influence over the specific risk (van Oorschot 2006): While age and sickness in general seem inescapable, unemployment can have many causes, which can give rise to doubts about the deservingness of an individual (van Oorschot 2006; Larsen 2008). The assessment depends thus more on the reciprocal perceptions of groups and judgements over their abilities and deservingness. These specifically political preconditions of different policy areas are however only rarely analysed (Pfeifer 2009).

In the middle-class thesis, the stark separation between those living on benefits and those who are not in liberal welfare states would have to lead to these groups being starkly differentiated as to their interest camps. But this overlooks the fact that the groups differentiate themselves not only as to their interests, but also in respect to their composition and chances for success on the labor market. Thus one view held by the British middle class towards benefits recipients could be that these are seen as especially worthy of help because they have quite different "worries" and problems than the middle class. In the UK's means-tested system mainly those receive social benefits whose previous lack of earning activity made them unable to provide for future risk situations. This already very differentiated position on the labor market could explain the relatively lenient attitude of the middle class

towards activation policy in Britain. In contrast, the greater presence of the middle class among beneficiaries in the conservative-corporatist welfare state of Germany apparently leads the former to consider the latter as "one of us". A great portion of benefit recipients there has already been successful on the labor market and is basically well-trained, so that unemployment can be more easily interpreted as an individual problem, such as a lack of willingness to make concessions (Rebien and Kettner 2011). Besides, in conservative-corporatist states the unemployment benefit is based on a worker's previous social security insurance contributions. A departure from this logic by individuals not willing to support the system through their labour could seriously endanger the solidarity principle. Thus it seems plausible that the German middle class quite strongly advocates penalization of a refusal to work.

3.6 Conclusions

This investigation tested of the "middle-class thesis" as developed by the welfare-regime theory for the transformation of welfare states towards activating labor-market policies. This thesis ascribes to the middle class a particular role in the formation of welfare-state policy. In line with the "regime-heritage" thesis, I proceeded from the assumption that in more strongly decommodifying welfare states the interest of the middle class in activation is less pronounced than in welfare states which decommodify less. Activation was understood here as an orientation towards using incentives, and was operationalised for positive and negative incentives as attitude variables.

The comparison of the welfare states Germany and the UK shows however that differences in middle-class interest between the countries run contrarily to what would be expected. The hypothesis of a middle class in generous welfare states unsupportive of a policy of activating incentives was not confirmed for Germany. A weakening of the positive incentives to claiming benefits is significantly more strongly advocated by the German middle class than by the middle class in the UK. Also the necessity for negative incentives, such as losing benefits, is more strongly supported by the German middle class. To this extent it seems as if, in each national arrangement of welfare-state policy and social relations, each has developed attitude patterns opposite to what would be expected. Thus unemployed in the UK for example were, already before the reforms, under relatively strong pressure, so that additional negative incentives were possibly perceived as not enforceable. In Germany by

contrast many regulations meant to protect qualification and income status made the margin for exerting some degree of pressure on the unemployed seem relatively greater. In the two countries the public's recognition of the need and the right to receive benefits thus seems to have developed inversely within the framework of welfare-state reform. The attitudes and interest structures of social groups must therefore be interpreted dynamically. Accordingly, an opinion swing after the reforms should be quite possible, which could in turn drive further policy change. The background to these reciprocal effects should be investigated more precisely in future research in order to better understand policy formation.

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4. Learning or teaching? Germany and its complex historical relationship with the EU[1]

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4.1. Introduction

Since the 1990s, a substantial revision of the welfare state has been observed which has been explicitly aimed to make European welfare states more employment-friendly (see Graziano/ Jacquot/ Palier in this volume; see also Ferrera et al., 2001, Häusermann and Palier, 2008). In this respect, a broad range of measures has been implemented to reform taxation and social protection systems (Armingeon and Bonoli, 2006, Cox, 1998, Goul Andersen et al., 2002). These include strategies to increase employment and reduce non-wage labour costs which are a challenge in particular for conservative welfare regimes such as Germany (Esping-Andersen, 1999).

In these times of increasing pressure on welfare states (Pierson, 2001), the most striking aspect about German welfare state reforms concerns the speed and degree of reform. After rather incremental reforms in the 1980s and the beginning of the 1990s (Mohr, 2007: 198) led to a characterisation of a 'frozen welfare state" (Esping-Andersen, 1996, Ferrera and Rhodes, 2000, Scharpf and Schmidt, 2000), the last couple of years have witnessed tremendous reform activity involving practically all aspects of the social insurance system. This includes a pension reform reducing the overall weight of the public pillar in 2001 (introduction of the private so-called Riester-Rente), a major health care reform in 2003, and the restructuring of unemployment insurance and social assistance as part of the paradigmatic 'Hartz reforms" (2002/03). These reforms have radically changed the German welfare state and have been analysed as 'an irrevocable path from a conservative welfare state to a new recombinant type" (Lamping and Rüb, 2004 with respect to the 2001 pension reform) or even as a potentially 'path-breaking" development towards a liberal model of welfare (Clasen, 2005, Fleckenstein, 2004, Mohr, 2004).

This path of development makes Germany a particularly interesting research object from the perspective of which kind of influence the EU had on policy reforms. For one reason, one

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might expect that outside influences, such as the EU recommendations, played a fundamental catalysing role by providing innovative concepts and tools of conceptual learning. In other words: was the EU helpful in developing and initiating the reforms? Such influence would relate to the idea of 'cognitive usage" (see Jacquot and Woll 2003; Heidenreich and Bischoff 2008), which implies the transfer of concepts and insights about policy effects. On the other hand, the parallel take-off of German reforms and the coordination of social policy at EU level could be interpreted as a necessary condition, building pressure for reforms and legitimating them at the same time. Such context may have enabled German politics to successfully argue for the implementation of already existing reform concepts, a process that could be called strategic or legitimating usage (see Jacquot and Woll, 2003, Jacquot and Woll, 2010 and the introduction to this volume). So the main question is to what extent and in which way the EU has facilitated German employment reforms?

To analyse the linkages between German welfare reforms and the particular use of the EU in this respect, it seems helpful to look at the type of 'employment-friendly' welfare reforms which the EU is emphasising (see Graziano/ Jacquot/ Palier in this volume). Therefore, we concentrate here on policy reforms that aim at changing the behaviour of labour-market actors on the supply-side of the labour-market: unemployment policy and, since there is a partial overlap, policies on early retirement. How have the preconditions for being allowed to leave the labour-market been changed by national actors? While pension and health care reforms may indirectly decrease pressure on labour costs and thereby boost the competitiveness of the German economy, we consider these policy areas to be less directly involved with regulating individual employment relationships. Therefore, we suggest focusing on policies that influence individual decisions on the labour-market for employment. This supply-side focus emphasising the role of social rights in promoting a retreat from or access to the labour-market has become not only a main concern in the EU, but also a part of broader international policy developments (OECD, 1994).

More specifically, we have included the changes induced through the Labour Promotion Law of 1997, the Job-AQTIV-law of 2001, the Hartz-laws of 2002/03 as well as changes in the regulations on early retirement (the Act on Part-Time Retirement of 1996). These reforms include the last wave of 'path-breaking" reform activities (Hartz-Laws) as well as reforms paving the way for them thereby allowing for a dynamic perspective on subsequent reform steps, so called 'sequencing" in historical comparative analysis (Mahoney et al., 2009,

Pierson, 2004). We used the following types of data: policy documents on the relevant reforms, media coverage of the reforms and parliamentary debates on them.

With respect to these developments we have developed the following research hypotheses:

(RH 1) EU Membership:

One very important aspect influencing the role of the EU in national policy-making concerns the relationship to the EU and more specifically the type of membership in a given case. Since Germany is one of the founding members of the European Community, we expect in general rather little political pressure for adaptation. Whereas it is essential for acceding countries to refer to EU policies when reforming national policies in order to show compliance with EU-norms as well as to legitimate changes to the population, for old member states the perception is often the opposite: it is not the EU that tells them what to do, but their input that makes up the overall success story of the community. This self-perception as 'policy-makers, not policy-takers" tends to inhibit national actors from using EU resources and may lead to some kind of role-reversal, in which the influence of the EU is played down.

(RH 2) Relationship to Europe:

However, apart from the official membership-status other kinds of relations to the EU exist, which can be expected to exercise significant influence on the process of policy exchange. For one, the usage of the EU for national welfare reforms could depend on the general relationship of national actors with Europe. As in Germany the national elites' attitudes as well as public opinion are in favour of Europe, usage in this sense could be assumed to be both, positive and explicit, if policy changes that are in accordance with EU regulations occur.

b) Furthermore, it seems that the German relationship to the EU is also formed by its understanding of its role, not only as a founding member, but also as a 'net-contributor". It could be expected that this strengthens the idea of supporting the EU (rather than the other way round), which would make usage rather unlikely.

c) More specifically, in line with the argumentation on a 'world of domestic politics' (Falkner et al., 2005), we assume that positive attitudes of relevant domestic actors (parties, interest groups) towards specific European (social) policies foster the (explicit) usage of

respective EU resources. This means, we would expect national actors to make reference to a European policy if they support it, and little or no reference if domestic concerns prevail in 'a conflict of interests" (Falkner et al., 2005: 323).

(RH 3) Misfit of the welfare regime:

Lastly, applying a perspective of historical institutionalism, in which previous policy institutions influence the opportunities and pressures for later developments, some assume that the degree of fit or misfit between a countries regulation and EU norms determines the pressure for reform. However, Germany's position as a founding member makes the chance of a structural misfit between EU norms and German regulation rather slight. Nevertheless, the type of 'employment-friendly' welfare reforms the EU has been emphasising since the 1990s, constitutes a major challenge to conservative welfare states such as Germany. Accordingly, some problems and delays in implementing 'Europeanised' social policies should be expected and usage of the EU is likely in order to justify reforms (but see RH 2c).

RH 1, RH 2a, b and RH 3 refer to a comparison of Germany with other countries. Hypothesis RH 2c, however, adds a comparative perspective within the country, as we feel it necessary to differentiate between policy sub-fields and the respective reform processes. Falkner and others have shown that different worlds of compliance exist in regard to EU policy implementation (Falkner et al., 2005). As Germany has been characterised as part of the 'world of domestic politics', in which compliance with EU regulation is mainly a function of political preferences of relevant actors, it can be expected that political preferences with respect to EU policies differ with the type of policy and the domestic actor constellation at the time of reforms. In that regard, it is also important to note that the 'employment-friendly' policies emphasised by the EU do not simply form a coherent strategy. Instead the frame of policies recommended is rather broad containing even contradictory elements (Serrano Pascual and Crespo Suárez, 2005), which relate to different ideologies of activation (Barbier, 2005).

This paper is structured as follows: focusing on the role of the EU as a resource for national reform, it is firstly necessary to describe in detail the context of the reforms in terms of the welfare regime and its relationship to Europe. Secondly, we will determine to what degree reforms took place and analyse the corresponding 'European flavour", before testing our above hypotheses on the role of the EU within these processes. Here we seek to interpret

the role of different actors in these reform processes in terms of the usages of Europe framework (see Jacquot and Woll, 2010) to elaborate on the function of the EU for German welfare state reforms. To do this we analyse parliamentary debates, central policy documents (such as accompanying law papers, policy proposals etc.) and media coverage.

However, it needs to be noted that Europeanization in terms of policy change is not the same as 'using' the EU. For instance, policies could change towards EU contents without any reference to the EU at all. On the other hand, the EU could be used as a source of legitimisation without reformers complying with EU law or EU recommendations. We will therefore need to examine carefully both trajectories, the German and the European one, identifying possible overlaps and searching in some detail for any reference to relevant EU policies made by national actors. The concluding section discusses the main research hypotheses of the project with respect to the German case.

4.2. The German path of reform and the EU context

4.2.1. Relationship to Europe

As a founding member of the European Communities, Germany has traditionally worked to strengthen European political cooperation: first, as a way to foster its own political and economic integration into Western Europe after World War II, and, since the start of the system transformation in Central and Eastern Europe in 1989, on the very similar understanding that further European integration is very much in the political and economic interest of the country. This attitude is in principle shared by all major political parties. Article 23 of the German constitution, introduced in 1992 in the context of the ratification of the Maastricht Treaty, defines as a national objective that Germany should add to assist the development of the European Union. In budgetary terms, Germany has traditionally been the biggest net contributor to the EU. According to the 2008 Financial Report of the European Commission, Germany contributed 8.8 billion Euro more than it received from the EU budget (EC, 2009).

In public opinion (as measured by Eurobarometer) there is stable support for the European Union, and Germans tend to be quite well informed about the EU. In the autumn 2009 Eurobarometer survey, 60% of the Germans stated that EU-membership is 'a good thing' - compared to 53% of all Europeans – and 57% think, that Germany profits from

membership (EC, 2010: 19f.). The image of the EU is significantly better among the more highly educated. The EU is positively associated with freedom of movement, the Euro, peace, democracy, a stronger political influence in the world, and cultural diversity (EC, 2010: 22f.). In contrast to other countries with a more widespread negative attitude towards European integration, political elites in Germany could therefore in principle refer to the EU when seeking public support for their policies.

As to the field of European social policy, Germany earlier had a very sceptical position towards the European employment policy for reasons of national sovereignty and budgetary discipline (Schulten, 1998). This position changed with the change in government in 1998. Since then Germany – as a country with a high level of labour-market regulation - has been committed to harmonizing social standards and employment rights in order to maintain economic competition. In some cases, Germany - which had generally little regulatory misfit - even implemented the most nonbinding recommendations of the EU labour-law of the 1990s of all (old) EU member states, i.e. it followed more EU rules voluntarily than it was legally compelled to (Falkner et al., 2005). At the same time, Germany was one of the few countries which in some cases took advantage of the implementation of EU directives to retrench existing standards to the EU minimum. These somewhat contradictory developments that are inconsistent with the misfit hypothesis can be explained by the fact that, in the German case, in practically all adaptation processes domestic party politics were of particular importance (see also Falkner et al., 2006; Treib, 2003). For instance, the parental leave directive was transposed (and even by far 'overimplemented') only after the government coalition of Social Democrats and Green Party came into power in 1998 and despite the fact that there was only a minor misfit between European and the existing national law. Treib (2003) has also argued that, in the German party system, even a small misfit with the EU labour law often caused political opposition from either the free market liberal FDP or from the conservative CDU. With respect to the world of compliance, the German case is in particular comparable to that of the UK and the Netherlands, two countries generally seen as high performers in welfare reform (Clegg, 2007).

4.2.2. The German welfare regime

Domestic debates on the welfare state in Germany usually have a clear national focus and evolve around national conflicts: the issue of 'social Europe' plays only a marginal role,

whereas most debates arise with respect to the specific problems of the German welfare system. Germany is usually understood as a conservative welfare system (see Esping-Andersen, 1990 and 1999), characterized by the following core elements (see also Aust et al., 2002):

- social protection based on social insurance systems with a strong corporatist legacy and the basic principle of status maintenance (relating recipients' benefits to their previous labour-market status);
- a strong breadwinner model, attributing employment primarily to men and, as a consequence, integrating women and children into the insurance systems mainly as dependents of the male household head;
- a strong emphasis on the preservation of the traditional family and the principle of subsidiarity based on Catholic social philosophy, meaning that social-service provision is marginal in favour of transfer payments, and the family takes more responsibility for covering social risks than do charitable organizations or state agencies.

By the end of the 1990s, it was widely recognized that this German welfare system had a number of serious problems. First of all, the social insurance systems faced massive financial problems from increasing imbalances between contributions and spending for a number of reasons (rising unemployment, the policy of 'labour shedding' , an aging population). These problems were exacerbated as the possibility of balancing social security deficits through transfers from the government budget was at the same time seriously constrained by German unification (see also Streeck and Trampusch, 2005). Second, the system was challenged when it began to fail to provide sufficient social protection to ever larger groups of the population that did not fit the implicit norm of a 'standard work arrangement' (because of changing life-courses and different forms of employment). Those working in atypical employment or living in incomplete families are particularly vulnerable to social exclusion and poverty (Bonoli, 2006, Taylor-Gooby, 2004).

Generally, most of the reforms made since the mid-1990s have been inspired by the worsening employment problem. This discourse identified particular characteristics of the Bismarckian welfare state – funded through social security contributions and aiming at status maintenance rather than protection from poverty - as a major problem implying high costs of labour that affect negatively the level of employment. At the same time, the status protection

principle produces a strong interest in maintaining the status quo inhibiting 'real" reforms that would alleviate the financing problems (Clasen, 2005: 89). Furthermore, the belief in the overall success of the German policy model (Clasen, 2005: 67-73), which was transferred in its traditional form to Eastern Germany ('unification consensus', see Aust et al., 2002: 55f.), led to rather low levels of innovative activity. This changed after the recession of 1992–93 (which followed the re-unification boom). The interaction between the budgets of the welfare state and the federal government, as subsidies to pension and unemployment insurance funds (necessary to maintain entitlements), became a serious burden to the federal budget (Clasen, 2005). Still, however, the result was mainly tinkering for a while with schemes for labour-market exit, such as early retirement and unemployment assistance, retrenchment measures and a supply-side-focus, the big changes brought about by reform were to come only in 2002/03.

4.3. The sequencing of German employment-friendly reforms

4.3.1. Setting the stage – context of policy development at both levels

With the 'Hartz-reforms' Germany conforms to the EU's emphasis on 'employment-friendly' welfare reforms and the analysis of Esping-Andersen that the 'welfare without work' strategy of Conservative welfare states is not sustainable (Esping-Andersen, 1996). Therefore, an EU input and influence is quite plausible, but still has to be detected from available material. In the following section we will look at all dimensions of policy change (objectives, principles, instruments and procedures, see introduction to this volume) assuming that any change in one of these dimensions, whether its content is EU-related or not, can lead to the usage of Europe as a strategic tool.

Labour-market policies have changed significantly since the mid-1990s. In general, the reforms aimed at labour-market integration by closing routes to 'passive welfare' or 'lock-in' to active measures (Larsen, 2005) and in this way 'to activate' benefit receipt. In the mid-1990s the conservative-liberal coalition took some labour-market initiatives according to these new objectives including the establishment of an 'Alliance for Jobs' in 1995/96 (which failed with the withdrawal of labour representatives) and passing a law to reduce early retirement. These attempts were followed by the Red-Green 'Alliance for Jobs' in 1998 and a number of legal reforms including the 'Job-AQTIV' and 'Hartz-laws'. Whereas the focus in Job-AQTIV (similar to the Employment-Promotion Reform Act of 1997) was on skills,

human resources and quicker re-integration into the labour-market, the Hartz-Reforms presented a break with the status protection principle of previous policies.

At the same time, employment policy was established as a new policy area at the European level (Caune, Jacquot, Palier, this volume; Palier, 2010). The Treaty of Amsterdam introduced a new title on employment and thus expanded the scope for European action in the field of employment policy. Several measures were developed resulting in the so-called open method of coordination. Although some European elements can be seen at a first glance in German policy changes, the link to the European Employment Strategy is not easily made. Firstly, the EES can hardly be reduced to a flexibilization and activation approach, since it also takes into consideration the inclusion of social partners, the recognition of negative effects of labour-market flexibility, and social inclusion (see Casey, 2004, for a comparison of EES and OECD jobs strategy). Accordingly, the EES itself contains highly contradictory elements allowing for quite some contingency (Serrano Pascual and Crespo Suárez, 2005). Secondly, the EES was developed further in the following years to include country-specific recommendations, setting quantified targets, and making connections with macro-economic policies (see also Schmid and Kull, 2004). And last, but not least, there are other relevant European resources including a growing EU legislation in the field through the 1990s and a stronger steering capacity of the ESF as it became connected to the aims of the EES (see Caune et al., 2009, Falkner, 2004) - which could have been used by national actors. An overview of the reforms in relation to EU development is presented in Table 1. The following paragraphs discuss these sequences.

Table 1: The sequencing of main German labour-market reforms since 1990

Year	Domestic reform	EES development
1993		*European Commission (Delors) White Paper on Growth*: Competitiveness and Employment (to promote a European employment strategy)
1994	*Employment Promotion Act*:Introduction of private labour-market services, Extension of active labour-market policy instruments	*Essen European Council on Employment*: to promote investment in vocational training, make growth more employment-intensive, reduce indirect labour costs, increase the effectiveness of LMP, reinforce measures to help the groups at risk of exclusion from the labour-market)
1996	*Unemployment assistance Reform Act*: Reduction of certain unemployment benefits	
1996	*Act on Part-time retirement*: Subsidies to workers over 55 years reducing their working hours	
1997	*Labour Promotion Reform Act*: Introduction of a strong supply side focus into labour promotion stressing the individual responsibility and increasing the conditionality of benefits	*Treaty of Amsterdam*: new title on employment *Luxembourg European Council*: defined a yearly procedure of guidelines, national action plans and reporting for European employment policy –'Luxembourg process', first Employment guidelines
1999		*Cologne European Council*: resolution on the European employment pact, first country specific recommendations
2000		*Lisbon European Council (*'Lisbon strategy'): modernisation of the social state – 'from welfare to active citizenship", quantified employment targets)
2001	*JobAqtiv Act*: To make labour promotion more effective, introduction of job rotation schemes	*Stockholm European Council*: amendment of Lisbon targets
2002	*First and Second Act on modern labour-market services* (Hartz I + II): New instruments, stricter conditionality	
2003	Third Act on modern labour-market services (Hartz III): Restructuring of the federal Labour Agency	
2003	Fourth Act on modern labour-market services (Hartz IV): Replacement of two benefit systems, stricter conditionality	

Sources: Own depiction.

4.3.2. The sequencing of single reforms

One of the first reforms was the gradual departure from the policies of 'labour shedding" with regard to older workers (see Aust et al., 2002). The procedure of early retirement was characterized by a combination of an increased duration of benefits for older unemployed and the resulting possibility of retiring at 60 (instead of 63) without deductions in the amount of pension ('57er-rule'). That way, employers were able to lay off older persons without them facing economic hardship. Already during the 1990s this arrangement proved too costly and was changed by the law on 'promoting a gradual transition towards retirement' in 1996. This increased the retirement age without deductions to 63 years, while introducing yet another form of early retirement: part-time-retirement. In part-time retirement older employees receive a subsidy from the federal government if they reduce their working hours and the employer replaces them with an unemployed or young person. However, this initiative ran out in December 2009 and now covers only existing caseloads. Up to the introduction of the part-time retirement law in 1996, the EU had made almost no official statements about early retirement measures. The first explicit references can be found in the Commission recommendations as well as in the integrated guidelines of 1999 (EU, 1999: 3).

In unemployment policy, reforms took off in 1997 with the integration of the former Labour Promotion Act into the social security code (Bothfeld, 2007b). The reform focused on reintegration of the long-term unemployed and eased the criteria for acceptable employment – and was thereby in line with the EES (under development at that time) although no reference to Europe can be found in public debates. At the same time the conservative government had reduced since 1992 the overall budget share for active labour-market policies (Blancke and Schmid, 2003: 18). The next important step in the reform carousel was the 'Job-AQTIV'-law in 2001 (Clasen, 2005), which changed the main emphasis of unemployment policy from a passive to an active approach, while adding a number of new instruments ('jobseekers agreement', job rotation, profiling, mobility grants, see: Bundesregierung, 2001). Qualifying periods for participation in employment and training measures provided by the public employment services were lifted and employers of young people without education or vocational training could receive significant subsidies. Employers were obliged to contribute to the maintenance of the employability of their employees, while employees were regarded as responsible for managing their professional development over the life-course. All in all, this reform had the more clear intent to improve 'classical" instruments of active labour-

market policy (Köhler et al., 2008, Martin, 2000) by taking an enabling path of activation, (Barbier and Fargion, 2004, Dingeldey, 2007, Larsen, 2005) than to change the principles of the system.

The contents of this reform are very much in line with the EU debate at the time. Already the Amsterdam Treaty spoke of 'promoting a skilled, trained and adaptable workforce and labour-markets responsive to economic change" (Title VI, Article B, as cited through: Weber, 1997, emphasis added), and culminated in emphasising 'lifelong learning' for 'full employment in a knowledge-based society' in the employment guidelines for 2001 (EU, 2001: 7).

A similar direction was followed in the first wave of the 'Hartz laws' (I-III): these strengthened active labour-market policies by introducing the Ich-AGs ('me-inc.'), 'mini-jobs' (not subject to social insurance) and personal service agencies. However, the last part of the reform was to become the most famous, because it represented a break with the social insurance tradition of the German (and for that matter continental) welfare state (Clasen, 2005, Eichhorst et al., 2008, Fleckenstein, 2008, Mohr, 2007). Unemployment and social assistance were merged into 'unemployment benefit II', granting former social assistance recipients access to 'proper" labour-market services while decreasing the level of unemployment assistance to that of social assistance. 'Unemployment benefit II" was now a flat-rate benefit without any relation to previous earnings and a rather strict code of conduct in European comparison (Aurich, 2009). The duration of 'unemployment benefit I" was shortened to a maximum of 12 months, thereby potentially enlarging the target group of the new benefit.

This reform presents itself as only partially compatible with EU policy contents. While the EU promotes a flexicurity approach, making the labour-market flexible while securing the living standard of the individual, this reform seriously threatens income security of workers: it enlarged a low-income sector of people who rely on benefits in addition to their working wages (so-called Aufstocker). Furthermore, it turns away from developing human resources for a knowledge-based economy as emphasized in the EES. Qualification is considered only the second-best solution to labour-market participation: access to labour-market services in terms of the labour-promotion law (Social Security Code III) has decreased for most unemployed. While for social assistance recipients the reform gave first-time access to Public Employment Services, for previous unemployment assistance recipients the move into UB II

can be considered a major loss of access to services, since their application is now at the discretion of the case manager: social rights have really become 'discursive' (Cox, 1998). The only right of recipients to some sort of activity exists in so called 'one-euro-jobs', which are activities supposed to be additional (not offered on the labour market) and free of social security contributions. They are mainly low-level activities not having much in common with real employment situations and are paid at €1-2 per hour to compensate for expenses. While both reforms (JobAqtiv and Hartz) implemented an activation approach aiming at a more effective labour promotion and a broader range of measures to integrate job-seekers into the labour market – both fully in line with the EES – some normative assumptions behind the reforms seem to differ: Whereas the JobAqtiv reform follows a Scandinavian model of an enabling path of activation, the Hartz reforms have a much more 'liberal' flavour, following rather a 'workfare' understanding of activation.

Overall, German labour-market policy has developed from a very passively oriented, labour-shedding strategy, to an 'active' attempt (Job AQTIV), towards finally a strategy of re-commodification (Aurich, 2009). This in itself states a change in objectives: in Pierson's terms, the rationalization of conservative policy has been replaced by 'updating' policy arrangements towards new goals (Pierson, 2001), away from labour-shedding towards the improvement of labour-market integration via supply-side policies. However, this development started with some changes at the lower levels of policy-making, namely with procedural changes: benefits were reduced and eligibility criteria for early retirement changed. Only when this didn't prove successful were changes in the normative dimension and the instruments of labour-market policy considered and implemented. The next chapter will discuss the role of Europe within this process: was there a specific moment at which Europe mattered? Did usages differ in relation to the policy dimension? And which actors did utilize what kind of European resources?

4.4. The usages of Europe

4.4.1. A window of opportunity for cognitive learning?

Most analyses of employment-friendly reforms refer to domestic aspects, such as the 1998 change in government (see e.g. Blancke and Schmid, 2003) and the circumstances giving rise to the Hartz-commission and the subsequent reform laws of the same name (forged job-placement statistics from the Federal Employment Agency at the beginning of 2002

opened a so called 'window of opportunity' for employment reform; see Fleckenstein, 2008, Heinelt, 2003). It is true that the reduction of mass unemployment was one of the main election pledges of the Social-Democrats led by Gerhard Schröder. And after the break with Finance Minister Oskar Lafontaine, who represented the traditional social-democratic wing, the government parted from traditional ideas on redistribution and Keynesian growth policies. Consequently, Chancellor Schröder took a more neo-liberal position developing the 'Hartz reforms' as a central part of the new Red-Green 'Agenda 2010" announced in a government declaration in March 2003. While some analyses recognise outside influences (EU, UK) in the process of policy making (for example very visible in the paper by Blair and Schröder, 1999)), their role is mainly interpreted in terms of cognitive learning (Heidenreich and Bischoff, 2008) or ideational change (Büchs and Hinrichs, 2007).

Combining domestic and EU perspectives, however, our study suggest a somewhat different interpretation concerning outside influence. Firstly, the overlap of reforms with European (or UK) ideas is partial at maximum: especially the last few reforms were less oriented towards flexicurity, but more towards re-commodification due to the aforementioned fiscal problems. Secondly, the usages of Europe differed in relation to timing and content of reform. Surprisingly, more references to the EU occurred during later reforms and not during earlier reforms, even though these were more in line with EU content. The legitimation was thus based on a different kind of usage: rather than pointing out the compatibility of the reforms with EU-policy suggestions, the EU was used as a broader point of reference for German development. In the following we will discuss the utilization of EU resources and institutions for the different reform packages presented.

4.4.2. The unnecessary EU

As already mentioned, with respect to early retirement the timing of the reform did not fit with EU initiatives. However, the EES was already in preparation and it can be assumed that on a policy-making level the topic of active ageing and the problems associated with early retirement were already being discussed. But only a few years after the law on early retirement, documented references to the EU can be found: the Hartz-Report cites active ageing as not only 'a task for employment policy in Germany', but also in 'the European Union' thereby connecting EU and German discourse. However, this statement is rather characteristic of the German policy community: often the EU is cited as a frame of reference,

a comparative standard (how German policies compare on average), or as a common problem area. Only rarely are the actual guidelines and policy documents of EU institutions discussed.

4.4.3. A role-model for whom?

Despite the compatibility of the 'Job Aqtiv' law, neither the EU nor its Employment Strategy was mentioned once in the parliamentary debate (Bundestag, 2001). The debate encompassed instead details on the statistics of unemployment and the amounts of money spent on active labour-market policy. Blame was shifted between parties trying to make the other's government (before 1998 or after) responsible for the damage. In the debate there was a consensus that public employment measures were not succeeding in integrating the unemployed into the first labour market, which culminated in the position of the liberal FDP, that they were a waste of money (Niebel in: Bundestag, 2001). The only reference made to Europe concerned Germany's position as a leading country which had apparently lost its ability to function as an economic role model. Not once was Germany represented as subject to EU obligations, be it in relation to the Maastricht criteria or others. In the proposition for the law itself, the European Employment Strategy is mentioned at the beginning as the context of the reform, but with no further details.

In contrast, for the Hartz reforms – which broke with the German welfare-state tradition – legitimation was much more needed. And indeed, even though discrepancies between the policy content of the EU and the German strategy can be observed (with the EU promoting a more investment-oriented strategy and German reformers embarking on a re-commodification path), the EU content was used by some actors in this reform process. However, the usage remained rather unspecific: while the European Employment Strategy is mentioned in the policy-paper of the Hartz Commission as the context in which the suggestions were initiated, the report itself – which was released shortly before the German general elections – contains only little on the different aspects of the EES. More references are made to Germany's European neighbours, comparing their development with Germany's (8 times), than to the European employment guidelines (4 times). Considering the size of the report (about 340 pages), this seems a rather low number. In a few cases, it is stated that the report is in some way 'oriented towards' or 'in line with' the European guidelines (Hartz-Kommission, 2002: 56, 118, 158) but without further details. Only at the end of the report are European resources referred to (Hartz-Kommission, 2002: 341). These concern mainly cognitive exchange with

other member states or the EU-commissioner on employment and social affairs. As far as policy implementation is concerned, the degree of usage is much lower: in the parliamentary debate, in which Gerhard Schröder introduced his AGENDA 2010 (of which Hartz-IV was a part) the EU is again mainly mentioned as geographical reference:

> *'This relationship between our economic and thereby our social opportunities, on the one hand, and our role in Europe and Europe's role in the world, on the other hand, needs to be kept in view: as it is important for us, our society and our partners in Europe.' (Schröder, in: Bundestag, 2003a)*

He further mentions that Germany's role partly consists of being one of the biggest net contributors to the EU, which is acceptable because of the shared belief in the European Social Model in which 'participation is more important than unbridled power of markets' (Schröder, in: Bundestag, 2003a). In the same debate, the opposition leader of that time (Angela Merkel) suggested that Germany should return among the top three countries of Europe in terms of growth (Merkel, in: Bundestag, 2003a). European ideas were not referred to specifically, but rather more general values such as economic growth, participation and the taming of market powers. This was also the case in the first draft of the Hartz-IV law: the EES is mentioned in terms of its 'full employment' goal, but this is then quickly glossed over with more specific values of the Red and Green parties: innovation, justice and sustainability (Bundestag, 2003c: 44). In terms of concrete policy measures, references are again made more readily to successful neighbours such as the Netherlands, UK and Denmark (Merkel, in: Bundestag, 2003a). Furthermore, the role of Germany as a leader in Europe is never questioned: the EU is not seen as a helper in the reform process, but rather as yet another reason to perform well, as Germany has always done. Former Minister for Employment and Economy, Wolfgang Clement, formulates:

> *'We aim at establishing a European oriented social market economy, which will not only be a strong foundation for prosperity in Germany this century, but can and will be that in the whole of Europe!' (Clement, in: Bundestag, 2003a)*

The role of Germany is not to be helped by Europe, but rather the other way around. However, this is not to deny that certain cognitive influences via learning processes have taken place (Heidenreich and Bischoff, 2008) or that normative and ideational adaptation has occurred (Büchs and Hinrichs, 2007). Nevertheless, the data used in this study (parliamentary and media debates) show only scarce references were made to the EU in public reform debates. Even more interesting is that a survey of media coverage from 2001 until now has

not shown any significant reference to the European Employment Strategy as far as German labour-market reforms are concerned. Of course, the development of the EES was followed by the general public, by, for example, setting targets and benchmarks (HA, 2006, VWD, 2004), and the use of the EU structural funds also induced public discussions on distributional matters (AP, 2003). But specific contents of German social-policy reforms were not explicitly linked to EU debates or guidelines. To conclude, it could be said that, as far as public representation is concerned, only very slight hints of a legitimating usage of the EU could be found; some references indicating use of budgetary resources from the ESF were identified, but none demonstrating usage of Europe as strategic resource. The legitimation is also rather indirect: in some way one could argue with the figure of 'European interest' (see: Jacquot and Woll, this volume), which German actors view as greatly influenced by the performance of the German economy.

4.5. Conclusion: Self-confident historicising

The multi-level governance of the EU allows a number of different resources to be used by member states (see Graziano/ Jacquot/ Palier in this volume). In the case of labour-market policies, legislation on European directives on the most relevant European norms are set within the framework of the 'Open Method of Coordination' and the ESF. In the German labour-market reforms discussed here, European legal resources, as well as related cognitive resources such as European debates and ideas, were utilized only marginally in public debates. Only now and then are legitimating references are made to 'the line of the EES'. The later use of the EU as a political resource worked much more in the reverse: it was the idea that Germany's (leading) role in Europe gives leverage to political actors arguing for policy change. Change was legitimated with the necessity of giving a 'good example' and of continuing to play a leading role in Europe.

In sum, the break of the reform-lock in German labour-market policy can hardly be attributed to EU influence. While our result of rather little usage conforms to the hypothesis that it is not necessary for the old member-states to demonstrate their compliance with EU policy (RH1), the general attitudes towards the EU led us to expect some strategic usage (RH 2a). This hypothesis was supported by an overlap in contents – see sequencing of reforms -, which would have made it easy for German policy-makers to use the EES as a tool for legitimation. However, they did not use the EU, at least not in a positive way, and it seems

that this is to some degree the result of having a rather biased attitude towards Europe: being an old and 'important' member-state Germany views itself as a financial and ideological contributor rather than one in the position of taking advice (Germany as a European policy-maker, not policy-taker, RH1 and RH 2b).

Therefore we believe that, as far as using Europe as a resource for policy making is concerned, the following conclusions can be drawn from the German case:

Usage seems to differ in terms of the level of policy-making on which it occurs. While it is plausible that actors in positions of responsibility for policy innovation and development, such as ministerial and government officials, take on board new ideas communicated in the European context (Heidenreich and Bischoff, 2008), this cognitive usage does not necessarily translate into public usage. While public officials take part directly in the European coordination effort through joining in the common learning experience, developing new instruments and procedures through action plans and recommendations, this has no direct linkage to the German public.

As far as the public level is concerned, self-confident historicising seems to be the more adequate term: the idea that Germany still has lots to offer and should be self-confident as an historic European leader. While there is some acknowledgement of the success of neighbouring countries, the EU is mentioned as hardly more than a geographical reference or benchmark, if it is referred to at all.

The degree of historicising usage is highest when the need for legitimation is greatest. This is not related to a fit with EU-policies, but rather to domestic matters: The occasions of usage we found were all related to the Hartz-IV reforms – the most disputed reform in the package and a main part of the 2002 election campaign of the Social Democrats. The political pressure to legitimate the reforms resulted in a usage, which referred to Germany's responsibility for Europe and thereby legitimated the need for this reform. In a way this is in line with the 'world-of-domestic-politics" hypothesis (RH 2c), according to which domestic matters determine the relevance of the EU.

The EU certainly has played a role in providing problem understanding in the adaptation of goals and in the process of developing ideas for reform. Its impact however, in terms of strategic and legitimating usage– beyond the direct policy-making level –is of significantly different content than in other member countries due to Germany's perceived role in Europe.

History therefore seems to be a factor to be incorporated more deeply into future studies on policy transfer.

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5. 'Activation regimes'? German and British policy discourses compared[1]

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Abstract:

Since the 1990s the idea of activating the unemployed has attracted particular attention in debates about reforming the welfare state. There are two strands in the literature, which discuss the effects of this idea on actual welfare state reforms: While some argue that structural differences between different types of welfare regimes have impeded the development of this idea so far as to preserve previous differences between welfare states (Barbier / Ludwig-Mayerhofer 2004; Serrano Pascual 2007), others have emphasized the effects of policy learning and international exchange for path-breaking policy change (Heidenreich and Bischoff, 2008, Seeleib-Kaiser and Fleckenstein, 2007, Stiller, 2010). This contribution departs from the assumption that both views have some validity. It takes a comparative perspective on the role of welfare discourses for the implementation of activation and investigates the degree to which old policy logics of welfare state regimes have been combined with newer, activating, ones. More specifically, it analyses the role of discourses in the implementation of activation in Germany (Hartz-IV) and in Great Britain (New Deal). The empirical basis includes an analysis of media coverage and parliamentary debates from 1995 until 2005. The article concludes that despite some considerable consensus about convergence between Germany and Great Britain through welfare state reform, the public representation of activation differs a lot between the countries. This concerns especially the understanding of activation as an integrated policy approach, combining work-first with needs-oriented enabling elements. Contrary to what could be assumed by common approaches of classifying activation policies (Barbier / Ludwig-Mayerhofer 2004; Serrano Pascual 2007) the German discourse is much more liberal and workfare-oriented than the British discourse, which emphasizes the need of individualized enabling policies. It is argued that historical patterns of argument were necessary in order to implement activation in each country.

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5.1. Introduction

In the 1990s a new form of dealing with unemployment established itself at the political level. This approach assumes that unemployment has structural causes that cannot be overcome by economic policy measures alone (Clasen and van Oorschot, 2002). Its goal is therefore the so-called 'activation' of the unemployed, which was first propagated by the OECD and later also by the EU within the framework of its employment strategy (EC, 2001, OECD, 1994).[2] At the centre of this type of labour-market policy strategy is the unemployed individual, who is – according to whatever main policy accent has been set – either the subject of greater job-acceptability demands, or, of individually-tailored job promotion and continuing training measures (Dingeldey, 2007, Lødemel and Trickey, 2001).

In Europe to date no uniform strategy can be discerned among the policies realised on the basis of the new paradigm of activation: The policies differ as much in the degree of activation as in the instruments applied towards that end. The diversity of instruments chosen is particularly salient in the reform of social rights. In some countries existing social rights, e.g. the receipt of benefit transfer payments, have been subjected to greater conditionality (Clasen and Clegg, 2007). Unemployment benefit receipt has been made dependent on [new] conditions, non-compliance with which is penalised by withdrawal of the payments, so called workfare (Dingeldey, 2007, Lødemel, 2004).[3] At the same time however, new social rights have been introduced: 'Active labour-market policies' ('inclusive' services supporting job-seekers), already long established in Scandinavia, have in other countries been strengthened in order to better promote the transition of the unemployed into gainful work, so called 'enabling' (Dingeldey, 2007, Heinelt, 2003). Out of this mix of instruments have developed complex policies, between which important differences are not discernable in categorical distinctions, such as expressed for example by regime typologies, but rather in multi-dimensional and gradual diversity (Aurich, 2011). An integrated form of activation policy has developed mixing workfare and enabling instruments increasingly in order to be able to deal

[2] On the differences and similarities, see Casey, 2004

[3] Behavioural codes have been furthermore extended to individual aspects with individual action plans (called 'contractualisation' by Serrano Pascual, 2007).

with the complex problems of labour market integration of disadvantaged groups. Thus the question arises how differences between such integrated policies are to be explained.

This article discusses firstly the various approaches to explaining differences between activation policies. I argue that most other analyses consider mainly 'institutionalistic' explanatory factors in support of the so-called 'regime-legacy' thesis. By doing so, they tend to ignore the impact of policy learning on policy change (Heidenreich and Bischoff, 2008). I develop therefore an explanatory approach that includes political discourses and with that takes into account the dynamics of the transformation process. Thus the integration of new policy elements into the societal understanding of the welfare state can be illustrated without ignoring those regime differences, which to some degree continue to be relevant. This explanatory approach shall be applied in the comparison of the discourses of two welfare states – Germany and the UK.

5.2. Activation regimes: State of the Art

In the literature various reasons are put forth for the differences among activation policies. The explanatory factors range from politics through economics to culture. Independent of the chosen explanatory factor however, the main emphasis is often an institutionalist one, that is, most analyses make reference in one form or another to the structures of different types of welfare states as they arose in the Post-War period (Esping-Andersen, 1990, Titmuss, 1974). In answer then to the need for reform, a 'path-dependent restructuring' (Mohr, 2004) is assumed, that is, welfare states deal with the new challenges in a manner 'typical' for them. For activation policies, Jean-Claude Barbier even borrows from the welfare regime terminology, distinguishing 'liberal' from 'universal' activation policies (Barbier 2005). In the following I discuss approaches of political economy and regime-legacy theory in terms of their explanatory power.

A fundamental criticism to be made against institutionalist approaches is that they overstress the importance of continuity. This is because the explanatory factors chosen often exhibit a strong reference to the past which cannot always sufficiently relate to what is new in the new policy. This is most apparent in the theory on so-called 'unpopular reforms' (Vis and van Kersbergen, 2007). These approaches describe how structures of established interests stand in the way of the transformation of the welfare state (Pierson, 2001a, Rueda, 2007). The argument here is that a change in the distribution structures brings too high political costs.

This is based on the assumption that particularly in welfare states with social security insurance, the so-called 'insiders' – those of the population who are relatively well insured by way of their participation in the labour market – have no interest in remodelling the social welfare system in a way that could diminish their claims on the system in favour of other risk groups (Clasen 2000). Against such a politically charged background, reforms in this view are only possible in exceptional circumstances, in a 'window of opportunity'[4], when there are exceptional conditions for putting through reforms politically (Bonoli, 2001, Börzel and Risse, 2003, Clasen and Clegg, 2006, Lødemel and Trickey, 2001). Also this way of seeing things tendentiously excludes incremental reforms, although studies show how by means of various strategies of 'layering' (Streeck and Thelen, 2005), 'drift' (Streeck and Thelen, 2005), 'blame avoidance' (Pierson, 2001b) or 'framing' (Béland, 2005, Stiller, 2010) reforms can also be realised in situations of such interest configuration. It would be thus be more interesting to enquire about the contents of the reforms and the exact argumentation strategies, than to conclude that a political structure is not reformable. Further it is questionable whether the division between 'insiders' and 'outsiders' is analytically fruitful, since there are also areas where interests overlap (Emmenegger, 2009).

Beside the above approaches dealing with the political economy of welfare-state reforms there are others that concern themselves more with the broader context of welfare state regimes. Among these are for example the studies of Amparo Serrano Pascual and Jean-Claude Barbier. Serrano Pascual arrives, after a larger comparative study, to the conclusion that there are 'hegemonic mode(s) of governance' that, beside the legal regulations and political power relations, also include values of the societal legitimation of policies (Serrano Pascual, 2007). All these elements taken together result in a framework of social cohesion in each differently regulated welfare state, which is decisive for explaining differences in activation policies as well. Barbier, who can be considered a path-breaker in the typologisation of activation policies, argued similarly when he stated that systems of national social policy are founded on differing 'political cultures' which are relatively closed, by

[4] As for example in the context of the job-placement scandal of 2002 in Germany, which resulted in the calling of the 'Hartz Commission' and corresponding legislation (Fleckenstein (2008).

which they tend towards continuity rather than change (Barbier, 2008). This means that, apart from political interest structures and expenditure systems, also values and logics of distribution play a role in ensuring social cohesion in welfare-state reform, in the context of which the result tends to be continuity rather than change.

Both approaches emphasise the impact of deeply rooted traditions and values beyond simple interest representation. By doing so, they offer a more complex approach to understanding welfare state policy. However, again it can be maintained that these approaches risk having a 'conservative bias' (Beyer, 2006), since the importance of institutionalised structures in the sense of historical legacy are over-emphasised and newer developments tend to be ignored. For instance, both approaches conclude that the previously more liberal welfare states, with less generously decommodifying welfare transfer payments, continue to be less generous in regard to activation as well (applying a strict workfare policy based on ‚sticks' rather than ‚carrots'), whereas welfare states with higher expenditure and a tradition of more generously decommodifying welfare transfer payments continue to be more generous (applying more generous activation through the provision of comprehensive active labour market policies[5] and status preserving transfers).[6] Such analysis seems puzzling considering the amount of policy change over the last 20 years.

Furthermore, the empirical reality of 'mixed forms' of activation (Aurich, 2011, Dingeldey, 2007) suggests that policy learning and the exchange of policy ideas do play a significant role in policy-making (Seeleib-Kaiser and Fleckenstein 2007; Heidenreich and Bischoff 2008; Stiller 2010). Even though such developments might not imply fully fledged changes in the style of a ‚punctuated equilibrium' (Goul Andersen, 2007), they can change the overall composition of policies significantly leading to more hybrid types with differences in regard to focus. For example, while in Germany the focus of activation reforms was much more on reducing social rights and increasing the duties of the unemployed, in the United Kingdom these reforms focused more on active labour market policies and services available to the unemployed (Aurich, 2011). Thus, in the more generously decommodifying welfare state of Germany social rights have been reduced, whereas the previously less generously

[5] Services to facilitate labour market access – in short: ALMP (Bonoli, 2010).

[6] Decommodification means the degree to which a citizen can secure an [economic] existence independently of success on the labour market. This concept forms the basis of the regime-typology developed by Gösta Esping-Andersen (Esping-Andersen, 1990).

decommodifying welfare state of the UK has introduced new support for the unemployed. Thus, though differences between regimes might not be depleted by these reforms, policy change has taken place and it has done so in different directions: sometimes expanding, sometimes reducing the welfare state. The question thus is: How can we explain differences between activation policies without sacrificing the idea of policy change through the use of regime theory?

This contribution will attempt to connect the institutionalist explanatory factors with an approach that offers more interpretive room for the possibility of policy change. One such suitable approach is Vivian Schmidt's 'discursive institutionalism'. It allows …

"… demonstrating how and when ideas in discursive interactions enable actors to overcome constraints which explanations in terms of interests, path dependence, and/or culture present as overwhelming impediments to action." (Schmidt, 2010: 4).

A couple of studies have taken this perspective and been able thereby to clarify very well the transformation in different welfare states (Aust and Arriba, 2005, Cox, 2001, Seeleib-Kaiser and Fleckenstein, 2007, Taylor-Gooby, 2005, Torfing, 1999). The main emphasis of these studies however is consistently on the change itself and not on explaining the differences in the process of policy change. Instead I will apply this approach to the study of *differences between discourses* in various welfare states in regard to activation. Thus in the following the question is central in how far the *content* of justifications for activation policies has differed in each of the various socio-cultural contexts, and in how far an analysis of these differences can help in understanding activation-policy differences not as the persistence of traditional structures, but instead as the result of different kinds of interpretation of the necessity for policy change in different systems.

5.3. 'Discursive institutionalism' in the analysis of policy change

In the following I develop more precisely the theoretical approach of the 'discourses on activation reforms in the socio-cultural context of welfare-state-regime types' as the analytical perspective. In order to do this, I outline the argumentative background to activation reforms, which represents the spectrum of argumentation available to the discourse. Then the different institutional explanatory factors of policy stability are established, the importance of which remains despite differing emphasis having been set on discourses. Thus the article aims at

bringing both literatures, that on policy stability and that on policy change, together rather than offering an alternative perspective on both.

5.3.1. Variants of activation – ideas and arguments

Activation reforms here are understood as those reforms_which have as their aim the activation of the unemployed (Streeck and Heinze, 1999). It can be assumed that the goal of all of them – regardless of type – is to cause welfare-benefit recipients to become more active. From this very general point of reference, different variants of activation can be observed and theoretically categorised. The debate on activation was invariably based on two quite different threads of argumentation: the questioning of the usefulness of generous social benefit provision on the one hand, and the debate over the social integration of the unemployed on the other.

The discussion over the 'generosity' of social welfare transfer payments concerned itself with the structuring of rights and obligations, calling into question the effectivness of this welfare provision in the context of the fight against unemployment. This argumentation connects with Esping-Andersen's 'decommodifying' effect of state welfare provision – the possibility for individuals to obtain their living independent of labour-market participation (Esping-Andersen 1990). The 'rest-zones' created by decommodification (Streeck, 1998), it was argued, would reduce the pressure to participate in the labour market and weaken the incentive to work (Jackman et al., 1998, Sinn, 2002). Correspondingly it should be distinguished how much activation policies should try, through the configuration of rights and obligations, to put pressure on the unemployed in order to raise their incentive to take up work, or, whether they should retain a certain autonomy in the decision to continue to receive unemployment benefits. Discourses utilising this argumentation type are in the literature known as the 'moral underclass'- (Levitas, 1998) or 'defensive welfare'- discourses (Torfing, 1999). While Torfing with his terms tries to characterise state activity (as provision-avoiding or provision-supporting), Levitas uses her terms to describe the perceptions of the unemployed as a group. This group is perceived, according to this argumentation type, as morally inferior – they have to be controlled by the state in making decisions. According to Torfing this often results in welfare policy approaches that minimise state provision, thus emphasising incentive orientation – so called workfare.

The other discussion thread in the debate on activation connects to research on social exclusion, more specifically the many causes of social exclusion (Kronauer, 2002, Room, 1999). The guarantee of welfare transfer payments is not seen as sufficient to enable the unemployed to take part in society. Social integration is based not only on financial, but also on social inclusion through participation in socially significant activities, e.g. in work activity (Giddens, 1998: 113; Walker, 1998). In this sense for the analysis of activation policies it is important in how far the state recognises its responsibility to help the unemployed via providing active ('inclusive') labour-market policies. This comprises not only employment promotion and job placement, but also the institution of a secondary labour market (Aurich, 2011, Dingeldey, 2007). This discourse variant in the literature is described as a 'social inclusion'- (Levitas, 1998) or 'offensive welfare'-discourse (Torfing, 1999). The 'social inclusion' discourse points to specific needs of the group of the unemployed for it to be able to adequately participate in society, while the 'offensive welfare' discourse emphasises the 'proactive' role of the state in answering to these needs via improving qualifications and offering other support measures – so called enabling.

Applying institutional discourse analysis to the empirical phenomenon of activation reforms should therefore allow me to test which of the two argumentation types gains favour and in how far this agrees with hypotheses relating to the regime types. Before the methodological procedure can be explained in detail, the theoretical context of institutional factors framing the discourse is to be discussed.

5.3.2. Institutions and action – the socio-cultural context

Discourses over activation policies contain, as shown, often normative valuations relating social groups to each other. This means, how the group of the unemployed is socially constructed and what support it finds in the majority society plays a role in justifications of activation policy reforms.[7] At the same time a problem-solving process is implicit, i.e. the question of how the societal problem of unemployment can best be solved and what role the state should play in it. For both questions the context framing the reform is of decisive importance: The previous welfare-state regulations are points of reference, since they are the

[7] In the research area on social attitudes a rich stream of literature has developed analysing in detail such questions of social relationships as they present themselves for example in deservingness assessments (Larsen, 2008, van Oorschot, 2006).

central objects of the reform. Reform intentions express themselves first in a *political* discourse, in which previous, possibly also culturally charged structures of policy are questioned. For example, do the unemployed display the values that the majority expects of benefit recipients? Have recent policies helped in integrating the unemployed into the labour market? What new instruments might be available and how could they be integrated into the given context of welfare policy regulation?

Thus, discourses do not take place detached from institutional structures, such as social inequality, welfare policy regulations or the dominant context of political economy. Instead, they allow political actors to present reform proposals in regard to these structures and, if successful, to push decisions through the legislative process and into the framework of governance structures. The discourse is shaped by actors whose positions emerge from basic social inequality. The structure of social inequality can be understood as the product of the dominant economic and socio-political relationships as well as market forces against the background of values and interests. Birgit Pfau-Effinger calls the combination of such factors the 'welfare arrangement' model (Pfau-Effinger, 2005: 5), in which welfare state policies are the result of conflicts, negotiating processes and compromises of social actors in relation to their ideas and interests." *(Pfau-Effinger, 2005: 6).* Such an integral approach is fruitful for the explanation of change in welfare states because it can show how social and cultural structures make socio-political contingencies possible (Cox, 2001, Pfau-Effinger, 2005, Pfau-Effinger, 2001, Schmidt and Radaelli, 2004).

The proposal here is to examine what role discourses play in bringing ideas and interests into the social interactions of policy formation and how they differ in the contexts of social policy, social inequality, social praxis and cultural values.

5.3.3. Study design

The following study design was chosen to show the usefulness of institutional discourse analysis in contrast to a purely institutionalist approach. To describe it, I first address the choice of cases in somewhat more detail, and then the empirical material for the case comparison, and the method used to analyse the material.

Selection of cases

The case selection in this study was modelled on the 'comparable case' design of Arend Lijphart (Lijphart, 1975). This says that among comparable cases, single cases after Mill's Difference Method should be chosen (Mill, 1865) in order to reveal the causal relation between different variable combinations (e.g. x^1 leads to y^1, x^2 to y^2 in the group of x-cases). Case selection should be based on those differences about which it can be assumed that there is a causal influence on the dependent variable. That means for the present study question, that from among the countries which have realised activation policies, those were selected whose institutionalist variables – regime type and political system – differed. To provide an additional explanatory variable, discourse analysis was used to obtain other empirical material in which further differences could be expected, and which – in contrast to the institutionalist explanatory approaches – could be analysed for their explanatory capacity.

Germany and the UK were chosen as cases for the study – in the last 15 years both have significantly 'activated' their labour-market policies. The UK's 'New Deal' reform of 1997 and Germany's 'Hartz reforms' of 2002–2005 introduced activation policies in those countries. In this regard the question of regime differences is decidedly fundamental, for the two countries are usually classified as different regime types, namely, the UK as [(classical)] 'liberal' and Germany, 'continental' (Esping-Andersen, 1990). Furthermore, both countries have very different political structures: The UK is ascribed more freedom of political manoeuvre based on its centralised government structures and majority voting rights, than is Germany with its federal structure and proportional voting system (Clasen, 2005, Iversen and Soskice, 2006). This means that, in a social security state like Germany – where the political costs of activation reform, according to insider hypotheses, should be considered high – the room for political manoeuvre should be slim, whereas British politics should be considerably more resilient since the UK is a welfare state with low levels of social security entitlements. Interesting here is the fact that German politicians oriented themselves explicitly on the example of the UK, as well as that the politically social-democratic government heads Blair and Schröder at the end of the 1990s brought out together a paper presenting common lines of a new social-democratic labour-market and social policy (Blair and Schröder, 1999). Despite this common emphasis the reforms, however, headed into completely different directions, which cannot be explained by the regime theory.

Consequently, we have to test two opposing sets of hypotheses. The hypotheses based on the institutionalist thesis are:

1. In the UK, the welfare state with more political freedom of action and a 'liberal' (i.e. less generously decommodifying) tradition, only a rather 'unpopular' variant of activation could be established, namely a 'workfare' variant. This development must have been accompanied by a 'moral underclass'-discourse which fit the 'liberal' values advocating that individuals be responsible for themselves, and the welfare state, only residually active.
2. Germany, a welfare state with little room for political action, high levels of special-interest political influence, and a continental (i.e. relatively generous decommodification) tradition, should have correspondingly enacted a solidary, i.e. 'caring' variant of activation, namely an 'enabling' variant. This development would have [also] been accompanied by a 'social inclusion'-discourse which stresses the value of the social security provision for the 'insiders'.

The counter hypothesis to be tested is as follows:

1. The understanding of activation depends on the problem definition in regard to the problem of unemployment on the one hand, and on the perception of the unemployed as a group on the other. These factors can be inversely affected by each welfare-state. In the UK the unemployed were already subject to greater pressure from the relatively weakly decommodifying social security system, whereas unemployed people in Germany were comparatively secure.
2. The interpretation of the need for reform could be correspondingly different: In Germany a workfare variant, and in the UK an enabling variant would be expected.

Materials and methods

Since the intention was to make a country comparison, it was important to choose comparable sources for the discourse analysis. For both cases official documents were used that appeared around the period of each of the reforms – for the UK from the period 1996–2000 and for Germany, 2002–2006. These were legislation proposals, accompanying texts and written statements as well as the minutes of parliamentary sessions. Further, a media-

content analysis was made. The data bank LexisNexis was employed to examine large German and UK daily papers for statements on the reforms' adequacy to the problems and on perceptions regarding the unemployed. It could be expected from an overview of all these documents to be able to discover the structure of each interpretation of activation (Keller, 2007). The texts were then suitably analysed to see in how far they give priority to the employment-incentive orientation or the social support orientation, and what character features were ascribed at the same time to unemployment-benefit recipients. The following questions were central:

- Should the unemployed be given generous social benefits (transfers) or do such payments risk weakening the unemployeds' incentive to work?
- To what degree is it the fault of the unemployed that they are unemployed? Is the use of penalising instruments necessary?
- Should the state provide active ('inclusive') labour-market policies (ALMPs) and why?

The method used was based on Mayring's 'qualitative content analysis' (Mayring, 2003), which means that categories were built based upon the above questions and put to an analysis of the texts.

5.4. Discourse analysis

In the following the national discourses are first described, and then compared in a summarising section. The above hypotheses are tested with the aid of illustrative quotations.

5.4.1. The UK discourse

The UK's system of political decision-making differs from the German one in that a piece of legislation is preceded by the appearance of a great number of preliminary texts. A so-called 'green paper', in which new ideas are more or less non-committally discussed and made accessible to public discussion, is followed by a 'white paper' with concrete proposals for legislative changes that would give the new ideas the form of law.

At the time of the introduction of the New Deal policies by the Labour government, the British perspective was focussed on unemployment and the problem of social exclusion caused by unemployment. Thus in a first 'green paper' Tony Blair wrote, on the question of the need for reform, that the costs to the system must be cut, but …

*… not by lowering their [the unemployed] standard of living but by **raising their life chances**. (DSS 1998, Cm 3805: IV, emphasis not in original)*

It is thus here, at least in the foreground, a matter of expanding welfare-state provision instead of reducing it. This was thought to be achievable by improving the life-chances of individuals, and to create the preconditions for this should the task of the welfare state. This strategy was considered a new historical phase in the development of the British welfare state. This so-called Fourth Phase distinguished itself from previous phases by its preventive and supportive character:

A central aspect of the UK reform was, accordingly, to change the previous training and support system and re-orient it to this preventive character. This new form of state provision would make it possible the put the 'contract' with benefit recipients on a new basis that obligates them to specific behaviours in return:

*The Government's commitment to **expand significantly the range of help** available therefore alters the **contract** with those who are capable of work. It is the **Government's responsibility to promote work opportunities** and to help people take advantage of them. It is the responsibility of those who can take them up to do so. (DSS 1998, Cm 3805: 31, emphasis not in original)*

The strengthening of social support in this context is accompanied by an incentivisation: The increased support is underpinned by an incentive structure corresponding to the policy aims, so that benefit recipients are given access to it with gentle persuasion. At the same time a 'serious offer' of social welfare support is made by establishing that the social welfare system – for what concerns education and continued job training – will also go beyond the guarantee of minimal standards (DSS, 1998: 21). Thus in this sense the Green Paper points in the direction of a widening of welfare-state provision.

Now one could easily suspect a text like the Green Paper to have a strategic intention in the announcement of an important reform plan in which the emphasis on a 'new deal' in social support is possibly exaggerated for tactical reasons without this goal ever going over into concrete policy. But also in the subsequent parliamentary debates over the realisation of these ideas as law, a similar perspective appears again:

*We are providing opportunities and **support for education and training**, not just the **full-time option** but within the other options, and the effect will be that*

those who participate in the new deal will emerge from the experience with a ***higher level of skills*** *than they otherwise would have done. (House of Commons, Session 199/-98, 1998, Parliamentary State Secretary for Education and Employment, Alan Howarth, Dep. for Social Security, emphasis not in original)*

This quotation makes clear that also in the legislative process it was very much a matter of improving qualifications, besides creating an orientation towards incentives among the unemployed. Fundamentally each New-Deal participant was to have the possibility of improving the personal level of work qualification. The image predominated in general of the unemployed as an especially disadvantaged group that needed a particular level of support. In a further quotation it becomes clear that for these groups of unemployed, in as far as they take advantage of the offer of further training, should have no further obligations such as to be more available on the labour-market. The incentive emphasis was thereby in part mitigated:

We have made clear our plans to introduce new support to help those groups of unemployed people find work. […] They will be ***excused from the normal requirement to be available for and actively seeking work****. That will improve the chances of finding employment for people in what is recognised to be a particularly disadvantaged group. (House of Commons, Session 199/-98, 1998, Parliamentary State Secretary for Education and Employment, Alan Howarth, Dep. for Social Security, emphasis not in original)*

In the focus of the British strategy was in particular the fight against long-term unemployment (see also the position of Prof. Dennis Snower in: HC, 1997: iv). Even UK economists have represented the perspective that investment is more cost-efficient that allows the unemployed to pursue any kind of activity – and if only in the form of job-creation measures or training and internships – than to simply guarantee the receipt of welfare transfer benefits (Layard et al., 1996, Layard and Philpott, 1991). A main arguing point here is so-called 'employability' – the ability of the unemployed to work (see: DSS, 1998, HC, 1997, HP, 1998). The intellectual foundation of this perspective was the idea of 'positive welfare' proposed to the Labour government by the most various UK researchers (Giddens, 1994, Giddens, 1998, Walker, 1998).

This strategy of social inclusion was also taken up by the major media:

Labour's New Deal is, in effect, a revamp of the existing Conservative measures which consist of a patchwork of 42 different schemes …. But Labour's two main additions could be crucial. First there is a ***lot more money*** *(pounds 3.2-pounds 3.5 billion including reserves) to make it work. Second, Labour's 'Gateway', under which 18-to-24-year-olds are counselled for up to four months before being required to take one of four options (a private sector job, a voluntary job, education or training), is* ***designed to be much more positive*** *than its predecessor. (The Guardian, 01 January 1998, emphasis not original)*

To summarise, the UK discourse seems to contain assumptions that correspond to the 'social inclusion'-discourse: The unemployed are understood as individuals needing help who have a right, but also the obligation to utilise the newly-created support offer.

5.4.2. The German discourse

In the focus of the German discourse over the development of activation was the distribution of tasks – perceived as inefficient – between the Federal Labour Agency and the municipalities, who managed the previously separate unemployment and social-assistance systems. Thus the then Federal Minister Wolfgang Clement called the elimination of the 'inefficient coexistence of unemployment benefit and social assistance' to be 'the core of the Hartz IV Law' (Bundestag, 2003b: 5103). There was the assumption that this coexistence of two systems had disadvantageous effects for the budget, because specific incentives and legal restrictions hindered a transition of social assistance recipients into jobs on the primary labour market. Activation in this system was mainly used in order to re-establish eligibility to unemployment insurance (Adema et al., 2003: 20). In his government's address on the 'Agenda 2010' programme on 14 March 2003 the then Federal Chancellor Gerhard Schröder named correspondingly as the first in a series of goals the security of economic growth and the budget – ahead of the areas of labour and economy or social security (Bundestag, 2003a: 2479). Further, …

The structure of our social welfare systems has remained practically unchanged for 50 years. In some aspects, such as the ***burden of labour costs****, social security instruments lead today even to injustices. (…) The reform of the social welfare state and its renewal have become irrefutable. It is not a matter of*

*dealing it a death blow, but only of conserving the **substance** of the social welfare state. (Bundestag, 2003a: 2481; emphasis not original, author's transl.)*

He argued thus that inefficiency and cost burdens threatened the social welfare state in its existence. These burdens were to be reduced, for one thing, by improving job-placement through the consolidation of support systems so that anyone could access from one source the help necessary for them to achieve labour-market integration (Clement in: Bundestag, 2003b: 5115; Schröder in: Bundestag, 2003a: 2485). At the same time however savings were to be achieved through cuts in benefit provision. Thus Chancellor Schröder further:

*… it will be unavoidably necessary to eliminate claims and provisions. … We shall limit the unemployment benefit for those under 55 years to 12, and for those over 55, to 18 months, because this is needed in order to **get control of labour costs**. It will also be necessary, against the background of a changed …job-placement situation, to provide **work incentives**. (Bundestag, 2003a: 2489; emphasis not original, author's transl.).*

This emphasis on incentives is also evident in the slogan 'no right to laziness' (Gerhard Schröder, in: Die Welt 07.04.2001). It was under this central demand that the reforms were introduced to the *Bundestag*. These statements show that the unemployed were seen as rational, calculating actors who were led to withdraw from the labour market by the lure of high transfer benefit payments. It was also assumed that enough work existed, whereby job openings lacked only specific incentives in comparison with the certainty of a generous benefit transfer receipt. This is also made clear in the following quotation, again from Schröder:

*There is not only unemployment, but there is also the expectation of a specific job with a particular **status** and at a particular wage in a definite place. It doesn't work like that. (…) **It can't be** that unemployed refuse to do certain jobs because of their status. (Bundestag, 2003a: 2508; no emphasis in original, author's transl.)*

Similarly judged also the *Sachverständigenrat* ('Council of Experts') the situation in 2005 shortly after the introduction of the 'Hartz IV' reform. A central cause of the high unemployment was held to be the wrong incentives in the system of transfer payments, which came to be visible because the new statistics did not count participation in 'active ('inclusive')

labour-market policy' as not unemployed (Sachverständigenrat, 2005: 115). Instead of financing the unemployed through offers of activity in the social benefit provision system and to thereby 'dress up' the statistics, now new incentives should be created to going after existing real jobs outside of the system. According to Chancellor Schröder there were now to be offers of job-placement the refusal of which would result in penalties:

> *No one will be allowed in future to **sit back at society's cost.** Whoever refuses a suitable job – for we shall change the **acceptability criteria** – shall have to reckon with **sanctions**. (Bundestag, 2003a: 2485; emphasis not original, author's transl.).*

And the job-acceptability criteria were changed: not only should the social assistance provision now offer less incentive to receive benefits, the number of available jobs should also be increased by means of broader job definitions. In a parliamentary mediation committee it was accordingly agreed that 'any legal job' should be acceptable regardless of whether 'a collectively-agreed or usual local wage is paid; otherwise benefit cuts may be imposed' (Bundesrat, 2003: 501; author's transl.).

The foregoing analysis shows that in the German discourse mainly the question of incentives played a role: Benefit cuts and force were seen as the central means to reducing unemployment. This was based on the assumption of the unemployed person as a rational actor who also seemed well-qualified enough to make 'active (inclusive) labour-market support' not as highly necessary as before:[8] Social-welfare support was an important topic only in regard to improved job-placement through reorganisation of the inefficient system, and less in regard to the approval or financing of 'active (inclusive) labour-market policy'. Cuts to the social-welfare system of the Federal Republic and the return to the principle of preserving the unemployed person's economic status (living standard) – the usually dominant

[8] Up to the end of the 1990s there was in Germany an extensive 'qualification protection' regulation which was also maintained by means of job-creation, i.e. the creation of a co-financed job in the trained activity.

principle in continental welfare states – were now justified by a rather negative representation of benefit recipients as 'lazy'.[9]

5.4.3. The discourses in comparison

A comparison of the discourses on the activation strategies for social assistance recipients of the two countries shows that they differ with regard to the interpretive models used. This regards the aims and the means chosen to reach the aims, as well as the human image operating behind them. While the UK set the goal of improved provision of 'active (inclusive) support' measures to make the unemployed able to get a foothold in the labour market, in Germany cost reduction in the social-welfare system was first on the agenda, and the means to doing it were to be cuts in provision, sanctions and pressure put on the unemployed to provide for themselves. This agenda was supported by a background image of the 'lazy' unemployed, who misguidedly clung to the German welfare system. In the UK by contrast it was rather the unqualified and disadvantaged individual who took centre stage, but would have to be forced to take advantage of the services necessary to [re-]integrate into the labour market. While there were also in the British debate repeatedly reminders of fraudulent social-welfare beneficiaries, this was discussed rather in the context of the system's lack of transparency than of a basically defective morality of unemployed persons (DSS, 1998: iv).

The discourses thereby also contradict the institutionalist thesis by referring to the initial situation before the reform and distancing themselves from it: In the UK social assistance recipients were already before the reform, because of lower levels of [transfer] payments, subjected to a relatively strong pressure to take up work. This made the need for additional help to overcome unemployment seem a priority compared to increased negative incentives to receiving assistance. In Germany by contrast the principle of conservation of the unemployed's living-standard seems to have encouraged the image of the 'easy-going' unemployed. Because 'active (inclusive) labour-market support' was already being provided, it was not thought necessary to invest more in it. The existing structure was to be simply

[9] Now one could, in light of the protests at the time of the introduction of Hartz IV and the long discussion over it, possibly object that this justification was not particularly successful. However, the law was passed in this form, meaning a break with the previous principles of social security.

optimised in its application. But also the expenditure structure seems to have played a role in the argumentation: In comparison to the UK, the high costs of the social-welfare system in Germany were interpreted as if they limited the room for political action. The argumentation in favour of an activation programme was thus contradictory to the accompanying context and thus supported a policy shift.

In order to convince the reader that these representations of activation in discourse are not merely fairy tales told by politicians to sell an otherwise unpopular agenda, but rather explanatory factors of policy-making, I will add a few remarks on policy development that took place in each country at the time of the discourse. In the UK, the end of the nineties brought a change from a conservative to a social-democratic government. The Labour Party of Tony Blair not only won the election, but also introduced a major set of reforms in unemployment policy: the New Deal for the Unemployed.[10] This new deal entailed a number of rights for the unemployed in regard to active labour market services (Dingeldey, 2007, Lindsay, 2007): counselling periods were made compulsory and in addition to this after six months every unemployed had the right to choose among four different options including subsidised job placement, voluntary work, education or subsidised self-employment. While participation in these active measures was compulsory, thus increasing incentive orientation, the range of active support increased dramatically, thus putting a strong emphasis on the enabling dimension of activation. The Hartz-Reforms in Germany, on the other hand, reduced the possibility for training and subsidised job placements significantly (so called ABM), while subjecting the unemployed to harsher job search requirements and harsher sanctions (Aurich, 2011). The level of benefit was reduced significantly for long-term unemployed (Eichhorst et al., 2008) in addition to an already lower level of adequate jobs to be accepted (Sell, 1998: 536). This very brief outline shows that the movement of policies actually developed according to a similar pattern as the discourses did: from incentive orientation towards enabling in the UK and the other way around in Germany.[11] Thus, we can at least assume that both levels in this case were connected and probably influenced on each

[10] Later on this new deal was widened to encompass other groups of benefit recipients, such as lone mothers, musicians etc.

[11] For more details cf.: Aurich, 2011, Dingeldey, 2007.

other. This means that discourses have a stronger explanatory power than the other purely institutional approaches.

5.5. Conclusion

The focus of this study was a retrospective consideration of the reforms in the area of activation reforms in labour market policy. The aim was to overcome a flaw in institutionalist explanatory approaches not fully capturing the new differences between welfare states in their interpretations of the necessity for activation because these go beyond the usual regime differences. This is due to these approaches' comparatively strong orientation to the past, and their neglect of dynamic explanatory factors in policy change. This country study comparing the discourses in the UK and Germany shows that they differed in their understanding of activation policy in terms of the focus of its content as well as in reference to the historical background of its emergence. The argumentation models dealing with the support services and incentive policies advocated in the reform processes were each so applied as to legitimate the proposed reforms while *contrasting* them to previously existing policies. While activation in Germany was understood as an instrument for saving on costs through the reorganisation of incentives, in the UK the neediness and social structure of the unemployed were central, which supported the argument of social services as enabling policies. The interpretation of activation reforms in Germany, as a classically more generous welfare state, argued in a more liberal direction, whereas the interpretation in the [classical] liberal case went into the direction of increasing welfare support. The policies were thus not interpreted as continuing the direction of the existing welfare systems, but precisely in delimitation to them. Even though old regime differences might still exist to a certain extent between the countries, it should be realised that the countries in their argumentation and direction of policies have still developed differently than expected against the background of their respective regime type. This shows that the usefulness of typologies such as the welfare regime typology depends decisively on the question being put: For the comparison of policy change a dynamic perspective over the different regime types is necessary in order not to fall for an institutionalist tautology.

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6. Conclusion

This dissertation looked at two questions prevalent in research on activating unemployment policy: To what degree did unemployment policies in different welfare states develop towards activation over the last two decades? And what can explain differences in the degree and kind of change towards activation? The basic intention was to adequately pay attention to the role of time in activation reforms. The focus was on analysing directions of reform rather than singular outcomes. Here I will discuss my results and then draw some more general conclusions for the theory of welfare state reform.

Results

In paper 1 an analytical framework was proposed in order to capture reform dynamics in regard to activation. Juxtaposing two stances from the literature, the regime theory's assumption of persistent diversity between welfare states and the idea of convergence through policy learning, I developed a third model: that of cross-convergence. It is based on the idea that countries can learn from each other and that these new ideas interact with previous policy institutions resulting in new diversity rather than in full convergence. In order to operationalize this concept for activating unemployment policy I distinguished two dimensions of activation reform: incentive creation and active support. In this way social rights of benefit recipients are analytically separated from the provision of active labour market policies, which allows accounting for differences-in-kind between activation reforms as they are based on two different goals of the activation agenda. It was argued that the general goal of "activating unemployment benefit recipients" can be separated into two sub-goals, the preference of which might differ in different welfare states. One goal was to motivate the unemployed to take up labour via readjusting incentives, whereas the other goal was based on skill development through social investment.

Furthermore, it was assumed that ALMPs can have two effects: an incentive effect as well as an effect on the employability of the benefit recipient. Thus, ALMPs were included into both dimensions, incentive creation and active support, in order to account for both of these effects. This exercise brought forward four theoretical ideal types: ‚coercive welfare' (incentive creation with active support), ‚recommodification' (incentive creation without active support), ‚enabling' (incentive creation but active support) and ‚decommodification'

(neither incentive creation nor active support). The negative value on both dimensions logically produces a type of policy that is not activating at all: Thus we end up with three types of activating and one type of passive unemployment policy, which eventually allows a comparative analysis of policy schemes over time, i.e. comparing different paths from passive to activating unemployment policy.

Using fuzzy-set methodology to measure change along these two dimensions showed two opposing reform trajectories: while all countries increased their degree of coercion along the incentive dimension, not all countries also increased their provision of ALMP. Interestingly, the two formerly opposing representatives in terms of the regime theory's indicator of de-commodification, the social-democratic (DK) and the liberal regime type (UK), show a parallel movement along this dimension. While differences still exist in terms of the degree of incentive creation (much lower benefits and stricter sanctions in the UK), the overall direction of reform is very similar and both cases can now be considered ‚coercive welfare' schemes with very high degrees of active support. The continental case, on the other hand, which used to be posited in the middle of the other two regime types, followed a very different trajectory: while incentive creation was not on the agenda for unemployment insurance, incentive creation was increased for social assistance and active support was reduced for a large group of formerly unemployment insurance [assistance] recipients. German Social Assistance in comparison now represents the only ‚recommodifying' scheme with not much active support.

Considering the hypotheses developed in the literature these findings are striking in at least two ways:

- Firstly, one would have expected a liberal welfare state (the UK) to be less inclined to introduce comprehensive active labour market policies as mainly labour market outsiders would benefit from them and insiders would have to pay for the expenditure.
- Secondly, one would have expected that in a continental welfare state, where labour market insiders have already benefited from active labour market policies (German Unemployment Assistance before the reform), a reduction of these measures in addition to reducing benefits would be politically hardly feasible.

These contradictory results form the basis for the following papers, which investigated different causes of change towards activation policy. It seems that countries have a preference for policies previously foreign to their national design rather than for policies that would easily fit into their previous logic of policy design. This "cross-convergence" required using different explanatory approaches than used before.

In developing such an approach, I first tested the two main explanatory variables used for convergence and persistent diversity for some of my cases. Following the idea of persistent diversity the second paper analysed the degree to which attitudes of the middle class towards activation policies in Germany and the UK represent self-interest, as it would have to be the case if the regime hypothesis was true. Attitudes were measured using two survey items from the European Value Survey (EVS): the first one asked whether the unemployed should be obliged to take any job (or else loose benefits) and the second one concerned the question whether the unemployed should be free to choose whether they want to work or not. While there is a slight focus on incentive creation in these items (obligations of the unemployed), active support might be indirectly influential as well, because its existence determines to a large degree what options the unemployed have beyond the first labour market, i.e. what they are obliged to do. More differentiated data would be desirable, but for the time being these items are useful to get at least a basic view on the role of self-interest in the given context.

For the UK, the literature would expect that the middle class has an interest in activation only if it was used to cut expenditure. Thus, this group would have to display a high interest in obligating the unemployed and a low interest in giving the unemployed freedom of choice in regard to whether they want to work. The opposite should be the case for Germany: Here, the middle class forms a large part of those [possibly] receiving benefits from unemployment insurance (and unemployment assistance at the time of reform). Thus, they should not want the benefit system to become more conditional, but rather prefer freedom of choice in regard to the matter of whether one wants to work. A comparative analysis of means, however, shows different results for both items: The German middle class is more in favour of putting obligations onto the unemployed than the British middle class. The same is true for attitudes towards the freedom of choice in regard to the question of whether or not one wants to work. An attempt is made to explain these unexpected results in proposing an approach that allows for a more reflective formation of attitudes. In order to do so, two variables seem influential: the design of unemployment policy in the context of a welfare-state type as a point of

departure for reform and social relations within that context as orientation for evaluating reform possibilities. For example, before the reform in the UK unemployment policy was shaped rather residually due to its liberal welfare state context: Benefits were already quite low and sanctions could take drastic shape (full suspension of benefits). The middle class, though not affected by these benefits, apparently did not see it as a viable option to put even more pressure onto the unemployed. In Germany, however, the middle class seemed to think that the unemployed have to become more flexible. This could be due to a rather pessimistic view on German economy (paper 3), but also due to policy regulations that had given the unemployed status protection through the provision of quite comfortable benefits. As a result some leeway in the generosity of benefits was deemed acceptable in order to achieve better economic performance. Assessments of policy reform are thus more complex than the self-interest hypothesis proposes: They take into account the current socio-economic context and possible effects of new regulations on different social groups. Further research could test these results in multivariate models against other independent variables and with a higher number of cases.

The third paper looked at a hypothesis related to the convergence hypothesis in order to explain the surprising degree of reform in Germany. The continental welfare states, and Germany in particular, have been seen as laggards in regard to reform (Esping-Andersen, 1996, Kitschelt and Streeck, 2003). The recent changes, which qualified to some as ‚path-breaking' (Eichhorst et al., 2008, Fleckenstein, 2008), thus raise the question what factors besides domestic regime-specific factors can explain such development. One factor often involved in the literature on policy learning is that of outside influence and moreover the influence of supra-national governance (Heidenreich and Zeitlin, 2009). The article asked to what extent and in which way the EU has facilitated German employment reforms. The analytical framework was based on the distinction of cognitive, legitimating and strategic usage (Graziano et al., 2011: 15). Surprisingly, rather little use was made of the EU as a political resource in the reform process. While some rather general reference to the EES can be found, the main association to Europe in the reform process was based on the idea that Germany, as an old member state, contributes ideologically and financially to the community. The German economy was attested the need to improve in order to continue to work as a role-model for other European countries. Thus, German politicians saw themselves rather as policy-makers than as policy-takers. The usage was mainly of a strategic nature as the

references made in public to the EU were strongest, when the reforms pushed for were unpopular. The references in these cases were made even though there was hardly any overlap with EU policies. Thus, while supra-national influences allow for shifting blame to another governance level, domestic factors continue to be important for policy change and supra-national governance does not necessarily imply policy convergence.

On the search for domestic explanations of policy change, the last paper proposed a combined perspective that allows for explaining both: convergent and divergent dynamics. It investigated how old and new policy principles were brought together in the discourses, which accompanied reforms in Germany and the United Kingdom. It was argued that discourses can explain differentiated forms of policy change that result in hybrid policies. While many studies have only investigated the impact of discourse on policy change in one given setting, this paper set out to compare discourses in order to explain new forms of diversity between welfare states.

The results show that the interpretations of the need for an activating unemployment policy differed greatly between Germany and the UK: In both countries the focus in the debates was on those parts of activation that were yet missing in the respective welfare system. In Germany the focus was on increasing incentives and pressuring the unemployed to become actively engaged in the labour market, whereas in the UK the focus was on supporting labour market transitions via increasing active labour market services. As was assumed in the paper on middle class interests, here we can see that these different emphases are actually based on the perception of the group of unemployed in the context of the given welfare state. In Germany unemployment policy so far had been relatively generous in providing status protection and active labour market services, whereas in the UK benefits were rather low and only the most disadvantaged groups received them. Thus, the need for helping the unemployed was perceived as higher in the UK even though the majority of the population would not benefit from an increase in active labour market services. At the same time, the reforms were not significantly blocked in Germany even though the majority of the population could possibly benefit from a generous system of unemployment benefits. This was made possible by a representation of the unemployment scheme as rather generous, while suggesting that some unemployed abuse this system. The hypothesis of interest representation was thus again questioned.

In this paper, we can also see cases of ‚selective compensation' (Bonoli, 2001, Häusermann, 2006): The middle class in the UK, for example, was convinced into paying for more active labour market policy measures by an accompanying emphasis on the obligations of the unemployed to participate in these measures. Thus, the argument was made that money would only be spent on individuals, who make use of the help that is offered to them. In that way, the hybrid policy scheme of ‚coercive welfare' was influenced by explanatory factors that relate to both dimension of activation: incentive creation, on the one hand, and active support, on the other.

Theoretical Conclusions

This dissertation has analysed welfare state change in three mature welfare states. It has shown that welfare state reform needs to be conceptualised as a dynamic phenomenon in regard to both: the dependent and independent variable. Comparative welfare state research all too often is tempted into designing research in a cross-sectional manner thereby ignoring the possibility for comparing developments. For example, in regard to identifying the nature of welfare state reform the direction of change might be more telling than the outcome (paper 1). In this regard, the basic interest hypothesis formulated by regime theory does not hold for new reforms such as activating unemployment policy (paper 2). Rather it seems that individuals in this case form their assessments of policy development not only in regard to their future gains, but also in the light of what the current situation based on previous policy developments implies for different social groups (paper 4). Thus, timing is also a crucial variable for the formation of attitudes. Some attempts have been made in the literature to depict such developments also with more advanced quantitative methods (Raven et al., 2011), but more research is needed in this area. Time is also important for the relevance of supra-national influences: these need to be analysed in relation to current domestic processes as the usages-of-Europe thesis (paper 3) implies. Depending on the current political situation and domestic reform interpretations given at the time of emergence of supra-national policy, the use of that policy can differ.

Overall, the degree and type of activation applied to unemployment policy seems to depend on a multitude of factors and can thus not be attributed to one single variable. Hybrid policy schemes are the result of perceived needs of social groups in the light of budgets available and of previous types of policy prevalent in the given welfare state context, on

which individuals reflect in light of their experiences and values. These factors form the interpretative background against which politicians can argue for or against reform, which leads to quite differential and incremental policy development. These processes can be made visible using discourse analysis, which is why discourse analysis deserves a high privilege when analysing policy change.

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