

Work Package 5 – the national arena for combating poverty

Dynamics and Varieties of Active Inclusion: A Five-Country Comparison



Daniel Clegg

University of Edinburgh,
School of Social and Political Science

Deliverable D5.6

FP7 project ‘Combating Poverty in Europe: Re-organising Active Inclusion through Participatory and Integrated Modes of Multilevel Governance’

Grant Agreement no. 290488

Coordinating Organisation: Carl von Ossietzky Universität Oldenburg (CETRO)



This project is funded by the European Union under the 7th Framework Programme

Contents

List of Tables	3
List of Figures	3
Introduction.....	4
1. Towards Active Inclusion in Europe?.....	5
1.1 The European Policy Context	6
1.2. From Rhetoric to Policy Strategy: Employment-Oriented Minimum Income Provision for Groups at Risk of Poverty	9
2. From Strategy to Reforms? National-Level Drivers, Constraints and Filters on Minimum Income Policy Change	16
2.1 Drivers	16
2.2 Constraints.....	19
2.3 Filters	23
3. Common Challenges, Different Contexts: Five European Countries Compared	32
3.1 Common Challenges.....	32
3.2 Different Contexts	39
3.2.1 The welfare state context of minimum income policy.....	39
3.2.2 The architecture of minimum income benefit systems for working-age people...	43
3.2.3 The governance of minimum income provision in context.....	47
4. The Dynamics of Active Inclusion: Comparing Reform Trajectories.....	49
4.1 Minimum Income Protection Reforms in Five European Countries since 2006	49
4.1.1 Perpetual motion: The British and German cases.....	49
4.1.2 Standing (largely) pat: The Polish and Swedish cases	56
4.1.3 Constrained innovation: The Italian case	59
4.2 The Politics of Minimum Income Protection Reform in Action.....	62
4.3 The European Union and Domestic Minimum Income Reform	68
5. Varieties of Active Inclusion: Comparing Policy Frameworks.....	69
5.1. Between Two Approaches to Working-Age Minimum Income Protection.....	70
5.2 Minimum Income Protection and Active Inclusion: Elements of an Assessment.....	75
5.2.1 A National Strategy?	75
5.2.2 A Strategy for All Working-Age Groups?	76
5.2.3 A Coordinated Policy Response to Multidimensional Problems?	79
References.....	82
Annex 1	90

List of Tables

Table 1 Government Incentives for Benefit and Service Improvement by Claimant Group	22
Table 2 Macro-Economic Aggregates during the Economic Crisis	38
Table 3 Five Minimum Income Protection Systems between National Employment Regulation and Local Social Regulation.....	73

List of Figures

Figure 1 Poverty Rates by Activity Status in EU-27, 2007	12
Figure 2 Poverty Rates by Household Type in EU-27, 2007	13
Figure 3 Active Inclusion as Employment-Oriented Minimum Income Provision.....	15
Figure 4 A Framework for the Analysis of Active Inclusion	31
Figure 5 Poverty Rates, Population and Unemployed, 2007	34
Figure 6 Temporary Employment Share of all Employment, 1997 and 2007.....	35
Figure 7 Poverty Rates by Contractual Status, 2007	36
Figure 8 Poverty Rates, All Households and Single Parent Households, 2007.....	37
Figure 9 Social Protection as % GDP, All functions (left panel) and Select functions (right panel), 2007.....	40
Figure 10 Social Protection Expenditure as % GDP by Type of Benefit, All functions (left panel) and Select functions (right panel), 2007.....	41
Figure 11 Minimum Income Claimants, Share of Working-Age Population, 2007....	42
Figure 12 Expenditure on Childcare/Preschool (left panel) and ALMP (right panel) as % GDP, 2007	43
Figure 13 Partisan Composition of National Governments, 2006-2013	62

Introduction

The concept of Active Inclusion captures the idea that minimum income systems – the last-resort systems of income support for individuals and households whose income falls below a socially agreed standard¹ – require significant reforms, notably to adjust their design and implementation to the secular increase in numbers of able-bodied people of working-age in situations in poverty in Europe in recent decades. While restating the case for the vital role of adequate safety nets in the contemporary European social model, Active Inclusion also represents the extension of the longer-established principle of activation to people in receipt of social assistance, who are often thought to either be more distant from the labour market or to face particular barriers to progression in employment. Because of the presumed characteristics of the groups targeted by the Active Inclusion approach, it is however suggested that simple activation may alone not be enough to effectively combat poverty risks, and the linkage of income support with labour market services must be complemented by the provision of enabling social services that can help address complex barriers to (further) employment that different groups and individuals may face.

This study analyses the dynamics and varieties of Active Inclusion in five European countries - Germany, Italy, Poland, Sweden and the United Kingdom – that are characterised by widely differing traditions in the field of minimum income protection policy. In looking at dynamics, it assesses the nature and scope of reforms to minimum income protection systems that have been implemented in recent years, and particularly since the emergence of the concept of Active Inclusion on the European Union policy agenda in the mid-2000s. In looking at varieties, it analyses the principal similarities and differences in the current minimum income provisions of the five

¹ This report largely follows the definition of minimum income or social assistance provided by Bahle et al. (2011: 13-16). This defines minimum income protection as benefits that a) are provided on the basis of a means test and b) seek to provide recipients with a guarantee of minimum resources. It is a definition that excludes tied benefits and basic ‘demogrants’ as well as social insurance benefits. Minimum income schemes within this definition can be either categorical or general. The categorical schemes of most interest in the current study are those directed to the unemployed, single parents and those in work, while those for other categories in the working-age population (e.g. the disabled) are not systematically considered. It should however be noted that these latter schemes, as well as various tied benefits and tax exemptions can in some respects be seen as functional equivalents for minimum income provisions for the groups we focus on here, and including them in the scope of analysis would provide a different picture of patterns of provision cross-nationally.

countries from the particular analytical vantage-point offered by the Active Inclusion concept. Throughout there will be an emphasis on differences and similarities in policies for two groups of working age people who face particularly high risks of poverty across Europe, the long-term unemployed and workless single parents, as well as on measures to support those who are in work but nonetheless live in poor households (the ‘working poor’). The analysis is based on comprehensive documentary research and around 60 policy interviews conducted in the five cases (see Annex 1 for details).

The paper is organised in 5 sections. Section 1 sets the broad context by briefly discussing the evolution of European-level policy on Active Inclusion and identifying the key policy principles and guidelines that the strategy entails. The subsequent section elaborates the drivers of and likely constraints on national-level reforms to minimum income provisions for working age people in Europe. Section 3 analyses in greater detail the problem pressures bearing on minimum income schemes in the five countries under analysis, and describes their basic structures of benefit and service provision for the long-term unemployed, single parents and the working poor in the early-mid 2000s. The following section describes the processes of (successful or abortive) reforms to minimum income schemes in the subsequent period, and draws out general lessons concerning the political and institutional dynamics of Active Inclusion reform. The final section uses ideal types of minimum income protection to isolate the main similarities and differences in current national approaches to Active Inclusion in the five countries under analysis, and offers some elements of assessment of the capacity of the national policy frameworks to achieve the aims of the Active Inclusion strategy.

1. Towards Active Inclusion in Europe?

The policy concept of Active Inclusion was born at the European-level in the mid-2000s, as part of a renewed Community emphasis on combating poverty and the role of minimum income protection in contributing to that ambition. The concept’s precise policy referents have evolved over time, in a context of political challenges and changing macro-economic conditions (section 1.1). Though Active Inclusion remains a contested concept, it is possible to derive from it some key policy principles and

guidelines as regards the re-organisation of minimum income provisions and flanking services, particularly if this is discussed in relation to some of the main groups of able-bodied people of working age who face particularly high risks of poverty in contemporary Europe (section 1.2).

1.1 The European Policy Context

As part of the development of the new social agenda for the period 2005-2010, the European Commission committed to launch a Community initiative on minimum income schemes, the first major supranational foray into this issue since the 1992 Council recommendation on “common criteria concerning sufficient resources and social assistance in social protection systems” (Council, 1992)². The first steps in this initiative were taken with a 2006 communication that launched a consultation on EU-level action in this area, while proposing a first operational definition of the initiative’s guiding concept: Active Inclusion. The target of the strategy was defined – in the subtitle of the communication - as ‘people furthest from the labour market’, described as a “sizeable ‘hard core’ of people with little prospect of finding a job who, for that reason, remain at high risk of falling into poverty and social exclusion” (European Commission, 2006: 2). While acknowledging the vital role that minimum income schemes play in allowing such groups to escape extreme poverty, the Commission argued that these policies “must also promote the labour market integration of those capable of working” (*ibid*: 2). In view of the special needs of this supposed ‘hard core’ of workless poor people of working-age, the Commission called for a comprehensive policy strategy that would combine three elements; “i) a link to the labour market through job opportunities or vocational training; ii) income support at a level that is sufficient for people to live a dignified life; and iii) better access to services that may help remove some of the hurdles encountered by some individuals and their families in entering mainstream society, thereby supporting their reinsertion into employment (through, for instance, counselling, healthcare, child-care, lifelong-learning to remedy educational disadvantages, ICT training to help would-be workers, including people with disabilities, take advantage of new technologies and more flexible work arrangements, psychological and social rehabilitation)” (European

² For a comprehensive overview of the development of EU-level action to combat poverty, see the first report Work Package 4 in this project (Agostini et al, 2013).

Commission, 2006: 8). The explicit inter-linkage of these policy strands could, according to the Commission, be termed an Active Inclusion strategy.

In 2007 the Commission published a second communication aimed at taking forward the Active Inclusion strategy following the initial stage of the public consultation. The main continuity with the 2006 communication lay in the stabilisation of the three main elements (now: 'provision strands') of Active Inclusion, albeit renamed as adequate income support, inclusive labour markets and access to quality services. There were, however, a number of differences from the earlier document. One of these was greater acknowledgement of the fact that work may not in itself be a route out of poverty, and there was a need for the Active Inclusion strategy to attend also to the issue of in-work poverty, by integrating benefits and particularly services (e.g. job retention measures) that could help to avoid people experiencing a 'revolving door' between low-paying work and worklessness (European Commission, 2007: 3). Despite retaining a nominal focus on those 'furthest from the labour market' in its subtitle, the communication thus saw the target of the Active Inclusion strategy extended, at least in principle, to those who were actually in work already. Secondly, the communication placed greater emphasis on the multi-level governance challenges raised by an Active Inclusion approach, highlighting the need to "promote an integrated implementation process, among local, regional, national and EU policy levels" (*ibid*: 4).

Despite misgivings from certain quarters (see e.g. European Parliament, 2008; European Anti-Poverty Network, 2008), the basic framework for Active Inclusion laid out in the 2007 communication was reprised in the 2008 recommendation "On the Active Inclusion of People Excluded from the Labour Market" (European Commission, 2008), which established common principles and guidelines for each of the three strands. Under the 'adequate income support' strand, emphasis was placed on the right to resources and social assistance sufficient to lead a life that is compatible with human dignity, but also on the need for minimum income to be combined with active availability for work and for incentives to work to be safeguarded. Under the 'inclusive labour markets' strand, attention was directed to active and preventative labour market measures, incentives and disincentives resulting from tax and benefit systems (once again), as well as combating in-work poverty and

labour market segmentation through in-work support. Under the ‘access to quality services’ strand, the stress was on services “essential to supporting active social and economic inclusion policies”, especially employment and training services (once again), childcare, housing support and health services. The recommendation also emphasised the conditions for the effective implementation of Active Inclusion strategies, including comprehensive policy design, integrated implementation across the three policy strands, policy coordination across different levels of government and the active participation of relevant social actors, including those affected by poverty and social exclusion, the social partners, non-governmental organisations and service providers.

Under the impulsion of the French Presidency, the Commission’s recommendation was endorsed by the Council in December 2008. In addition to emphasising that Active Inclusion is ‘not a single-model approach’ and recalling the importance of the subsidiarity principle, the Council also stressed that while combating in-work poverty was of ‘crucial importance’ to Active Inclusion, efforts to do so “should not increase the cost of employing unqualified workers to such an extent that it ultimately excludes them from the labour market” (Council, 2008: 5). The Council’s conclusions also dropped the brief reference made in the Commission recommendation to the provision of resources sufficient to live in dignity and support for social participation for those who *cannot* work; Active Inclusion was thus clearly defined as a strategy targeting able-bodied people of working age, and with labour market integration as one of its ultimate goals.

To the extent that it fits squarely with the supply-side oriented approach to ‘social policy as a productive factor’ that has dominated EU social policy for many years, and especially since the adoption of the Lisbon strategy (Schelkle and Mabbett, 2007), it could have been anticipated that the concept of Active Inclusion would have easily worked its way into the lexicon of mainstream social policy debate in Europe since its introduction. This has not, however, been the case. Active Inclusion has stimulated little of the lively academic and media commentary seen around other popular EU-level policy concepts, such as flexicurity. Presumably for this reason the European Commission has recently felt it necessary to re-launch the concept, as one component of a far broader ‘social investment’ drive that also focuses on themes as

diverse as the efficiency of overall social spending, the gender pay gap, early years provision and active ageing (European Commission, 2013a). While attaching Active Inclusion to another, and currently fashionable, policy concept may enhance its visibility, it also runs the fairly clear risk of diluting its meaning and focus, particularly when the concept in question arguably has little directly to say about poverty and redistribution (Cantillon, 2011; Daly, 2012)³.

One possible reason why Active Inclusion has gained little visible traction in policy debates in recent years may relate to the dramatic change in the economic context since it was initially placed on the European policy agenda. With its original emphasis on the supposed ‘hard core’ of workless people in poverty, Active Inclusion was arguably a (productive) social policy for a tightening labour market. Policies targeting those outside the labour market altogether were explicitly justified in the 2006 communication as necessary to make further progress towards the EU’s 70% employment rate target (European Commission, 2006: 9). Since the onset of the financial and economic crisis in 2008, however, the labour market and fiscal context has obviously changed very markedly, and managing high unemployment and spiralling public sector deficits has becoming the overriding social policy priority of policy makers across the continent. While the Council’s conclusions emphasised that Active Inclusion strategies at national level are ‘all the more necessary’ in the context of such a major crisis (Council, 2008: 3), assessing the improvement of policies for groups with more complex barriers to employment, or indeed for the working poor, becomes an even more demanding test of different Member States’ commitment to and capacity to deliver on the common principles agreed in 2008.

1.2. From Rhetoric to Policy Strategy: Employment-Oriented Minimum Income Provision for Groups at Risk of Poverty

As described above, the definition of Active Inclusion has over time stabilised around the idea of three ‘pillars’ or ‘provision strands’, entitled adequate income support, inclusive labour markets and access to quality services. Even in the Commission’s

³ It is interesting in this respect that the Commission’s own evaluation of the implementation of the Active Inclusion strategy (see Box 1, p. 78) that was published as part of the ‘Social Investment Package’ includes (without further comment) ‘unemployment benefits and first level safety nets’ as components of Active Inclusion, where in all previous uses of the concept the focus with regard to social benefits had always been on minimum income protection alone.

own publications, however, the boundaries between these strands appear somewhat fluid and imprecise. The 2008 Recommendation thus made ‘active availability for work’ a guideline for the adequate income support strand and ‘maintenance of work incentives through tax-and-benefit reforms’ a guideline for the inclusive labour markets strand, largely undermining any clear-cut operational distinction between the two. Similarly, the improvement of employment and training services was identified as a guideline in both the ‘inclusive labour markets’ and ‘access to quality services strands’, questioning the rationale for distinguishing the two in the first place. While this programmatic ambiguity is no doubt necessary and in a certain sense constructive – by allowing the Commission to play an agenda-setting role without explicitly challenging the existing policy approaches of member states or current reform priorities of national governments – it does make assessment of national policies from the vantage point of Active Inclusion somewhat difficult.

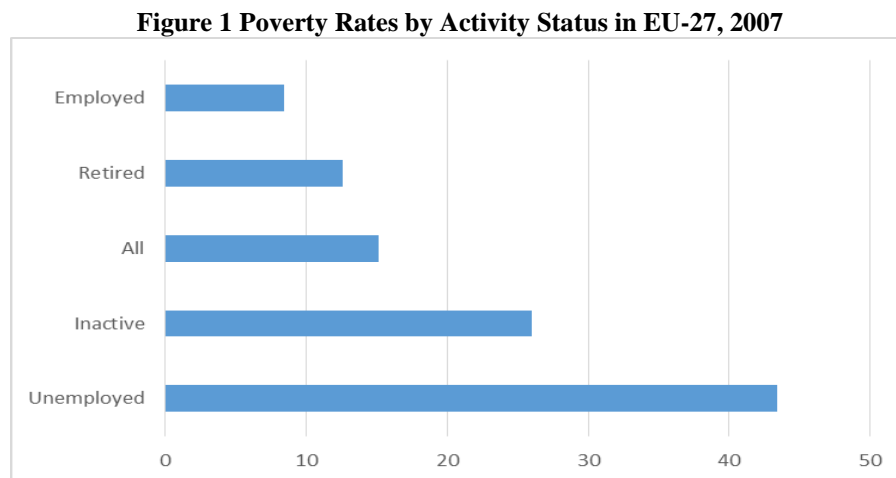
In this context, a more promising approach is arguably to start not from the instruments but from the ultimate objectives of Active Inclusion, about which there is more clarity, and work from there to derive key operational principles and guidelines against which to assess national policies and reforms. The first objective of the Active Inclusion strategy is clearly limiting the depth of income poverty. The intuition is that despite absorbing very considerable fiscal resources, the welfare states of European countries are arguably failing in what might be seen as their “first duty” (Marx and Nelson, 2013: 7), and governments must therefore redirect their energies to better providing for individuals who the market and first-tier social protection schemes fail to protect. The second objective is for poor people of working age to ultimately have increased opportunities to escape poverty altogether by improving their economic situation, specifically through access to (more and/or better) employment, and the first-tier social protections that depend on it. The employment focus of the Active Inclusion strategy has been one of the major points of contention, but it is this objective that earns the EU’s strategy its ‘active’ epithet, the common property of all active social policies being an emphasis on promoting access to employment (Bonoli, 2013). Fulfilling the first objective calls for the improvement of what are variously termed social assistance programmes, social safety-nets or minimum income benefits, while fulfilling the second requires that governments also strengthen the various services that help people overcome barriers to (more) employment, and facilitate the

access of recipients of minimum income benefits to these services. The ultimate aim of the Active Inclusion strategy is then the development and consolidation of ‘employment-oriented minimum income provision’ to underpin the European social model.

With respect to the ‘services’ dimension of this reform agenda for European governments, it is evident that there are as many service interventions that are potentially useful in promoting employment as there are barriers to (more) employment facing different people in poverty in Europe today. For people with chronic health problems access to rehabilitation services will be crucial, for the homeless access to secure accommodation will be key, for those living in rural areas transport is arguably the priority, and so on. While the laudable aim of increasing the so-called personalisation of service provision in modern welfare states requires the availability of a broad portfolio of service interventions (van Berkel and Valkenberg, 2007; Goerne, 2012), the rhetoric of personalisation can at the same time paradoxically absolve policy actors of the responsibility for clearly defining priorities among different types of service provision in the context of constrained budgets – something which the operational vagueness of the ‘services’ dimensions of the Active Inclusion strategy perhaps reflects. If an Active Inclusion strategy is to meet its objectives of enhancing employment opportunities for people in poverty, it is however crucial that it at least attends to the typical barriers to employment that face the large groups, defined by labour market status or household situation, that experience the highest risks of poverty and constitute the majority of poor people in Europe today.

The labour market status that carries by far the highest risk of poverty in contemporary Europe is unemployment. In 2007, across the EU-27 as a whole, the unemployed were three times more likely than retirees, and more than five times more likely than the employed, to live on less than 60% median income (see Figure 1). Among the unemployed, it is those who have been out of work for longest who face the greatest poverty risks, as across Europe average unemployment benefit replacement rates fall relatively sharply after the first year of unemployment (Stovicek and Turrini, 2012). As all European countries except Belgium time-limit the receipt of unemployment insurance benefits, the responsibility for addressing the

extremely severe poverty risks faced by the long-term unemployed largely rests with systems of minimum income provision.

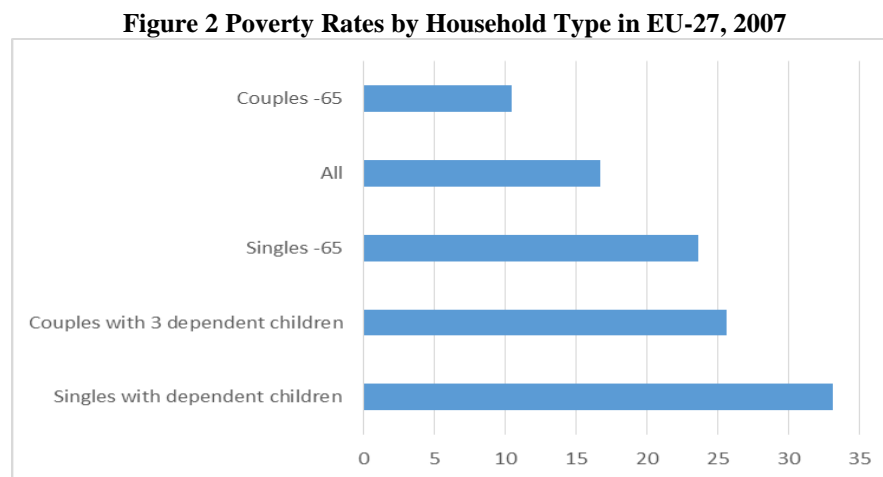


Source: Eurostat; Poverty = <60% median income.

Regarding the distribution of poverty risks by household type, the picture of relative disadvantage across broad groups is somewhat more variegated (see Figure 2). Again for the EU-27 in 2007, households with a single adult of working age (23.6%), or those with two adults and large numbers (3+) dependent children (25.6%), both face a risk of being in poverty of around one in four, far higher than one in ten chance facing childless households with two adults. However, the household types with the highest poverty risks are single parent households, around 1 in 3 of which live on less than 60% of median income. The high poverty experienced by single parents represents a second significant challenge for minimum income provision in Europe, not least given the recent emphasis at EU-level on combating child poverty in particular (Chzhen and Bradshaw, 2012).

However, achieving the headline target of reducing poverty by 20 million arguably requires not only a policy focus on those groups with the highest poverty risks, but also policies that can improve the situation of large numbers of poor people, many of whom do not belong to obviously high risk groups. This is most clearly the case with people in work. Though Figure 1 shows that employment is a protective labour market status compared to unemployment or inactivity, the fact that some 65% of Europeans work means that the 8% of so of them who in 2007 were in poverty translate into very large numbers of working poor; around 18.5 million people across

Europe, a larger group in the European population at that time than the approximately 17 million unemployed. Unlike the long-term unemployed and lone parents, those in work but living in poor households have not traditionally been systematically targeted by minimum income policies, but this becomes a crucial priority for any Active Inclusion approach that targets substantial poverty reduction.



Source: Eurostat: Poverty = <60% median income

The long-term unemployed, single parents and the working poor are then three broad groups (two of which a single parent might belong to at any given time) whose main barriers to (more) employment must be a basic focus for policy makers when assessing the service development priorities for an Active Inclusion strategy. The main service needs of these groups arguably differ substantially. For the long-term unemployed, measures that help to reconnect individuals to the world of employment are likely to be central, calling for the further development of activation measures or active labour market policies (ALMP). Given the documented effects of prolonged unemployment on levels of employability, activation measures of a strongly ‘work first’ nature might be less appropriate in many cases, but the service priorities remain in the realm of the instruments of labour market policy, classically understood. For the working poor, the expansion of traditional ALMPs, which have been targeted on the unemployed, will obviously be of little help. Here the priority will instead be services offering career guidance, training and more generally encouraging employment retention and advancement rather than merely labour market attachment. Whether working or workless, it is known that for single parents, finally, the absence of affordable childcare constitutes one of the most serious barriers to (more) work. Of

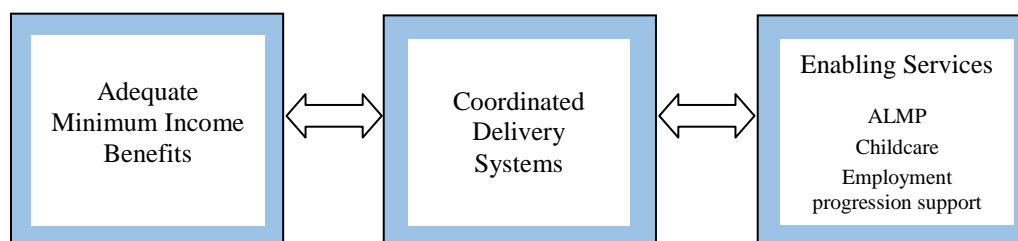
the ‘quality social services’ provision strand the European Commission speaks of, it is thus the development of childcare that seems most central to a commitment to employment-oriented minimum income provision (see also Bonoli, 2013).

Alongside improvements to safety-net social benefits for these groups, the development of these basic types of service is then a necessary condition for an Active Inclusion strategy worthy of the name, but is not in itself sufficient. Service provision is not inherently redistributive, and without appropriate design and implementation may well fail to benefit the poor as intended. As has for example been pointed out by Sarfati (2013), even more developed activation measures often bypass the longer-term unemployed altogether, as they are not in receipt of insurance benefits and required to be in regular contact with the public employment services. Similarly, Cantillon (2011) has argued that the rapid development of childcare in many European countries in the 2000s (already in part under the impulsion of EU guidelines) benefited mainly more highly educated individuals already relatively far up the income distribution. As tightly targeted services may have important drawbacks, both functional (creating disincentives to higher earnings for cash transfers, generating stigma effects for services) and political (engendering little sustainable political support), the onus is therefore to create delivery mechanisms better supporting those who “tend to find it hard to navigate their way to the labour market and/or ‘utilization-based’ benefits” (*ibid.*).

This raises the crucial question of the necessary reforms to the governance and delivery of minimum income benefits and employment-oriented services that, while present in the Commission’s discourse on Active Inclusion, is somewhat obscured by the conventional partition of policy interventions into three provision strands. Particularly in those member states that already have more generous minimum income provisions and more developed labour market and social services, it is arguably in the improved operational articulation of these three areas to the benefit of poor people that the promise of Active Inclusion mainly lies. Governance reforms that attempt to overcome institutional and policy fragmentation are a fundamental priority for the development of active social policies (Champion and Bonoli, 2011; van Berkel et al, 2011; Minas et al, 2012). In relation to Active Inclusion they are important not only to simplify the process through which claimants of minimum income benefits

can gain help and support, and thereby increase their access to ‘utilization-based benefits’, but also in ensuring that the actions of the multiplicity actors and agencies that manage and deliver the benefits and services involved are effectively coordinated, both vertically (where different levels of government have relevant competence) and horizontally, and that the necessary capacities and incentives exist for the delivery of appropriately tailored employment-oriented services to recipients of minimum income support.

Figure 3 Active Inclusion as Employment-Oriented Minimum Income Provision



In view of the foregoing discussion, the development of Active Inclusion understood as employment-oriented minimum income provision can thus be seen as a policy objective with three core dimensions (see Figure 3). Alongside the strengthening of minimum income or safety-net benefits themselves, governments also need to (further) develop employment-oriented or enabling services. The precise nature of these services can only be defined in relation to the concrete barriers to (more) work that poor people face, but given the significance of poverty among the long-term unemployed, single parents and those already in work, service priorities must include ALMPs, childcare services or subsidies and employment progression support. To facilitate the effective coordination of these areas, finally, governments need to simultaneously adjust the procedures, institutions and systems through which minimum income policies and enabling services are planned and delivered. Effective coordination across the benefit and service dimensions of policy is not simply a desirable condition for optimising policy efficiency, but central to the development of a truly integrated Active Inclusion approach.

2. From Strategy to Reforms? National-Level Drivers, Constraints and Filters on Minimum Income Policy Change

Though it is a subject of regret to some (e.g. Vignon and Cantillon, 2012), the competence of the EU in the area of minimum income provision remains highly constrained. The success of any Active Inclusion strategy in Europe thus turns in large part on the actions of national governments, who enjoy potential competence in this area even when they voluntarily share it to a greater or lesser extent in practice with sub-national, regional and local/municipal political authorities. While a number of common pressures have ensured that the reform of minimum income provisions have been on the policy agenda across Europe for some time now (section 2.1), in the more recent period the constraints on the development of a (balanced) Active Inclusion approach have become equally visible (section 2.2). It can furthermore be anticipated that the political and institutional differences between European countries, as well as their strikingly different policy legacies in the field of social protection in general and minimum income provision specifically, will be crucial in shaping the possibility frontier of Active Inclusion reforms at the national level (section 2.3).

2.1 Drivers

Minimum income benefits were instituted and institutionalised in the majority of European countries during the course of the 20th century (Bahle *et al.*, 2011). Although their scope and design differed considerably from one country to the next, these schemes generally had a shared vocation to serve as a residual layer of social support underneath universal and/or insurance-based social protection arrangements, providing for the ‘exceptional cases’ that fell through the net of higher level protections and remained poor. These systems also often differed sharply in their conception and governance from the main income-maintenance programmes of the welfare state, often being locally funded and administered, and in many cases preserving strong links to (public or private) social work services and retaining strong elements of discretion. It was only in those countries where the ambition of protecting people against all the major social risks of existence through non-means-tested social security was explicitly or implicitly abandoned relatively early in the post-war period that minimum income benefits grew to increasingly resemble other social rights, and

were ever more distributed on an unconditional, rights-based logic (Lødemel and Schulte, 1992; Lødemel, 1997).

Over a number of decades, both the capacity for upstream social provisions to protect people of working age from poverty and the political commitment to ensuring that they do has been declining all across Europe. Social and economic change – often summarised with reference to post-industrialism - has resulted in the emergence of so-called ‘new social risks’ (Bonoli, 2005; Taylor-Gooby, 2004; Marx, 2007), which the main pillars of the post-war welfare state were not designed for and are ill-equipped to provide protection against. This has resulted in growing working-age demands on minimum income benefit systems that have an important structural component. At the same time, as American scholars have perhaps been rather quicker to recognise, the non-adaptation of the main institutions of the welfare state to these trends in the labour market and society is itself a political outcome (Hacker, 2004; Bertram, 2013). Moreover, the declining capacity of upstream social protections and the market to protect against major poverty risks cannot be explained by policy drift alone, but results in many cases from explicit retrenchment of social rights and labour protections. The mounting pressure on established systems of minimum income provision has in this way also been determined by political decisions (and non-decisions), and thus varies to some degree cross-nationally (see section 3.1).

The interplay of socio-economic and policy drivers of growing pressure on minimum income schemes can be seen clearly in the cases of long-term unemployment and in-work poverty. Long-term unemployment is unquestionably a more prevalent social risk in largely post-industrial economies, due to declining structural demand for low-skilled labour. However, the increasing exposure of long-term unemployed people to poverty risks is also the result of the reduced adequacy of unemployment insurance in many European countries. Whether in the name of restoring work incentives, budgetary consolidation, or both, reforms in many European countries since the early 1990s have limited the accessibility and generosity of unemployment insurance benefits (Clasen and Clegg, 2011). Between 1990 and 2010 the maximum duration of unemployment insurance has often been substantially reduced, in the most extreme case by as much as 7 years, as in Denmark.

The emergence of in-work poverty as a policy problem that minimum income provision must address is also related to deep-seated changes in the economy, especially trends to so-called job polarization due to the displacement by technology of routine jobs, which tended to be clerical or craft jobs in the middle of the income distribution (Goos *et al.*, 2009). However, this trend is also in part a political choice. For one thing, the causal relationship between wage and income inequality probably runs to an extent both ways; one of the important consequences of wage inequality (and growing numbers of dual earner households) is increasing demand for low-skilled employment to meet the service needs of the extremely well-off. For another, the growth in low-skilled employment has been largely facilitated by labour market deregulation and/or the decentralisation of collective bargaining, in part in an attempt to promote job creation in services and combat what was widely perceived as a European problem with structural unemployment. This has resulted in a growing low-wage sector and an increase in so-called atypical (temporary and part-time) employment relationships. Independently or in combination, low wages and low work intensity are among the main causes of in-work poverty (Goerne, 2012b). The declining capacity of the labour market to protect people from poverty is thus a major source of growing pressure on minimum income provision, but it has resulted from the protections that were often embedded in the employment relationship through labour laws and coordinated collective bargaining – what Hacker (2013) calls institutions of ‘pre-distribution’ – being progressively dismantled.

The demands on minimum income schemes resulting from increased numbers of lone parent households – the vast majority of which are headed by women – appears a more clear-cut result of social change, though the scope of universal family policies is important in explaining the extent of poverty risks among single parent households cross-nationally. The nuclear family unit was traditionally a highly significant instrument of poverty prevention, but increasing numbers of births outside of stable relationships and separations among couples with children since the 1970s have reduced its reach in most countries. While the two-parent model allowed families with children to simultaneously earn labour income and meet childcare needs in most institutional contexts, the growing number of single parent households find themselves at substantial risk of poverty due to the difficulty of reconciling childcare

with working for a significant number of hours, absent developed and accessible work-family reconciliation measures.

A combination of socio-structural and policy changes that have been unfolding over a long-period have thus coalesced to lead to a secular increase in the demand for minimum income protection from working-age individuals, particularly since the 1980s (van Oorschot and Schell, 1991). From being envisioned during the ‘golden age’ of the European welfare state as strictly residual, low-volume systems for the support of people with unusual needs, social assistance schemes have been increasingly called upon to provide protection to large numbers of people against rather general life-course and labour market risks, in other words to play the role traditionally fulfilled by the core institutions of social security. This brings with it functional pressures for the convergence of minimum income protection on the operational logics of social insurance, which differed from traditional forms of ‘public charity’ in its standardisation, automaticity and legal enforceability (Ferrera, 2005). At the same time, and not without a certain tension, there has been an equally strong economic imperative to ensure that minimum income support is provided in a way that helps and encourages beneficiaries (back) into employment, entailing among other things the articulation of more differentiated and personalised support with enhanced benefit conditionality (Lødemel and Trickey, 2001). The Active Inclusion strategy can be seen as an attempt to articulate programmatically these simultaneous pressures for increased protection and enhanced promotion that have been bearing on minimum income arrangements in European countries for a number of decades.

2.2 Constraints

While functional pressures related to changing risk structures indisputably matter for the reform or recalibration of welfare state arrangements (Hemerijck, 2012; Vis and van Kersbergen, forthcoming), they do not in themselves make policy change and adaptation inevitable. This is all the more so because alongside the growing working-age demands on minimum income protection, all European governments have at the same time been facing a range of other pressures which considerably limit their room for policy manoeuvre. Foremost among these are economic constraints. The *longue durée* over which demands for minimum income protection have been increasing has

been one characterised by ‘permanent austerity’, as a result of the lower structural growth potential of primarily service-based economies and the maturation of existing governmental commitments, particularly in the fields of pensions (Pierson, 2001). The structurally downward pressure on new public expenditure commitments that this context has entailed has more recently been substantially intensified by the aftershocks of the global financial crisis, which in some countries in particular have bequeathed enormous public deficits and as the crisis has endured resulted in rapid ‘fiscal consolidation’ taking precedence over most other public policy goals.

In a context where governments must make tough choices over public expenditure priorities, it can be expected that their decisions will be shaped by a mixture of economic and political considerations. While an economic case for employment-oriented minimum income protection can certainly be made in relation to employment maximisation and (where institutionalised systems of minimum income protection already exist) reduction in long-term welfare reliance, this has arguably become less compelling for governments in the current economic crisis. With unemployment once again exceptionally high across Europe, there is undoubtedly less economic and political incentive for governments to pursue policies that aim to mobilise those most distant from the labour market, particularly if they are not formally registered as unemployed. It is also known that those higher up the income distribution tend to be more politically active and engaged than those in poverty (Beramendi and Anderson, 2008), suggesting that the electoral payoff from directing scarce resources to them rather than to (potential) recipients of minimum income provision will be considerable.

This political constraint is exacerbated by the generally lower levels of support for redistribution towards able-bodied people of working age compared to, say, the elderly. The latter are generally seen as more deserving of state support, as they are believed to have less individual control over their own situation of disadvantage (van Oorschot, 2000). While major economic downturns have in the past induced more favourable public attitudes towards groups such as the unemployed, evidence from a number of European countries moreover suggests that this is far less the case in the current crisis (Diamond and Lodge, 2013; Taylor-Gooby, 2013). The very nature of minimum income protection may also make it an unlikely candidate for increased

investment, and perhaps even vulnerable to cuts, in a context of fiscal austerity. Notwithstanding what Pierson (1994: 102) calls ‘the fairness issue’, it has long been argued that means-tested programmes are less popular and resilient than universal programmes, and quantitative evidence on the evolution of entitlements in means-tested and universal programmes in recent years appears to bear this out (Nelson, 2007). In part this vulnerability rests on the fact that means-tested programmes are by definition restricted to a relatively small (and relatively politically marginal) programmatic constituency. In part it relates to the fact that social assistance is based on a logic of pure redistribution, and unlike social insurance does not mimic and incorporate market logics of exchange, which in capitalist societies tend to be more legitimate (Ferge, 2002). Public support for the norm of reciprocity remains very high in Europe (Mau, 2004; Diamond and Lodge, 2013), and its perceived absence in minimum income transactions weakens their popular support. Though the emphasis on activation requirements in contemporary political discourse is often justified as a way of reinforcing the public legitimacy of otherwise unconditional cash transfers by emphasising a different form of reciprocity to the payment of contributions, in some countries it appears to have only served to make the electorate more suspicious of the deservingness of working-age benefit claimants. This may be one reason why the development of activation appears to have gone hand in hand with declining adequacy of minimum income benefits in Europe since the early 1990s (Nelson, 2013).

It can thus be assumed that following basic economic and political incentives, and particularly in the current crisis context, all governments have reasons to be less activist in the embrace of the Active Inclusion agenda than an emphasis on structural reform pressures alone would suggest. Extending this logic in a somewhat more fine-grained approach, it could also be hypothesised that governments will have reasons to implement ‘unbalanced’ Active Inclusion reforms, where rather than protection and promotion being pursued in harness for all major risk groups, the balance of protective and promoting dimensions for different groups will instead be shaped by the perceived electoral payoffs involved. This possibility is illustrated in Table 1.

To the extent that the long-term unemployed are perhaps the archetypal group of ‘undeserving’ benefit claimants, it is unlikely the governments will be able to reap substantial electoral dividends from improving benefits for them. However, as high

rates of long-term unemployed are one of the more visible indicators of economic difficulty, a government with an eye on its re-election prospects may have rather stronger incentives to try and be seen to be helping the long-term unemployed back to work. With respect to the working-poor, the policy incentive structure is arguably the reverse. People who are working – and thereby visibly ‘paying in to the system’ – can be assumed to benefit from more extensive public sympathy for their poverty, and improving benefits for this group may be an electorally popular strategy for governments to pursue, while also allowing them to argue that they are responding to the ‘problem’ of benefit reliance by increasing the gap between in-work and out-of-work incomes. However, as these groups are already in work the incentive for governments to invest scarce resources in measures that can help them improve their labour market position will be weaker, as it will bring no pay-off in terms of reduced unemployment.

Table 1 Government Incentives for Benefit and Service Improvement by Claimant Group

	Long Term Unemployed	Single Parents	Working Poor
Improved Benefits?	Unlikely	More likely	More likely
Improved Services?	Likely	Unlikely (working) Variable (workless)	Unlikely

As the labour market position of single parents can vary, it is harder to establish *a priori* either the extent of public sympathy for this group or the incentives for governments to support them through improved benefits or access to services. Regarding the former point, however, it is likely that their status as parents of a potentially deserving group – children – may result in reforms to minimum income benefits that are more generous to single parents than they are to poor but childless unemployed or working people. As for the services that may be made available to single parents not already in work, it can be anticipated that the incentives for governments in this respect will be strongly shaped by the way that national benefit systems classify them into different labour market statuses. To the extent that workless single parents are obliged to register as unemployed as a condition for

benefit receipt, governments will have similar incentives to invest in service provisions that can help these groups back to work as they do for the long-term unemployed. If, by contrast, single parents are classified as inactive on the labour market then the incentives for governments to support their activation will, at least in a major economic crisis, arguably be lower. This is just one example of how the effect of universal drivers for and constraints on minimum income policy change are likely to be mediated by nationally specific institutional as well as political configurations.

2.3 Filters

Though both the pressures for and constraints upon policy change in the area of minimum income protection are broadly analogous across the countries of the EU, member states vary widely with respect to their political conditions and their welfare state traditions and minimum income policy legacies. These differences could be expected to have a considerable influence in shaping domestic policy responses, and thus a role in explaining whether substantial minimum income policy change occurs and, if so, the form that it takes.

The literature on broader welfare state development has traditionally emphasised the role of *party politics* in explaining patterns of cross-national variation, and specifically the importance of Socialist or Social Democratic electoral success for the development of more universal and decommodifying welfare institutions (e.g. Korpi, 1980; Esping-Andersen, 1990). Whether such arguments - which have on the whole been developed for and tested against the large social insurance programmes that form the traditional heart of European welfare states – can simply be extended unproblematically to the politics of minimum income protection and enabling services is however rather uncertain. Without going so far as to argue that programmes targeted at the poor are simply marginal to the business of class-based party politics, (e.g. Piven and Cloward, 1971), it is nonetheless rather easy to see why parties of both left and right may have more ambivalent attitudes to minimum income protection than they do to more tendentially universal programmes of income maintenance.

Decent minimum income protection can of course play a role in combating poverty and reducing inequality, traditional ambitions of the party-political left. However, it

was long an article of faith for the European left that a commitment to these goals could not be pursued in any whole-hearted or sustainable fashion through what Esping-Andersen (1990) rather disparagingly termed a “reformed poor relief tradition”. From this traditional standpoint of the political left, campaigning for the improvement of social assistance in the face of new social needs and demands easily be seen as the ultimate repudiation of the ambition of a truly encompassing welfare state. Similarly, advocating measures that supplement the market incomes of the working poor through taxation can readily be interpreted as the abandonment of traditional left-wing demands for decent wages and fair labour markets, in which employers are obliged to shoulder appropriate social responsibilities. By the same logic, economically liberal parties of the political right may well have good reasons to adopt more supportive positions on minimum income protection than on income maintenance more generally. As Pierson (1994: 101) put it, “if conservatives could design their ideal welfare state, it would consist of nothing but means-tested programmes”. Reinforcement of social assistance institutions may in this way serve as a political alibi for the dismantlement of higher-tier social protections by right-wing governments. Improving means-tested benefits for those in low-paying work may also be an attractive instrument for pursuing some liberal goals, such as labour market deregulation or the improvement of work incentives.

A similar ambivalence characterises class politics in the field of enabling services. While some have argued that active social policy is both logically and historically a social democratic project (Esping-Andersen, 1999; Huber and Stephens, 2001), the ‘insider-outsider’ perspective has more recently suggested expensive policies seeking to increase labour market participation (and competition) may actually conflict with the interests of the bulk of contemporary left-wing voters, who in most countries remain in well-protected employment (Rueda, 2007). On the party-political right, though the expansion of publicly funded services extends the reach of state activity and places upward pressure on taxation it may simultaneously appeal to employers by increasing labour supply, while also – depending on the design of delivery systems - opening up lucrative new opportunities for profit-making companies involved in the provision of these services. The potential for political conflict around these policies seems to be as much within the traditional class-based political families as it does between them (Bonoli, 2013).

All European party systems were shaped by complex cross-cutting cleavages, and in proportional electoral systems these were not all incorporated within the dominant class cleavage. A number of non-class cleavages that have in places thus been ‘particized’ may also be salient in the reform of minimum income protection. Improved minimum income benefits and services to the poor have the potential to displace institutions that have traditionally played a major role in poor relief in many countries, most notably the church, religiously-based voluntary organisations and the traditional family, based on a strong gendered understanding of the division of household labour. The defence of the role of these institutions has often been a major objective of traditional conservative political formations (or ‘parties of religious defence’, cf. Manow and van Kersbergen, 2009), who may therefore be expected to oppose the Active Inclusion agenda, or at least attempt to shape it into distinctively conservative forms. Centre–periphery cleavages have also been salient in shaping the development of many Western welfare states (Ferrera, 2005), and may in some contexts be reactivated by, and generate bitter conflict around, the reallocation of responsibilities between the central state and regional/local governments that minimum income protection reform can entail.

Finally, the independent role and influence in national political debate of an assortment of corporate or associational actors in civil society varies considerably across European countries, and could also be important for influencing the reform agenda in the field of minimum income protection. Where trade unions still have a strong agenda-setting role in social policy debates, it might be expected that they will tend to amplify more traditional ‘Labourist’ social policy preferences, which as mentioned above may not place a very strong emphasis on the improvement of minimum income provisions or labour market activation. A strong and well-organised ‘poverty lobby’ would by contrast be more likely to successfully sensitise public opinion to the benefits/costs of measures improving/worsening the position of poor people, or particular groups thereof. As the different patterns of associative mobilisation around social policies in Europe are themselves to a large extent a product of extant differences in the structure of European welfare states, the potential importance of this variable also points to the broader significance of *policy feedbacks*

from diverse welfare systems for the politics and prospects of minimum income reform.

Minimum income protection arrangements form only a small part of all public benefit provision in Europe. In 2008 they accounted for around 2.7% of GDP for the EU-27, or some 11% of all social protection expenditure for the area (Eurostat). They are thus dwarfed by the broader welfare state contexts in which they are embedded, which as a voluminous comparative literature has explored also vary significantly across European countries (e.g. Esping-Andersen, 1990; Goodin *et al.*, 1999; Hay and Wincott, 2012). The impact of variations in these broader welfare contexts on the political dynamics and fate of minimum income protection is a subject of considerable debate in the literature. For some (e.g. Nelson, 2007), more expansive welfare state traditions in the area of universal benefits also tend to result in more generous forms of minimum income protection. One potential mechanism explaining this is the way that the institutional designs of welfare states shape public attitudes towards the poor (Albrekt Larsen, 2008), generating very different public discourses around poverty in the popular media (Albrekt Larsen and Engel Dejgaard, 2013) which can in turn be expected to feed into and shape political decisions. This account however runs directly contrary to the argument advanced by Lødemel (1997), who stresses the paradox that in some highly institutionalised and encompassing welfare states social assistance has departed far less from traditional modes of distribution and organization (for example, having a heavy emphasis on discretion, and a strong link between ‘cash’ and ‘care’) than in residual welfare state contexts, where it is more rights-based and standardised. For Lødemel, such an outcome can be explained by the differing size, composition and political influence of social assistance clientele in residual and institutional welfare state contexts respectively. It could also be accounted for by the strategies of actors such as trade unions, who are arguably more hostile to social assistance as an institutional form in contexts where they have more managerial and governance responsibilities in social insurance, which tends to be the case in less residual welfare states (Clegg, 2002). If it can be expected that broader welfare state contexts will impact on the politics of minimum income protection, then, there are multiple possible mechanisms through which this impact can operate and a range of possible implications for different dimensions of social assistance design (generosity; standardisation; automaticity; centralisation etc.).

Partly but not only as a result of the operation of higher tier social protections, minimum income protection also varies greatly across European countries, ranging from encompassing systems that are strongly institutionalised to extremely rudimentary or patchy systems that afford limited and uncertain rights to only a few groups (Bahle *et al.*, 2011; Gough *et al.*, 1997; Gough, 2001). The structure and reach of the already existing system of minimum income provision can itself be expected to be of crucial importance to how rising structural demands on minimum income provision translates into concrete problems in domestic political and policy debates. In a country where rights to minimum income are already solidly institutionalised, the weakening of upstream social protection institutions will automatically generate swelling minimum income caseloads and increased pressure on public budgets, whether at national/federal, regional or municipal level. In weakly institutionalised or patchy systems, by contrast, the main impact of rising demand will instead be ever larger numbers of people without any social support under existing rules, and increased burdens on non-state institutions like the family and the Church. In the former case there is a far stronger fiscal disincentive to further improvements in benefit rights, but also a strong rationale for improving the quality and quantity of services or reorganising the delivery of minimum income protection in a bid to contain medium-term costs. In the latter the issue of improvements to benefits is likely to be most salient, and may crowd out other dimensions of the Active Inclusion agenda in a context of constrained budgets. Alternatively, the problem of growing structural demand for minimum income provision may prove easier to simply deflect or ignore where it does not give rise to visible fiscal consequences at any level of government.

Another important dimension of differentiation between existing systems of minimum income protection in Europe is the extent of so-called categorical differentiation within them, in other words the extent to which different and separate means-tested benefit systems are organised for different groups within the poor population (pensioners, single parents, the incapacitated, the unemployed etc.), with differing benefit levels, conditionality regimes etc. (Bahle *et al.*, 2011). Differences between minimum income systems in this regard are interesting as a dependent variable for comparative research (e.g. Hubl and Pfiefer, 2013), but may also be a significant

independent variable in helping to understand differential reform trajectories and choices cross-nationally. As already alluded to above with respect to single parents, the way that existing minimum income benefit schemes categorise and classify working-age benefit claimants can be expected to impact on the incentives of governments to adopt reforms that favour different groups of working-age benefit claimants. Where non-working single parents in receipt of minimum income are obliged by benefit rules to register as unemployed, they may benefit from an enhanced focus on measures to help them back to work, albeit at the price of being subjected to a stricter conditionality regime and their benefit entitlements being aligned on the (normally least generous) rate that is paid to the unemployed. Similarly, if the working poor receive income support through a specific mechanism (perhaps operated through the tax rather than the benefit system) they may not even be considered in policy debates as ‘benefit recipients’, which can in turn encourage governments develop policies in ways that are both positive (providing more generous levels of benefit) and negative (ignoring the need for measures to promote transition to full economic independence) for this group from the perspective of Active Inclusion.

A final important aspect of differentiation between minimum income protection systems and flanking services in Europe which is likely to have substantial feedbacks into political decision making around Active Inclusion is their mode of delivery. While delivery is meant to be ‘downstream’ in the policy process, in reality the distinction between policy making and policy implementation is far more blurred than ‘stagist’ models of public policy making often suggest (Hill, 1997). As so-called ‘garbage can’ models imply (cf. Cohen *et al.*, 1972), often public policy making entails problems being reinterpreted to fit with the repertoire of available or feasible policy solutions. It can be expected that the norms, values and routines of the actors in the already constituted minimum income protection policy community will thus be important in shaping how problems of poverty and social exclusion are constructed in national policy debates. Where social assistance has traditionally been more closely attached to social work/personal social services, the situation of claimants of all types will may thus more readily framed in policy debates in psycho-social terms and by using ‘whole person’ approaches, whereas in systems where it is institutionalised as an element of the national benefit system there will be more of a tendency to frame

policy problems in relation to more impersonal forces, such as (dis)incentives to work. In the same vein it is also probable that existing delivery systems will shape the possibility frontier for forging links between benefit provisions and services of different kinds. When a minimum income system is anchored in personal social services influential policy actors may find it more natural to build operational bridges with social service providers (with whom they traditionally work) than with providers of labour market services, while a system that already has close links with the public employment service may tend to emphasise improved labour market services to the detriment of developing service packages that also include enabling social services. Problems of inter-agency coordination among public bodies (cf. *infra*) are also likely to be more intractable where the agencies in question are for historical reasons linked to the development of the policy field staffed by people with very distinctive professional identities (e.g. social workers on the one hand and civil servants on the other).

The delivery of minimum income protection and flanking services is not merely the preserve of public bodies, but has in many European countries also involved the participation of various private bodies, charitable and – more recently - commercial. These organisations have an interest in safeguarding their role in policy delivery, and potentially the capacity to shape problem definitions in ways that fit with this objective. As discussed above, defending the role of charitable welfare organisations with linkages to the Church in providing for the poor against state incursions into this area has been one of the major objectives in this policy field of Christian Democratic political parties. Where these attempts have been successful these organisations have become powerfully institutionalised in the policy arena, eventually giving them an influence in agenda-setting which over time becomes largely independent of the electoral success of parties of religious defence (e.g. Morgan, 2009). Similarly, the privatisation of growing areas of welfare and labour market services delivery in some countries in recent years has not only nurtured the development of a host of private service providers, but also created strong incentives for them to organise politically to try and shape future public policy decisions (Marwell, 2004).

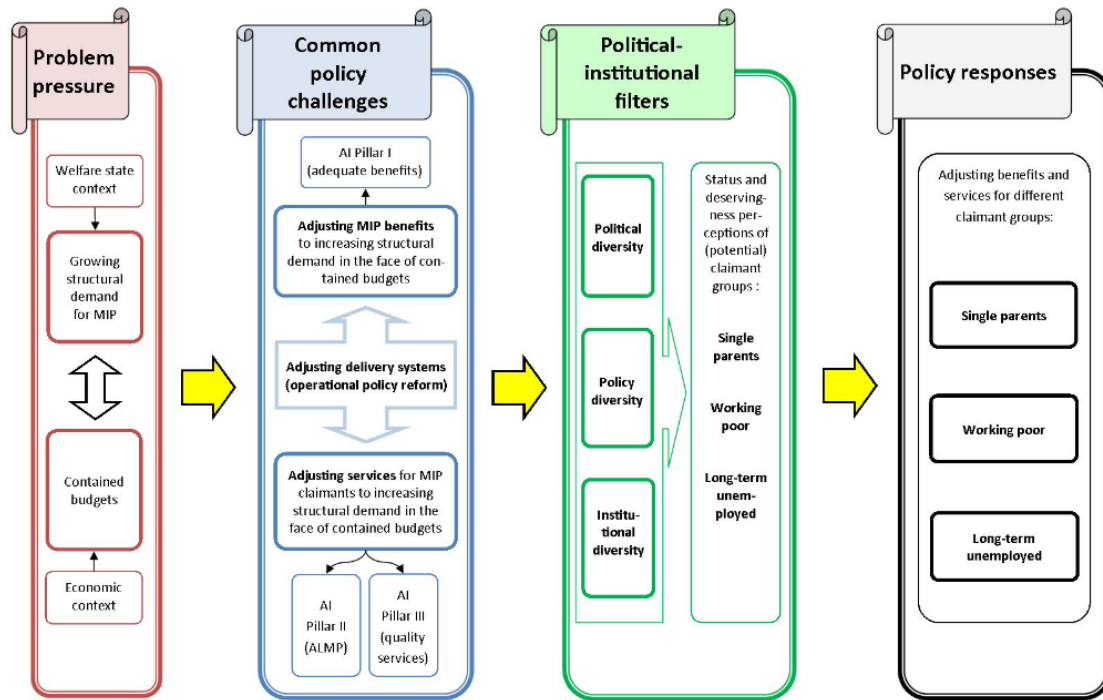
With respect to the crucial governance and delivery dimension of the Active Inclusion agenda (cf. *supra*), a final dimension of variation between the minimum income

protection systems of European countries is likely to be crucial; their embedding in the broader institutional organisation of the national polity. Unlike universal income maintenance programmes, which have almost always been nationally organised, both minimum income benefits and some social/labour market services have in many countries been the total or partial competence of sub-national (regional, local or municipal) levels of government. The different ‘provision strands’ of the Active Inclusion strategy (minimum income benefits, labour market services and social services) may in many countries thus not only be under the responsibility of different central government departments, or sometimes autonomous bipartite institutions managed by the social partners (horizontal fragmentation), but indeed be managed at different territorial levels in the policy (vertical fragmentation). At a general level one can imagine that the greater the degree of either type of fragmentation, the more challenging it will be to develop the joined-up integrated policy approaches (at the level of both policy design and policy implementation) that the Active Inclusion strategy implies. In fragmented funding systems there can be a particularly serious risk of perverse policy incentives (or ‘institutional incongruities’, cf. Schmid, 1988), where for example investments in (labour market or social) services that could help minimum income benefit claimants regain autonomy are not made by one agency/government level because the projected benefit saving would accrue to another agency/government level (Overbye, 2010).

Awareness of such problems stimulates efforts with coordination reforms. Depending on national political and institutional traditions, however, the division of competences between different governmental levels (and in some instances between the social partners and the state) is far more than an issue of optimal policy design, and efforts at increased policy coordination and steering – whether through reforms to organizational structures or the use of new performance management practices - are likely to in many cases challenge fundamental constitutional principles and traditions. Looking at a number of European countries, Minas *et al.* (2012) have thus found that national responses to common coordination problems around the activation of social assistance recipients have differed significantly, essentially being shaped by national institutional traditions of central-local relations. Where centre-periphery cleavages are ‘particized’ (cf. *supra*) conflict around ‘rescaling’ issues (cf. Kazepov, 2010) is likely

to be even more intense, and policy inertia or change far more likely to be directed by overarching dynamics of territorial politics than rational policy design.

Figure 4 A Framework for the Analysis of Active Inclusion



Summarising the foregoing discussion, if European countries face some broadly similar problem pressures that give rise to comparable policy challenges – now encapsulated in European-level debates by the concept of Active Inclusion – it is however reasonable to expect that their policy responses will be shaped by the complex interaction of a range of nationally-specific factors, including the structure and results of party political competition (‘political diversity’), the diversity of welfare state and minimum income protection policy legacies (‘policy diversity’) and the embedding of policy in distinctive institutional traditions for the organization of the polity (‘institutional diversity’) (see Figure 4). The functional pressures that impel all governments to improve minimum income benefits and their articulation with enabling services, as well as the incentives these same governments have to develop unbalanced Active Inclusion strategies under conditions of high unemployment and strong financial constraints, will be filtered through these unique policy-making configurations. The extent of cross-national diversity in the development and design of Active Inclusion strategies for these three crucial target groups will in large part be

determined by the capacity of the common pressures to trump the nationally-specific political-institutional filters, or *vice versa*.

3. Common Challenges, Different Contexts: Five European Countries Compared

Due to their extremely diverse cultural, politico-economic and welfare state traditions, the common challenges that are bearing on minimum income protection in contemporary Europe certainly do not play out in an identical manner in the cases Germany, Italy, Poland, Sweden and the United Kingdom (UK). But governments in each of these five countries have in recent decades faced growing pressure on means-tested provision for people of working-age due to some broadly similar changes in higher-level social protection institutions, in the regulation and operation of the labour market, and in changing patterns of family formation and dissolution (section 3.1). The really striking differences between these countries can however be seen in the extent, structure, generosity and governance of minimum income protection, on the one hand, and varying policy legacies in the field of enabling services, on the other (section 3.2). These five cases thus illustrate the highly varied policy – as well as political and institutional – contexts to which the Active Inclusion agenda is confronted in Europe today.

3.1 Common Challenges

As discussed above, probably the most significant ‘upstream’ social protection trend with implications for demand for minimum income protection among people of working age is the retrenchment in recent years of unemployment insurance. Though the unemployment insurance systems of the five countries under analysis here still vary considerably in their adequacy, most have seen similar trends to restricted accessibility and/or reduced generosity. Though *Sweden* is still often considered the ‘gold standard’ for welfare state generosity, it has been argued that its income protection system has ‘fallen from grace’ in recent years, and now is less generous than the OECD average in respect of unemployment insurance replacement rates. A change to the financing system of the trade-union run unemployment insurance funds in 2002 resulted in sharply increased user fees, and led to substantial involuntary exit by lower-income members (Angelin *et al.*, 2013: 6). The share of unemployed people

in Sweden with no entitlement to unemployment benefits had climbed from around 30% in the early 2000s to over 50% by 2008 (Sjöberg, 2011: 217). More restrictive eligibility criteria introduced in 2005 have also been a factor that has contributed to a declining proportion of unemployed people in *Germany* being able to receive insurance benefits (ALG I) (Dingeledy, 2011; 64-65). Already in 2005 only around 17% of the unemployed in the *UK* were in receipt of insurance benefits, the maximum duration of which was halved from 1 year to 6 months in 1996 (Clasen, 2011: 21). Maximum entitlement to unemployment insurance benefits is also 6 months in *Poland*, except for older workers with long contribution records and in areas of high unemployment, where it can be extended (Kozek *et al.*, 2013: 9). Access to Polish unemployment benefits have been progressively restricted since the early 1990s, and in 2003 only 13-14% of the unemployed received them (*ibid*: 10).

The only major exception to this trend of declining unemployment benefit generosity among these five countries is *Italy*. Reforms in the 1990s actually substantially enhanced the generosity of unemployment benefits in Italy. However, this improvement was from a very low base, Italy having historically had one of the most rudimentary unemployment insurance systems in the EU. Furthermore, the improvements were relatively modest, and above all followed a ‘conservative’ approach that entailed increasing the replacement rate (and more recently maximum benefit duration) of existing schemes, but not fundamentally modifying the (relatively restrictive) eligibility criteria (Madama *et al.*, 2013: 12). Even following improvements in the 2000s the overall reciprocity rate of Italian unemployment benefits remains low compared to other European countries, and estimates of the number of unemployed without financial support (given the absence of minimum income provision, cf. *infra*) range from 1.6 to 2 million (Jessoula and Vesan, 2011: 150-151).

Due to the limited (and declining) effectiveness of first tier social protection schemes in protecting unemployed people from poverty, the differential in poverty rates for the unemployed population and the population as a whole is substantial in all these countries (see Figure 5). However it is significantly higher in the UK and Germany than in Sweden, with Italy and Poland showing an unemployed/population poverty gap in between these extremes, and also close to the EU-27 average.

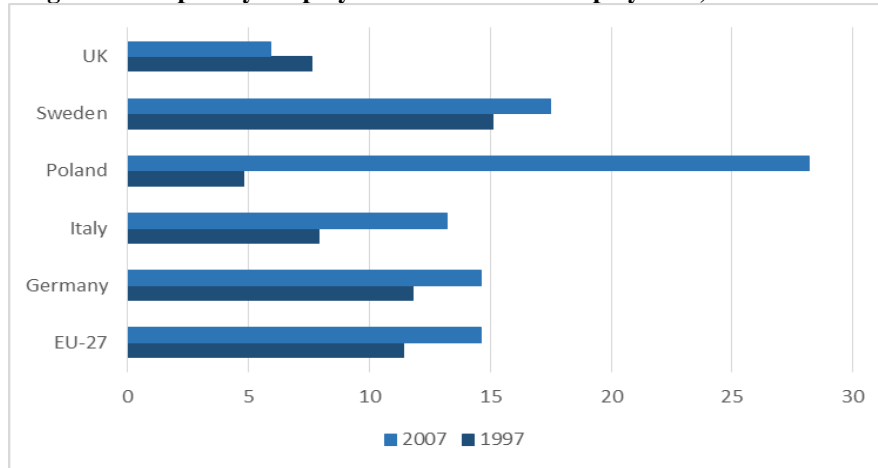
Figure 5 Poverty Rates, Population and Unemployed, 2007



Source: Eurostat; Poverty = <60% Median Income

The labour markets of these five countries work very differently. Some (Poland, the UK (since 1999)) have legislated minimum wages, while others have typically relied on wage coordination for the generalisation of *de facto* minima. The regulation of permanent employment contracts ranges from strong (Germany, Italy and to a slightly lesser extent Sweden) to extremely weak (the UK). Nonetheless, a dynamic of employment flexibilisation can be seen across most of the countries in recent decades. In *Germany* the possibility for plant-level ‘opening clauses’ in collective agreements has been extended, and the use by employers of atypical forms of employment – part-time and temporary contracts, agency work and so-called ‘mini jobs’ – facilitated, diminishing the centrality of once predominant ‘standard employment relationship’ (Petzold, 2013: 14-15). In *Poland*, though minimum wages have increased faster than average wages in recent years, non-standard employment has also “been used extensively to increase the flexibility of the work system” (Kozek *et al.*, 2013: 13). Ostensibly to facilitate the labour market integration of various ‘disadvantaged categories’, *Italy* has engaged in a ‘selective flexibilisation’ of its labour market, once again leading to the expansion of atypical employment (Jessoula *et al.*, 2010). Rates of temporary employment have also grown from an already high comparatively level in the late 1990s in *Sweden*, while the coordination of wage bargaining has decreased and union membership has been in slow but steady declining since the mid-1990s (Angelin *et al.*, 2013: 10-11).

Figure 6 Temporary Employment Share of all Employment, 1997 and 2007

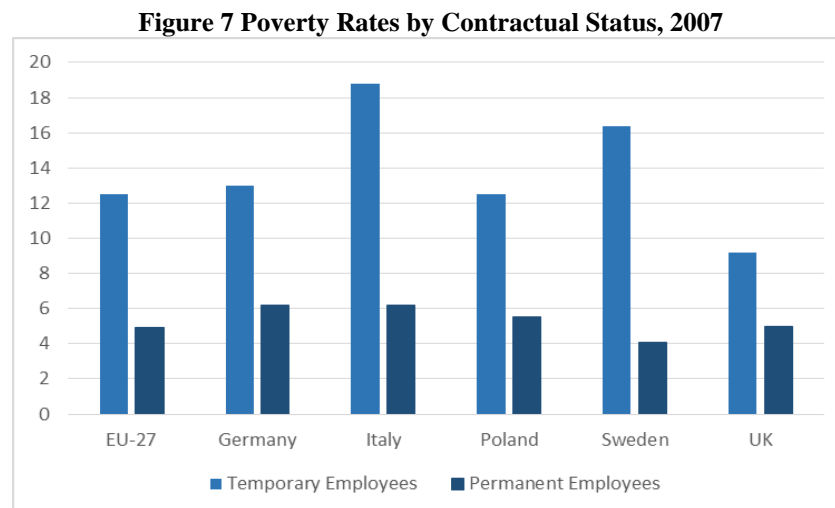


Source: OECD

As a key indicator of flexibilisation, the growth of the share of employees in temporary employment between 1997 and 2007 can be seen across most of these countries, most albeit most strikingly in Poland (see Figure 6). The exception to this trend is the *UK*, where the prevalence of temporary employment is low in comparative perspective, and where its share in all employment actually declined between the end of the 1990s and the onset of the economic crisis. The reason for the low share of temporary employment is the little protective capacity of permanent employment contracts, which gives British employers a limited incentive to use atypical contract forms. The explanation for the decline in temporary employment between 1997 and 2007 is not however further flexibilisation of the labour market, as in this period the regulatory protection of employment was if anything slightly enhanced under the successive New Labour governments in office in this period. Rather, this outcome can most likely be attributed to the strong performance of the British labour market, largely driven it turns out by an unsustainable credit-fuelled house price bubble. This period did not however see any reduction in the share of low-wage (less than 66% of gross median full-time earnings) employment in the UK, which accounts for more than 20% of employment and has traditionally been far higher than in other rich European countries (Goerne and Clegg, 2013: 12-13).

For this reason, and despite the low share of temporary employment, overall rates of in-work poverty in the UK in 2007 remained above those found in Sweden and Germany, though somewhat below the European average, and well below the rates

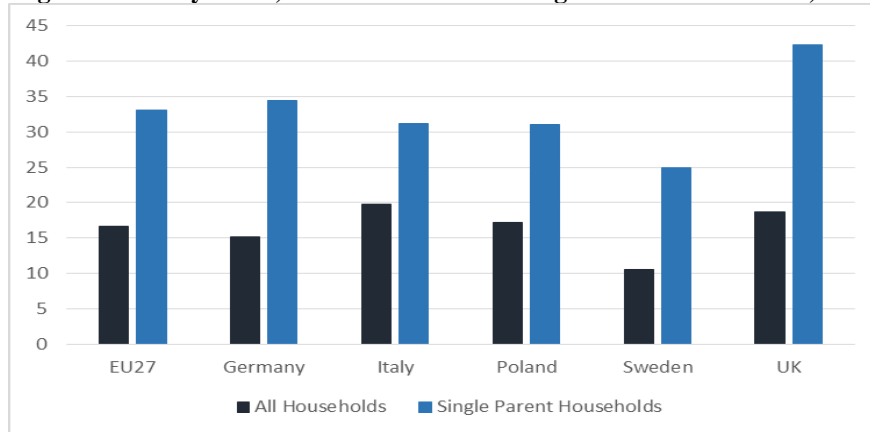
found in Italy and Poland. But there is much higher differentiation in poverty risks by type of employment contract in the other four countries than in the UK (see Figure 7), where temporary employees are between twice (in Germany) and four times (in Sweden) as likely to experience poverty as workers on permanent contracts. This throws into relief the implications for poverty of the labour market changes of recent decades in all these countries.



Source: Eurostat; Poverty = <60% Median Income

All five countries here have seen an increase over a long period in the number of single-parent families, alongside other secular trends in family norms, forms and composition such as increasing divorce rates and a growing number of births outside marriage. The large majority of these households are headed by women – in 2009 single women with children constituted 4% of all European households, and single men with children less than 0.5% of households. That said, these secular trends are mediated by cultural and religious differences, and thus affect countries to differing degrees. In the UK single women with children represent 6.7% of all households (single men with children 0.7%), while at the other end of the spectrum only 2% of Italian households are single women with children (0.3% single men with children). The employment rate of single parents also varies considerably. In the UK – the country here with the largest share of single parents in the population – only 51.8% of single mothers were in employment in 2008, compared to 60% in Poland, 64.6% in Germany, 76.4% in Italy and over 80% in Sweden (OECD, 2012).

Figure 8 Poverty Rates, All Households and Single Parent Households, 2007



Source: Eurostat; Poverty = <60% median income

Consistent with what can be seen at the level of Europe as a whole (see Figure 2), all five countries show significantly higher poverty rates among single parent households than among all household types in the population. However, the size of the gap is clearly mediated by nationally-specific factors, including but not exclusively the extent to which single parents are likely to be employed. It is the UK, where single parents are least likely to be working that they have the most elevated poverty risks relative to the population as a whole. However, the relative poverty risk for single parents is higher in Germany than Poland and in Sweden than Italy, despite the employment rate of lone parents being somewhat higher in the former countries.

Albeit with differing degrees of intensity, governments in all of these countries have thus faced growing demands on minimum income protection from expanding numbers of working-age poor. In the last 5 years, the environment in which responses (or non-responses) to these demands have been formulated has been one marked by the effects of the severe economic downturn that has hit Europe in the wake of the global financial crisis. After 2007 all these countries experienced a substantial economic slump, with a severe recession, and more than a 5% fall in GDP, in Germany, Italy, Sweden and the UK in 2009 (see Table 2). Poland escaped a recession, but still witnessed a substantial fall in GDP growth, from 5.1% in 2008 to 1.6% the following year. In the subsequent years, the economic fate of the 5 countries diverged somewhat, however. The German, Polish and Swedish economies rebounded strongly in 2010 and 2011, before slowing again in 2012. Economic growth was much

more modest after 2009 in Italy and the UK, with the latter experiencing another sharp recession in 2012.

Table 2 Macro-Economic Aggregates during the Economic Crisis

	2007	2008	2009	2010	2011	2012
<i>Source:</i> <i>Eurostat</i>	GDP (% Change on previous year)					
<i>EU-27</i>	3.2	0.4	-4.5	2	1.7	-0.4
<i>Germany</i>	3.3	1.1	-5.1	4.0	3.0	0.7
<i>Italy</i>	1.7	-1.2	-5.5	1.7	0.4	-2.4
<i>Poland</i>	6.8	5.1	1.6	3.9	4.5	1.9
<i>Sweden</i>	3.3	-0.6	-5	6.6	3.7	0.7
<i>UK</i>	3.4	-0.8	-5.2	1.7	1.1	0.2
	Unemployment Rate					
<i>EU-27</i>	7.2	7.1	9.0	9.7	9.7	10.5
<i>Germany</i>	8.7	7.5	7.8	7.1	5.9	5.5
<i>Italy</i>	6.1	6.7	7.8	8.4	8.4	10.7
<i>Poland</i>	9.6	7.1	8.1	9.7	9.7	10.1
<i>Sweden</i>	6.1	6.2	8.3	8.6	7.8	8.0
<i>UK</i>	5.3	5.6	7.6	7.8	8.0	7.9
	General Government Deficit/Surplus (% GDP)					
<i>EU-27</i>	-0.9	-2.4	-6.9	-6.5	-4.4	0.2
<i>Germany</i>	0.2	-0.1	-3.1	-4.1	-0.8	0.2
<i>Italy</i>	-1.6	-2.7	-5.5	-4.5	-3.8	-3.0
<i>Poland</i>	-1.9	-3.7	-7.4	-7.9	-5.0	-3.9
<i>Sweden</i>	3.6	2.2	-0.7	0.3	0.2	-0.5
<i>UK</i>	-2.8	-5.1	-11.5	-10.2	-7.8	-6.3

The labour market effects of the crisis have also played out rather differently across the 5 countries. Unemployment increased sharply in Italy, and surpassed 10% in 2012. Poland also witnessed a significant increase in unemployment, despite a comparatively strong economic performance during the crisis. Increases in unemployment have been significant but more modest in Sweden and the UK, the latter more surprisingly due to its weak economic performance, in part a result of the extremely stringent deficit reduction measures introduced by the Coalition government elected in 2010 (cf. *infra*). Recent research suggests part of the

explanation for this is a sharp increase in *underemployment*, that is to say the number of people who want to work additional hours (Bell and Blanchflower, 2013), as a combined result notably of declining real wages and increased part-time employment. The real outlier in relation to labour market performance in the crisis has however been Germany, where unemployment rose only marginally from 2008-09, and has subsequently declined quite rapidly to only 5.5%, its lowest rate in over two decades. Part of this has been explained by the enhanced flexibility of the German labour market as a result both the high profile Hartz reforms of the mid-2000s, and more incremental advances in the flexibilities available to German firms to reorganise work at plant level (Reisenbichler and Morgan, 2012).

The effects of the economic crisis on government finances are also highly relevant to the room for manoeuvre for policy makers seeking to manage rising demands for benefits and service. Due to the strength of their economies, Germany and Sweden have retained relatively sound public finances throughout the crisis, despite large banking bailouts being required in the former case. Italy and Poland have both been forced to take more drastic fiscal consolidation measures under the Excessive Deficit Procedure, though despite these still had budget deficits of slightly more than 3% in 2012. Of these countries, it was the UK that saw the largest increase in the government deficit in the wake of the crisis, notably because of the exposure of UK banks to bad debt and the scale of the government bailout required to rescue them. The centre-right Coalition government elected in 2010 proposed to reduce the deficit through a package of cuts that was unprecedented in their scale and speed of application (Taylor-Gooby, 2012). Two years after the commencement of this programme, however, the UK deficit was still above 6% of GDP.

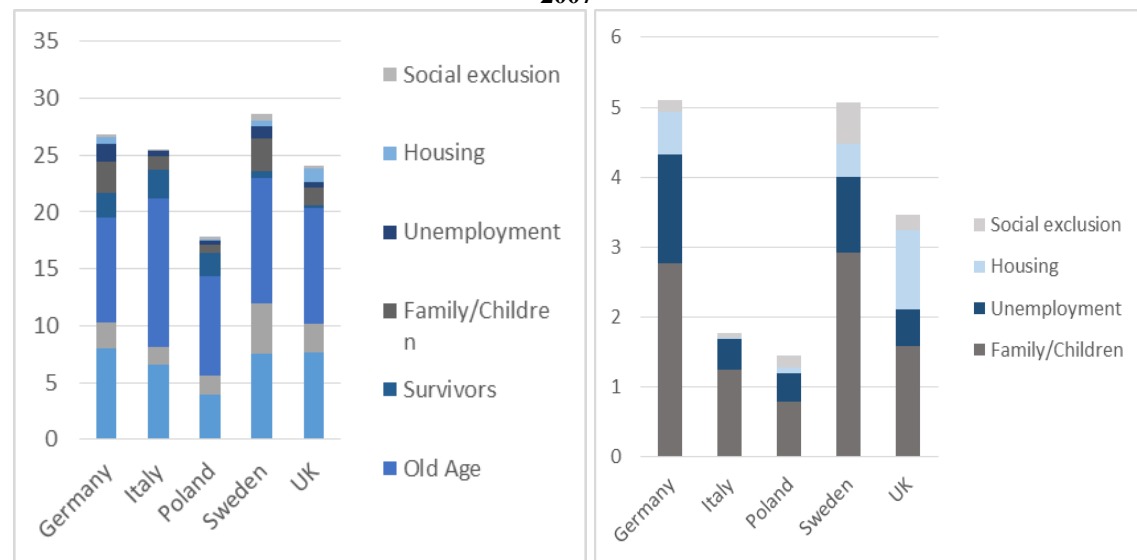
3.2 Different Contexts

3.2.1 The welfare state context of minimum income policy

The existing welfare systems of these five countries are in principle extremely different, with Germany, Italy, Sweden and the UK representing perhaps the best exemplars in the European context of the four accepted varieties of developed welfare state (Esping-Andersen, 1990; Ferrera, 1996), and Poland offering an instance of the Central and Eastern European welfare states whose structures bear the joint imprint of

their ‘imperial’ (Bismarckian) origins and their modern development under communism up to the revolutions of 1989 (Inglot, 2008).

Figure 9 Social Protection as % GDP, All functions (left panel) and Select functions (right panel), 2007



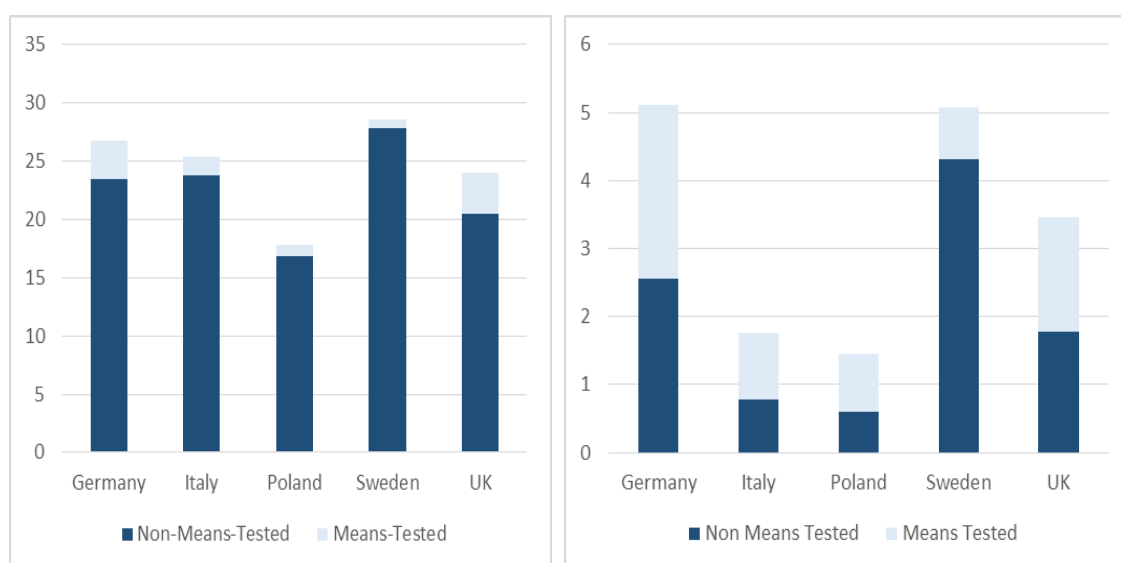
Source: Eurostat

In 2007 total expenditure on social protection ranged from just below 18% of GDP in Poland to slightly over 28% in Sweden (Figure 9, left panel). If health is excluded and analysis of expenditure is further limited to only those functions that are arguably of most relevance to the working-age population, however, then the picture of cross-national variation is somewhat different (Figure 9, right panel). On this more limited measure the social protection expenditure of Germany and Sweden is more similar at around 5% of GDP, as is the expenditure profile of Italy and Poland, at around only 1.5% of GDP, with the UK between these extremes. Despite the emphasis placed on working-age benefits in arguments about ‘welfare dependency’ driving high benefit expenditure, it is noteworthy across all contexts how limited the resources devoted to these functions are in overall welfare expenditure, which is dominated by health and pensions.

As a proportion of all social protection expenditure, the role of means-testing is relatively modest in all these welfare states, following the patterning that would be anticipated by mainstream welfare state classifications, and ranging from less than 3% of benefit expenditure in ‘universal’ Sweden to a high of 15% in ‘liberal’ UK (Figure

10, left panel). However, the role of means-tested benefits is much greater in provision against only key risks of working-age, in 2007 representing 50% or more of all expenditure on children/family, housing, unemployment and social exclusion in Germany, Italy, Poland and the UK (Figure 10, right panel). On this measure it is Sweden that appears as the outlying case in preserving an overwhelmingly predominant role for non-means-tested benefits in protecting individuals against working-age risks.

Figure 10 Social Protection Expenditure as % GDP by Type of Benefit, All functions (left panel) and Select functions (right panel), 2007



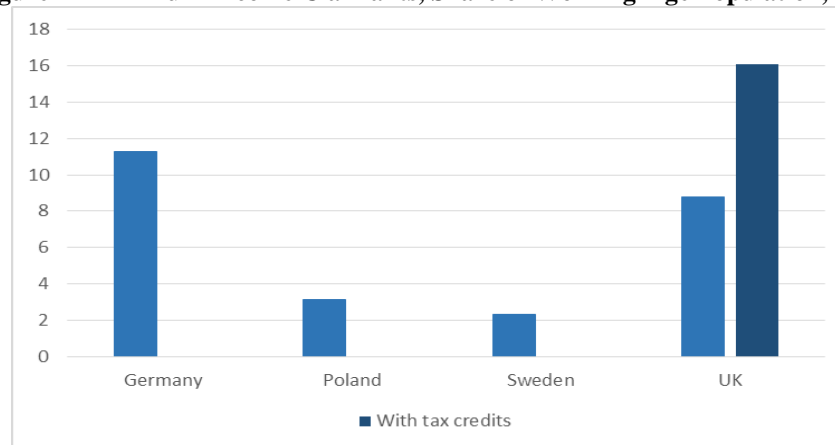
Source: Eurostat

Accordingly, according to the figures reported in Bahle et al (2011: 170)⁴, in 2007 the share of the working-age population in receipt of minimum income benefits was little more than 2% in Sweden. It was similarly low in Poland, despite means-tested benefits here representing nearly 60% of all benefit expenditure on working-age people. There is no reliable and comparable claimant data from MIP in Italy due to benefits fragmentation and (for some of these) to weak institutionalisation. It is important however to notice that if we consider the (patchy) system of income-related

⁴ It should be noted that these figures are acknowledged to be conservative, as they do not take into consideration dependent children and cannot always capture partners of main claimants. National data from the Swedish case, for example, establish the social assistance caseload at around 4.5% of the population aged 20-64. The data should thus be treated with caution, though the inferences regarding the respective scale of the minimum income protection systems of the five countries analysed here can still be considered valid.

cash transfers paid to working people through the tax system, a large share of the population is then reached by some kind of income support. This is nonetheless an extremely different situation from Germany and the UK, where around one in ten people in the working-age population was reliant on minimum income benefits in 2007, or around one in seven in the UK if tax credits – income-related cash transfers paid to working people through the tax system rather than as benefits – are included. For different reasons than the Italian, Swedish and Polish minimum income schemes for working age people are systems that in the current institutional configuration concern modest numbers of citizens, while the British and German are ‘mass systems’ relevant for a large share of the working population.

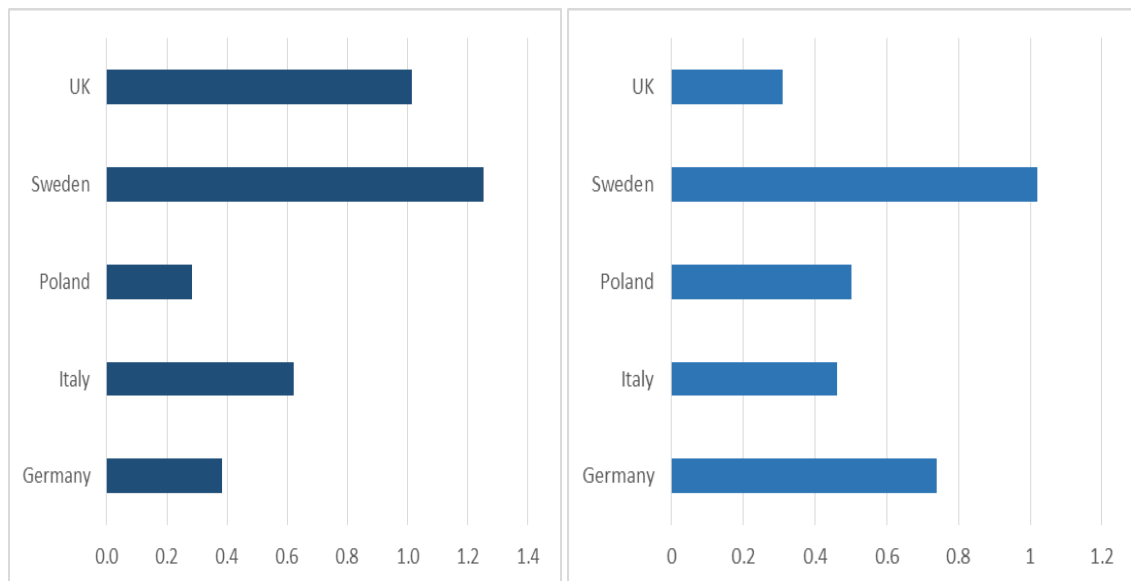
Figure 11 Minimum Income Claimants, Share of Working-Age Population, 2007



Source: Bahle et al., 2011; Working age population = 20-64

With respect to the services that are potentially most significant to combating poverty risks among the groups that face the highest poverty risks, these welfare states have differing legacies and extents of public provision. Expenditure figures on childcare and ALMP from 2007 show clearly the well-known relative ‘service richness’ of the Swedish model, where expenditure on these items far outstrips what is seen in the other countries. Following strong investment from the late 1980s the UK was by 2007 a relatively high spender on childcare too, though had very modest expenditure on ALMP, not least due to a ‘work first’ activation approach that gives little role to (expensive) job creation, job subsidy or training measures. The traditional familialist approach of the German, Italian and Polish welfare states is visible in their low levels of expenditure on childcare and pre-school education, while ALMP expenditure was also comparatively modest in Italy and Poland.

Figure 12 Expenditure on Childcare/Preschool (left panel) and ALMP (right panel) as % GDP, 2007



Source: OECD Family Policy Database/Labour Market Policy Database

3.2.2 The architecture of minimum income benefit systems for working-age people

In addition to variations in the extent of social assistance – that is to say, its role within the national welfare state architecture - comparative analyses of minimum income provisions have highlighted other salient dimensions of cross-national variation in the architecture of social assistance itself, including the extent of differentiation in minimum income provision across different categories of potential claimant, the extent of discretion, the level and generosity of payments and the governance and financing of benefits (Bahle et al, 2011; Lødemel and Schulte, 1992; Gough *et al*, 1997). Here the first three of these dimensions are considered in relation to these five cases, with the fourth being discussed more fully in section 3.2.3 below.

The key question regarding category differentiation within minimum income systems is how far specific benefit systems for different groups in the population – pensioners, the disabled, the unemployed, refugees and asylum seekers etc. - exist alongside the general system of last resort that exists for all needy citizens (Bahle et al, 2011: 193-). As discussed above, the political and policy implications of these variations could potentially be significant; the inclusion of particularly ‘deserving’ (e.g. pensioners) or

‘undeserving’ (e.g. asylum seekers) in the benefit systems targeted on working-age claimants can impact on overall popular support for minimum income provision, while the existing segmentation of the working-age claimant group may shape the construction of policy problems and the incentives of governments to provide certain kinds of services.

Such discussions usually take the existence of a general scheme of minimum income provision as a given, the question being how inclusive or exclusive it is of different types of claimant. However, in one of the national cases analysed here – Italy – there is in fact no such general scheme at all, and nor are there any categorical minimum income provisions for the largest groups of working age claimants, such as the unemployed (Madama *et al.*, 2013). What minimum income provisions exist are targeted in complex and non-transparent ways, and many benefit – like Italian social spending more generally – older people. There is also a categorical minimum income scheme for the disabled, and in some parts of Italy in particular this was historically (mis)used as a *de facto* substitute for missing general measures for the poor (Ferrera, 1984). Though a framework law for the creation of a general minimum income scheme modelled on that introduced in France a decade earlier was adopted in Italy in 2000, it has not been fully implemented due to a combination of lacking political will and the effects of a constitutional amendment adopted in 2001, which allocated substantial responsibilities to regional governments in the social assistance field and allowed central governments to ‘neglect’ the specification of essential levels of service that was crucial to the implementation of the law (Madama, 2013). While some regional and local minimum income schemes exist in Italy (Madama *et al.*, 2013: 43-), these vary widely in their regulations and benefits.

All the other countries considered here did have general social assistance schemes in 2007. In two cases – Germany and the UK – these were however but one of a patchwork of measures, existing alongside a range of schemes of differing sizes formally targeted on particular claimant categories. In Germany, two of these latter systems concern those not considered capable of working – war veterans and the elderly and disabled – and a third, introduced in 1993, is reserved for refugees and asylum seekers. By far the largest, however, is the unemployment assistance scheme ALGII that resulted from the implementation of the landmark 2003 Hartz reforms. By

2007 this system had 80 times as many beneficiaries as the general scheme *Sozialhilfe*, is by far the largest minimum income programme in Germany, and has *de facto* taken on the role of a general system of minimum income provision for all people of working age who are fit to work (Petzold, 2013: 21). In the UK, special minimum income schemes for the retired (introduced in 1999) and for asylum seekers (introduced in 2000) also existed by mid-decade. However, minimum income provision for working-age people was itself also differentiated across a number of schemes. Alongside means-tested unemployment assistance (JSA-I) were dedicated schemes operated through the tax system for poor people in work, the most significant of which was Working Tax Credit (WTC). The general scheme Income Support had been somewhat drained of working-age claimants with the creation of JSA-I in 1996 and the expansion of tax credits in the 2000s, but still played a significant role in provision for people of working age as the main scheme for poor single parents, who until recently were not required to look for work when their youngest child was 16 or younger, as well as for poor people deemed to have a disability or incapacity for work (Goerne and Clegg, 2013).

The highly differentiated nature of the German and especially British minimum income systems contrasted sharply with the low level of category differentiation in Polish and Swedish social assistance in the mid-2000s. Poland has only two major minimum income schemes, the permanent and temporary allowance, the former targeted on those who are not able to work due to old age, disability or family responsibilities, and the latter on those whose poverty is anticipated to be of a temporary nature, and is due to one of a range of legally specified support criteria. Additional to this is an earmarked allowance that supports exceptional costs, but this is not based on an enforceable right. Sweden has small dedicated minimum income programmes for asylum seekers and refugees who could not meet the residency requirement for the general social assistance (introduced 1993) and for the (few) people aged over 65 who have inadequate pension income, but otherwise social assistance (*Ekonomist bistånd*) operated as a multi-functional scheme for all people in poverty, including all those of working age.

The broader targeting of the main Swedish and Polish social assistance provisions for people of working age coexisted (and coexists) with considerable scope for social

workers - who are involved in the local of the administration of social assistance in both countries - to apply discretion in making decisions on granting of benefits. This leads to substantial variation in treatment even between claimants making applications for financial support in the same locality (Angelin *et al.*, 2013; Kozek *et al.*, 2013). This contrasts with the situation in Germany and the UK, where the eligibility requirements of different benefit provisions are specified in far greater detail in law, and benefits were traditionally delivered automatically by the relevant authorities. In the context of the shift to enhanced conditionality in social assistance this habitually more rights-based approach to social assistance has however been qualified by the scope for interpretation that local agents of the PES (personal or claimant advisors) – who now administer most working age benefits in both countries – have to interpret respect of individual claimant contracts, the signature of which is obligatory for claimants of most working-age benefits. Social workers in Poland and Sweden also today frequently use instruments such as ‘individual action plans’ or ‘social contracts’ to manage benefit conditionality within social assistance, though this is not mandatory.

A number of data sources have been developed in recent years that allow the level of minimum income benefits to be compared cross-nationally, whether relative to wages or to average household incomes. Findings tend to be highly sensitive to indicator construction, underlying assumptions and data collection procedures. Inclusion or exclusion of housing costs makes an enormous differences to the generosity of minimum income (while posing significant methodological problems for cross-national comparison), and benefit levels are more generous in most countries for certain household types than others. Reviewing evidence across a range of different indicators for the year 2007, Bahle *et al* (2011: 165-) conclude that benefit levels are rather similar in Germany, Sweden and the United Kingdom, considerably less generous than in countries such as Belgium, Denmark, Ireland and the Netherlands, but rather more so than the less generous systems in the European context. Poland, where minimum income benefits are particularly modest relative to average wages, is among the latter group, making it the outlier of the four cases. It is noteworthy that in certain comparative data that uses Milan as a proxy for the Italian system the level of minimum income benefits in Italy comes out as one of the most generous in Europe,

though Milan is an atypical case and many local areas have no minimum income provision at all.

3.2.3 The governance of minimum income provision in context

In the mid-2000s there was considerable variation across the cases in the governance of minimum income protection. At one extreme sits the case of the UK, where minimum income benefits are financed out of central taxation and delivered by the local office of a central government agency, Jobcentre Plus (JCP). At the other is the case of Sweden, where reflecting a strong tradition of decentralisation in the social policy sphere minimum income protection is entirely financed out of local (municipal) taxation and locally designed and delivered, albeit within a framework of national regulation. Germany and Poland both exhibited mixed systems, in which central and local governments play a role in financing and delivery. In Germany ALG II is financed out of national taxation, but delivered either by Jobcenters that are cooperative ventures between the Federal Employment Agency and municipalities or alternatively, in some 108 cases, by entirely municipally-run bodies. In Poland, central government finances the guaranteed part of the temporary allowance, which is delivered by the lowest-level local authorities (*gminas*), who can also eventually supplement the financial envelope from their own resources.

Germany showed arguably the highest level of integration between relevant benefits and services on the level of delivery, with the joint federal-municipal Jobcenters in principle acting as one-stop-shop points of entry for claimants to benefits and labour market support (largely funded by federal budgets) and social services (largely funded by the municipalities financial contributions). In those localities where the municipalities alone deliver ALG II parallel systems of employment services however continue to exist for 'regular' jobseekers on the one hand and for recipients of minimum income provision on the other. In each of Sweden, Poland and the UK, the delivery of benefits, labour market support and social services was in some way also disarticulated. In Sweden, social assistance and social services are municipal responsibilities under the loose supervision of the Ministry of Health and Social Affairs, while labour market policy, including the organisation of the PES, is a national responsibility discharged by the Ministry of Employment. While local level

cooperation between local social assistance offices and the local PES has developed in some Swedish cities, there is no national framework for cooperation across the divide between social and labour market support. In Poland social assistance and social services were organised and delivered at the lowest-level of local government, while the PES is organised at a higher territorial level (*poviat*). Here too an overarching framework for cooperation between the actors is largely absent, though experimentation with information exchange has developed in recent years (cf. *infra*). The UK, finally, has a one-stop-shop approach through JCP, but it is one that is largely limited to the delivery of benefits and labour market policies, both of which are nationally regulated. Social services in the UK are however organised and delivered by local authorities using resources from central government or, in Scotland and Wales, from the devolved administrations of these countries. In this sense the organisational divide between labour market and social support is as if not more pronounced than in Sweden, but in the British case minimum income benefits are integrated in labour market support, and in the Swedish in social support. A further aspect of organisational disarticulation in the British case was the tax credit system for working people with low incomes, which was quite deliberately designed as separate from other areas of social and labour market policies, and managed and delivered directly through the UK Ministry of Finance (Treasury) and its executive tax collection agencies. In Italy, finally, although general minimum income provision, active labour market policy and social services have all been regional competences since the constitutional reform of 2001, social services and (where they existed) minimum income benefits were delivered by municipalities, while the PES was organised on a provincial level. Various categorical means-tested benefits were also provided by the state agency INPS, which was poorly coordinated with other relevant agencies (Madama *et al.*, 2013: 45-46).

The UK and Sweden once again represent contrasting cases on the issue of the involvement of private or voluntary sector providers in the delivery of services to poor people. In the UK principles of marketization and contracting out were already strong in both the social services and the labour market policy support in the mid-2000s, though the central enforcement of such approaches had somewhat weakened in the social services field over the previous decade while greatly strengthening in the labour market support field. In Sweden, by contrast, a tradition of public provision

remained strong in both areas, and even non-profit or voluntary sector providers played a marginal role in service delivery. In Germany the historic role of (often religiously affiliated) Free Welfare Associations in the provision of social and labour market policies endured, alongside direct municipal provision of social services and a growing involvement of private companies in delivering labour market support. In Poland and Italy possibilities for contracting existed, but approaches varied from locality to locality in the framework of considerable local-level autonomy.

4. The Dynamics of Active Inclusion: Comparing Reform Trajectories

The EU's Active Inclusion agenda is intended to act as an impetus for member states to adopt reforms to their extremely different existing minimum income policies, better aligning them on the twin goals of poverty reduction and employment promotion. Since the initiative was launched in 2006 there have indeed been a plethora of significant reforms to minimum income in some of the cases under analysis here. In others, however, minimum income protection has been a site of very little explicit reform activity on the national level. Between these extremes, a third reform trajectory has seen significant innovations in the field of minimum income protection launched, but struggle to achieve widespread political backing and solid institutionalisation (section 4.1). The different reform trajectories witnessed across these five different cases help to isolate some of the most significant domestic political and institutional determinants of the difficult development of employment oriented minimum-income provision in contemporary Europe (section 4.2). These have certainly been more influential in shaping policy development than the actions of the EU, which despite limited formal influence in recent times has nonetheless stimulated debates and empowered reformist actors in some cases (section 4.3).

4.1 Minimum Income Protection Reforms in Five European Countries since 2006

4.1.1 Perpetual motion: The British and German cases

At reform one extreme of the spectrum of minimum income protection reform activism in Europe are the cases of Germany and the UK. Immediately prior to the period under analysis here Germany had adopted an extremely significant – and in

most respects path-breaking – change in its minimum income provision with the introduction in 2005 of ALG II in the fourth act of the so-called Hartz reforms (Fleckenstein, 2013). ALG II replaced the pre-existing unemployment assistance, which was a sort of insurance-assistance hybrid benefit for the long-term unemployed, while also absorbing the vast majority of the caseload of the municipally-run social assistance scheme *Sozialhilfe*. It also introduced a far stronger emphasis on activation than under the pre-existing systems. While such a major systemic reform might have been expected to usher in a period of stability, it has on the contrary been the catalyst for a number of subsequent changes that have sought to fine-tune the new benefit system. In the UK, minimum income protection reform has also been shaped by the objective of extending ever-further the reach, and attempting to enhance the effectiveness, of the activation (or ‘welfare-to-work’) agenda that had been championed by the Labour party since its return to office in 1997 after eighteen years in opposition. Despite the radically changed context that the economic crisis has generated, these efforts have if anything intensified since the election of a Conservative-Liberal coalition in 2010, who have described their sweeping reforms to minimum income protection with the introduction of so-called Universal Credit as “the most significant change to the welfare system since the Beveridge reforms of 1947” (Cm 7957, 2010: 58).

A first theme in the recent German reforms has been reinforcing the activation approach in minimum income protection that was central to the creation of ALGII (Petzold, 2013: 41). The 2006 Act on Development of ALG II made placement a standard service for every recipient of ALGII, and also strengthened sanctions so that benefits could be reduced by 60% for refusal to take up reasonable employment, or even totally for repeat refusals. In 2009 the so-called Labour Market Instruments Reorientation Act then increased claimant’s obligations to take up employment yet further, while simultaneously modifying the balance of different approaches to labour market programme provision, increasing access to vocational training measures but reducing funding for direct public job creation considerably (*ibid.*: 44). A further law (with the same title) in 2012 sought to enhance yet further the scope for local flexibility in tailoring the use of activation measures to individual needs and circumstances. While this has been perceived as in principle being an advance on the pre-existing legislative framework, the substantial cuts in funding for activation

measures that have accompanied these laws have been criticised for undermining their potential (*ibid*: 47), and the frequent changes in the legal framework are felt to be somewhat disruptive for local actors (cf. *infra*).

A second major focus of recent reform in Germany has been the governance and delivery of ALG II. It had been the original intention of the Red-Green coalition in office at the time of the Hartz IV reforms that ALG II would be delivered by the German PES, under the auspices of the Federal Employment Agency (*Bundesagentur für Arbeit*, BA). To appease opposition from the municipalities and the Christian Democrats then in opposition, a compromise was instead adopted whereby ALG II would instead be delivered through new Jobcenters established by federal-municipal cooperation. As early as 2007 the German Constitutional Court judged that this mixed model of administration was in fact unconstitutional, and following their election in 2009 the Christian Democrat-Liberal coalition government was obliged to place the delivery system on a legal footing. Due to the political sensitivities of attempts to clarify the role of, and relationship between, federal and municipal institutions in the delivery structure, however, it ultimately proved easier to modify the German Constitution to make the existing compromise solution lawful. As part of the same political deal it was agreed to increase the number of cases in which municipalities were authorised to organise local delivery agencies independently of the BA, which constituted a certain decentralisation of the delivery system, but driven by political rather than efficiency considerations.

The Constitutional Court made a second intrusion into the politics of minimum income reform in Germany in this period. In 2010 the judges decreed that the existing method of defining so-called standard rates for minimum income benefit was unconstitutional as it was insufficiently transparent. The centre-right coalition government was therefore obliged to introduce new procedures, which it did with a law in 2011. The effect was to increase the amount of ALG II by around 6.5% over three years, partially offsetting cuts that had been made through the introduction of more stringent means-tests in 2007. Another important consequence of the Constitutional Court's decision was to reaffirm the solid legal institutionalisation of German MIP in the noting of the 'fundamental right to the guarantee of a subsistence minimum' in the German Basic Law.

In the UK, the first significant reform of the period under analysis came in the 2007 Welfare Reform Act, which was enacted in the last days of the Blair premiership before his replacement as Prime Minister by Gordon Brown. Based on an ambitious target of increasing the employment rate to 80 percent of the working-age population, the main intention of the act was to extend the reach of the demanding activation approach – based on strict conditionality backed up by sanctions – that had long been applied to minimum income benefits for the unemployed (JSA-I) to other groups of non-employed claimants, specifically single parents and recipients of disability related benefits. The law announced that many of the former group were to be gradually ‘migrated’ from the general minimum income scheme Income Support to JSA-I, through progressive reductions in the age of the youngest child at which a single-parents was deemed to be exempt from job-search requirements. Under the plans announced in 2007 the age of the youngest child that would result in exemption from job search would be reduced from 16 to 12 as of November 2008, and from 12 to 7 as of October 2010. Before the last of these changes had even been implemented, the Conservative-Liberal coalition elected in 2010 announced in its ‘emergency budget’ that with immediate effect all single parents except those with children aged 5 or less would be considered as unemployed, and subject to the job-search regime associated with JSA-I. As regards disability-related benefits, the 2007 Act legislated the creation of a new minimum income benefit for disabled claimants, who had previously also been eligible to claim general Income Support. The new income-related Employment and Support Allowance (ESA-I) requires all claimants to undergo a so-called ‘Work Related Capability Assessment’, depending on the results of which they will be either deemed capable of work and transferred to JSA-I, or placed in one of two groups. In one of these groups (the ‘work related activity group’), and unlike under Income Support, claimants would despite an acknowledged level of incapacity for work be required to attend mandatory ‘work-focused interviews’ at JCP, or risk benefit sanctions.

Though the logic of these reforms was to draw ever more working-age benefit claimants into work-focused benefits with conditionality requirements, the Labour government stopped short of creating a single minimum income benefit for all people deemed capable of (some) work, apparently put off by the financial as well as

political transition costs such a move would entail (Goerne and Clegg, 2013: 50). However, after its election in 2010 the Conservative-Liberal coalition announced its intention to enact precisely such a reform, and introduce a single benefit – Universal Credit (UC) – to replace all existing means-tested benefits for people of working age, including JSA-I, ESA-I and Income Support, but also WTC and other tax credits paid to supplement the incomes of households with low earnings from work. The stated intention of UC, which was enacted in the Welfare Reform Act 2012 and will (in principle) be fully implemented by 2017, was essentially to strengthen work incentives through the introduction of a single taper (the rate at which benefits are removed as income rises) across different means-tested benefits. However, the still steep withdrawal rate of 65% that – not least due to attempts to limit the costs of UC – ultimately been settled upon will according to estimates actually worsen marginal tax rates for more existing recipients of benefits or tax credits (1.8 million) than it will improve them for (1.7 million) (Brewer *et al.*, 2011). On average, claimants of existing out-of-work benefits will have improved incentives to work, but those already in-work and currently receiving tax credits will face greater disincentives to increase their hours (or for a potential second earner to enter employment). As UC both abolishes the minimum hours of work eligibility requirement that existed under the tax credit regime and in some cases aggravates the ‘hours trap’ of limited incentives to earn more, it runs the risk of simultaneously facilitating and locking people into very low-earning employment relationships.

What UC cannot do through the ‘carrot’ of improved financial incentives it will try to do through the ‘stick’ of enhanced conditionality. UC will have four ‘conditionality levels’, three of which – ‘full conditionality’, ‘work preparation’ and ‘no conditionality’ – closely mirror conditions that under the pre-existing system attached to JSA-I, ESA-I-work related activity group and ESA-support group/Income Support respectively. An intermediate level between no conditionality and work preparation, known as ‘keeping in touch with the labour market’, will be introduced for lone parents with children aged under-5, which will oblige them to attend periodic interviews to discuss future work plans. Conditionality is also being extended to both adults in a couple, including for couples with children; each adult in a claiming household will be given a conditionality level based on an assessment of their individual circumstances. Conditionality will furthermore now apply up to an income

threshold, meaning that some people in work but with earnings below this threshold will be obliged to seek increased hours, in their existing job or if this is not possible in alternative employment. Such ‘in-work conditionality’ represents a new frontier in UK approaches to activation, and gives recipients of in-work benefits an administrative status that is far more similar to non-working claimants, precisely something the pre-existing tax credit regime had attempted to avoid.

The second dimension of the recent reform agenda in UK minimum income policy has been in the redesign of ALMP provision, and especially its delivery. Here too the logic of reform has been similar under governments of both right and left. The Flexible New Deal (FND), which was introduced in selected areas of the UK in April 2009 and was programmed to be rolled-out fully from April 2010, represented a substantial extension of quasi-market principles in UK labour market policy. It introduced a results-based-payments system for providers who would compete for contracts, as well as a so-called ‘black box’ approach to delivery which specified certain minimum service standards but left to providers how to organise packages of interventions beyond these.

Just after the commencement of the planned roll-out of FND, the incoming Coalition government however announced that it was to be replaced, due to a number of perceived flaws in its design and operation, notably ‘over-specification’ of services by government and poor incentives for providers to perform. The replacement Work Programme (WP) seeks to address these supposed weaknesses by going yet further in the direction of marketization. WP has a payment model for providers that is far more heavily loaded on job outcomes than under FND, with an initial ‘attachment payment’ – the automatic payment for referral to the programme from JCP - of only between 4 and 12% of the total available payment, depending on the claimant group involved, and the remainder relying on provider performance. The maximum payment will only be received by a provider if a person who is referred remains in employment for fully two years. Providers thus carry far more of the risk of programme failure than under FND, and even if they meet target outcomes must wait much longer for the full payment, suggesting the need to be able to raise capital from other parts of their business or in the market to finance operations. There are furthermore no national minimum service standards for the WP, meaning what goes on in the ‘black box’ of

provision is almost totally at the discretion of providers. The WP is moreover meant to do more than the schemes it replaces for a smaller investment; it is supposed to handle between 1 and 1.5 million claimants for an annual cost to the state of £650 million, compared to between 0.75 and 1.1 million claimants for a cost of £786 million under previous arrangements. WP providers thus have both the need and the opportunity to put together services that have maximum impact for minimum cost.

In relation to the above, a final theme in recent UK reforms, particularly since the 2010 election of the Coalition government that has promised to reduce the UK's public deficits through stringent austerity measures, has been substantial cuts to a range of benefits and services. On the benefit side, recent changes have reduced support for childcare through the tax credit system and reduced housing benefits for tenants living in larger homes through the introduction of an under-occupancy penalty that has come to be popularly known in the UK as the 'bedroom tax'. Perhaps most controversially, the 2012 Welfare Reform Act also introduced a so-called benefit cap, limiting the amount of benefits that any household can receive in a given week. This populist measure is striking in that it will particularly affect large families, and thus marks a definitive abandonment of the more generous approach to issues of child poverty that prevailed under New Labour (Goerne and Clegg, 2013: 54). As well as ALMPs, social services have also faced swingeing cuts in recent years; local governments, who fund social services through their grants from central government, are the part of the public sector facing that has been hardest hit by the UK government's unprecedented austerity programme (Taylor-Gooby, 2012).

The British picture is somewhat complicated by the existence of a number of other 'national' levels of government, given the substantial power devolved to elected governments in Scotland and Wales. In Scotland, the government has since 2007 been led by a Scottish Nationalist Party (SNP) which is fundamentally at odds with the social and economic policy approach of Westminster governments, especially since the election of the Coalition in 2010. While the Scottish government has relatively few official policy levers in the minimum income protection field – benefit provision and ALMP being formally reserved Westminster competencies – it has used the means at its disposal to pursue alternative policy approaches, for example in attempting to shield Scottish local authorities, which it finances through its block

grant from the UK government, from some of the recent Westminster cuts. Even under the previous Labour-led administration, Scotland had followed a somewhat distinctive policy approach from the also then Labour-led government in London. One illustration are the innovative local planning structures called Community Planning Partnerships (CPPs) that we introduced across Scotland in 2003, and that seek among other things to organise the cooperation of national and local agencies involved in the fight against poverty on the ground, offering a very different model for improving performance than the market-led approach to ‘modernising government’ that prevailed in London (Goerne and Clegg, 2013: 70).

The quantity of reform activity in Germany and, especially, the UK in the field of minimum income protection for working-age people since 2006 is impressive. Scottish exceptionalism aside, the quality of reform is also similar across the two national cases: alongside some significant cuts (in ALMP budgets in Germany; in benefit rights and budgets for all kinds of services in the UK) efforts have concentrated on relentlessly fine-tuning the settings and instruments of a policy approach that focuses on employment promotion above all else, an ultimate objective that is not strongly contested by any party of government. The ‘permanent revolution’ around the precise design and delivery parameters of employment oriented minimum income in the two countries has not, however, necessarily led to marked improvements in policy performance. On the contrary, respondents in both countries complain of the ‘friction losses’ resulting from reform ‘hyperactivity’ (Petzold, 2013: 48; Goerne and Clegg, 2013: 66). In the UK, the introduction of UC is an enormous undertaking that is absorbing massive amounts of human and financial resources, without certainty that the projected pay-offs will ever actually materialise. In Germany, similarly, Hartz IV appears to one respondent to be “a system which is very much absorbed by itself ... [with] ... constant changes in law and management but no real progress” (cited in Petzold, 2013: 46).

4.1.2 Standing (largely) pat: The Polish and Swedish cases

By contrast to Germany and the UK, the story of minimum income protection reform in Poland and Sweden since 2006 is quickly told. In effect, these two countries find themselves at the opposite end of the spectrum of reform activism in Europe, and

have introduced basically no very significant national-level changes in this field in the last five years.

It is true that in Poland, like in Germany, a significant reform to minimum income provision was introduced just prior to the period under analysis here (Kozek *et al.*, 2013: 30-32). The 2004 Act on Social Assistance considerably simplified the minimum income protection system, notably by separating social assistance from family benefits. It furthermore for the first time introduced a quasi-guaranteed minimum income in Polish law, with a part of the temporary allowance becoming a guaranteed payment, financed by the central state, for anyone meeting the eligibility criteria. This guaranteed part of the benefit was initially established at 20% of the gap between a single-person's resources and the legal poverty line, but designed to rise to 50% by 2008. Furthermore, the same act introduced so-called social contracts, which social workers administering temporary allowance could henceforth use to offer support conditionally. Finally, a law introduced in the same year created the possibility for local authorities and voluntary organisations to establish 'Centres' and 'Clubs' of Social Inclusion, the former offering services to recipients of minimum income with the most complex social problems (addiction, homelessness, mental illness etc.), and the latter providing assistance in job search and other forms of counselling to signatories of social contracts.

In contrast to Germany, though, this major change to the structure of minimum income protection has not initiated a period of continuous subsequent structural reforms. One explanation is the fairly significant budget deficits that Poland has experienced since 2008, despite relatively steady economic growth (see Table 1 above). This has strengthened the hand of the Ministry of Finance, which has always been strong in post-transition Polish governments, yet further, and led to an overriding focus on austerity. This has resulted for example in the decision to delay the uprating of the income thresholds for social assistance and family benefits, as well as significant cuts in the Labour Fund out of which ALMP and unemployment benefits are financed. Another explanation is the influence on the current centre-right government of employers, who believe that unemployment benefits and minimum income provisions are 'too high', because their level is not distant enough from the minimum wage. Employer influence also appears behind currently discussed plans to

overhaul the public employment service, including through greater involvement of private sector entities in labour market intermediation (*ibid*: 44-46).

To the extent there has been change in Polish minimum income protection in recent years, it has been in reinforcing benefit conditionality, through obligations for the social assistance offices to share information with the PES to allow the latter to more effectively monitor social assistance claimants, and through changes to the sanctions regime to make non-participation in ALMP a possible reason for suspending social assistance benefits. However these changes mark an adaptation rather than a major change to the pre-existing policy framework, and have not been accompanied with major institutional or organisational upheavals.

Sweden offers a perhaps even more striking case of limited recent reform activism in the field of social assistance than Poland. Respondents noted a “general political disinterest in issues related to social assistance in [Swedish] government circles” (Angelin *et al.*, 2013: 31). The last national reforms of social assistance in Sweden date back to 2001, and introduced only minor changes in the Social Services Act of 1990, for example the reintroduction of an individual right of appeal against municipal decisions on granting social assistance. An intensive reform debate around social assistance has not been visible in Sweden since the mid-1990s, when social assistance caseloads rose to around 8% of the population in the wake of the severe recession of the early 1990s. In the last decade caseloads have by contrast been stable at around 4-5% of the population, albeit with a significant increase in 2009-10 as the effects of the global economic crisis became visible in Sweden. This increased the cost of social assistance for municipalities, but without this becoming a major stimulus for reform debates as it did in the 1990s (*ibid.*: 30). Voluntary organisations who seek to raise the profile of poverty issues, such as EAPN, have seen their influence rather diminish in recent years.

In some respects the absence of a serious debate around social assistance policy in Sweden is paradoxical. Respondents report “massive coordination problems both within different national government departments and between authorities and organizations involved in poverty-related policies at local levels” (*ibid*: 25), and the issue of coordination deficits between local social welfare offices and the Swedish

PES has been constantly debated by specialists in particular. In 2005 the then Social Democratic government did in fact establish a reform Commission, entitled From Social Assistance to Work, to develop new proposals for reform to the social assistance system to improve its employment promotion function in particular. However, following the election of the Centre-Conservative coalition the Commission's focus on minimum income issues was explicitly dropped, and reform energies have instead been focused on labour market policy in general, as well as on unemployment and sickness insurance.

4.1.3 Constrained innovation: The Italian case

Unlike in Poland and Sweden, the issue of minimum income protection reform has been considerably debated by political actors in Italy in recent years. However, although a number of concrete reforms have been introduced, these have mainly taken the form of pilot projects that have failed to achieve substantial institutionalisation, not least due to frequent changes in governments.

The Italian reform trajectory is well illustrated through the history of the 'Social Card' (*Carta Acquisti*), which has seen a number of iterations in the last five years. The measure was first introduced by the centre-right Berlusconi government in the summer of 2008 as an emergency response to the economic crisis. Although the principal target was initially pensioner households, the measure was extended to all households with children under the age of 3. Subject to strict means tests, the Social Card provides households with a flat-rate €40 per month in the form of a pre-charged payment card that can be used with agreed retailers. Adding to its charitable feel, the measure is financed from a fund that is open to charitable donations. No conditionality requirements were attached to the use of the card, and it was managed by the national social insurance institute, explicitly bypassing local authorities and municipalities (Madama *et al.*, 2013: 36).

Though modest, the Social Card had the effect of reinvigorating the national-level debate on the need for better minimum income protection in Italy, which had been somewhat stifled since the end of the minimum income pilots in the early 2000s. In 2009 the centre-left Democratic Party introduced a legislative proposal for a fully-

fledged active inclusion minimum income scheme, though the bill was never discussed in committee or Parliament. More pragmatically, ACLI, an association with close links to the Christian trade union confederation CISL put forward a proposition to extend and enrich the Social Card, on the one hand by increasing its generosity and enlarging its target population, and on the other by attaching other social inclusion measures to it. Though the scheme was rejected by the centre-right government as too costly, in late 2010 they to an extent aligned on its logic by proposing a ‘New Social Card’ as a pilot project in a number of large Italian municipalities. The New Social Card was to combine a cash transfer with social inclusion activities detailed in an individual pact or agreement. Under the plan it would be managed and delivered on the ground not by municipalities but by charities, who would have a large leeway in selecting beneficiaries and designing social inclusion measures. The measure was voted into law, but its implementation was prevented by the fall of the Berlusconi government in 2011 (*ibid*: 36-37).

Following the arrival in office of the technocratic government led by Mario Monti late in 2011, the New Social Card idea was taken up again, but taken in a fundamentally different direction. The implementation of the original New Social Card was abandoned, and a new measure – called the ‘New Social Card_2.0’ – was designed. Inspired by the ACLI proposal, his measure is no longer categorical, but targeted instead on the basis of low income alone; it is considerably more generous than the Social Card, providing up to €231 per month to a 2 person household, and more for larger households; it provides a mix of cash transfers and access to social and employment services; it is conditional on a pact that binds all members of the beneficiary household; and it involves a large role for both municipalities and third sector organisations in the delivery (*ibid*: 37-38). The measure is currently being (once again) piloted in the 12 major municipalities. In 2012, it was also proposed to extend the pilot project to four Southern regions. However, some of them refused the invitation to participate in an extended pilot, preferring to maintain local control over MIP policies⁵. The generalisation of the measure to the entire national territory will depend on a rigorous evaluation procedure that is accompanying the pilot, but more

⁵ In 2013 it was however decided to extend the pilot to 8 Southern regions, who this time have agreed to participate.

importantly no doubt on the orientations of the new Italian government on who its ultimate fate depends.

Besides the long story of the Social Cards, a second theme in recent debates on minimum income protection in Italy has been the reform of the basis for eligibility to means-tested benefits, the Equivalent Economic Status Indicator (ISEE). Under the centre-right government the Treasury minister drafted a proposal to make social assistance more 'effective' by reforming the income basis of the means-test to include social benefits and tax exemptions, give a greater weight to assets and include all household income rather than only personal incomes. Justified as a measure to improve the target efficiency of benefits, in reality it appears to have been motivated by cost considerations, as the new system was projected to save €4 billion in 2012 and €20 billion from 2014 (*ibid*: 40). The bill faced stiff opposition from unions, associations and experts, and was dropped by the incoming technocratic government. The latter however continued work on the reform of ISEE, and following a period of consultation with various stakeholders a decree was ready to be enacted by October 2012. However, the Constitutional Court ruled that due to the non-involvement of the regions the procedure for defining the new ISEE had been unconstitutional. When the decree was put to the State-Regions conference in January 2013 it was then blocked due to the opposition of the Lombardy region, which had launched its own indicator in 2012. Unable to overcome these multiple institutional and political hurdles, and with a change of national government looming, the reform was put on hold.

Under the terms of the 2001 constitutional reform the organisation of social assistance and social and employment services are a regional competence, though they rely to a certain extent for this on budgetary transfers from central government. These funds were increased in the period of centre-left government from 2006 to 2008, but have declined sharply since then, in part as an effect of fiscal consolidation efforts, but also because of the strongly stated belief of the centre-right Berlusconi government in subsidiarity principles, and the desire to reduce state involvement in favour of the efforts of families and civil society organisations. Budget cuts notwithstanding a number of Italian regions have continued in the period under analysis to develop regional minimum income schemes, pursuing very different programmatic approaches that often reflect the composition and ideology of regional governments (*ibid*: 67-69).

4.2 The Politics of Minimum Income Protection Reform in Action

While these five countries have had very different trajectories of minimum income reform since 2006, their reform experiences can help to better understand the key political and institutional factors that are shaping and constraining the development of Active Inclusion in the European context.

Engaging with arguments about the partisan dynamics of minimum income reform through analysis of these cases in this time period is, it is true, to an extent difficult. With a few notable exceptions (Denmark, France) the centre-right has been in the electoral ascendancy across Europe for much of the period under analysis here, including in these five countries (see figure 13). Centre-left led governments were in power in Italy (until 2008) and the UK (until 2010) for part of the period, and the German Social Democrats shared power with the Christian Democrats in a Grand Coalition in Germany until 2009. Otherwise, save for an interlude of nearly 18 months of ‘technocratic’ government in Italy from November 2011, the governments of these countries have been led largely by parties of the centre-right across the entire period. The periods of centre-left governance in Italy and in the UK up to 2008 were also characterised by a distinctly more favourable economic context, making it difficult to compare them directly with the later periods of policy reform.

Figure 13 Partisan Composition of National Governments, 2006-2013

	2006	2007	2008	2009	2010	2011	2012	2013
Germany	Purple			Light Blue				
Italy	Red			Light Blue			Grey	Purple
Poland	Dark Blue		Light Blue					
Sweden	Red	Light Blue				Light Blue		
UK	Red				Light Blue			

Coding: Red = Centre-left; Light Blue = Centre-right; Dark Blue = Conservative; Purple = Grand Coalition; Grey = Technocratic

Nonetheless, there is little in the debates around minimum income protection in most of these countries that indicates stark partisan differences, whether ‘classic’ or

‘reversed’, over this policy area. In Germany and the UK, reforms recently adopted by centre-right governments have continued and amplified a logic of policy development that was initiated by their social democratic predecessors. While the Hartz IV reforms have been the focal point for considerable opposition in Germany, these are expressed forcefully only by smaller parties, such as The Left Party and the Greens (Petzold, 2013: 34-35). The current centre-right led UK government’s broader austerity programme has certainly come in for criticism from the opposition Labour Party, but the latter has not articulated any alternative programmatic vision for minimum income benefits and their reform (and indeed had been considering plans similar to the current government’s UC in the years before their election defeat in 2010). More marginal voices on the left, such as the trades unions, in fact see the previous Labour administration’s as “responsible for a lot of the shift in public opinion to a harsher view of social security” (cited in Goerne and Clegg, 2013: 44).

A consensus of a different kind appears to be present in Sweden, where social assistance does not have a high priority in the reform programmes of either main party. In opposition, the Social Democrats under Mona Sahlin did try to initiate a debate on targets for poverty reduction that included, among other things, a promise to lower than number of children living on social assistance by 50,000, and the overall social assistance caseload by 25%, by 2015. However, when Sahlin was replaced as party not long after the defeat of the SAP in the 2010 elections the theme was sidelined by the party (Angelin *et al*, 2013: 30). In Poland, the opposition parties and the trade unions are critical of the government’s overall approach to social policy, and especially the emphasis on promoting employment over any consideration of the improvement of social benefits (Kozek *et al*, 2013: 44). But when last in office the Polish left itself fell short of fully institutionalising a guaranteed minimum income protection scheme, despite overhauling the minimum income protection system.

In Italy, there is *prima facie* evidence of substantial left-right disagreement over minimum income protection; for example, the Social Cards proposed by centre-right governments articulated a very specific view of social assistance (e.g. very modest benefit levels, a considerable role for charitable providers) and were very negatively appraised by critics on the centre-left. However, much of the political conflict between parties in the field of MIP in Italy revolved around the political reactivation

of two older cleavages of church versus state and centre versus periphery, which were to a large extent subsumed by the classic centre-left cleavage (Madama et al, 2013: 63-66). The centre-right parties in Italy have in the since the late 1990s increasingly become the custodians of the traditional Christian Democratic themes of subsidiarity, Christian charity and the centrality of the role of the family in welfare provision, while those on the left have embraced a more secular understanding of the potential of social rights. At the same time, the pivotal importance of the federalist/regionalist Northern League (LN) party in centre-right coalition formation since the mid-1990s has resulted in its advocacy of territorial rescaling shaping the policy platforms of the entire Italian centre-right. Partisan conflict around minimum income protection in Italy is thus to a large extent the result of the politicization of non-class cleavages around themes that minimum income protection reform touches, which were overall integrated in the classic right-left divide. To a lesser extent the impact of these same cleavages can also be seen in residual cross-party disputes over minimum income reform elsewhere, such as in the disagreement between the SPD and the CDU in Germany over the appropriate territorial level for the administration of ALG II, or on the oppositional stance adopted by the SNP in Scotland towards the Westminster government's welfare reform agenda.

There is also little evidence from these cases that would confirm the hypothesis that more encompassing welfare states contexts are likely to see less negative popular attitudes to poor people/social assistance claimants, and as a result adopt more generous or expansive reforms of minimum income protection. In Sweden, the country with by far the lowest share of means-tested benefits among all provision for people of working-age (see Figure 10, right panel), respondents reported strong and widespread popular suspicions of 'scrounging' among social assistance claimants, who are "seen as 'bandits' stealing from us ... people with jobs" (cited in Anglein *et al.*, 2013: 29). At the same time, the commitment of the major political parties to the universal welfare state edifice tends to result in a sort of political neglect of the problems facing those reliant on the last safety net, even if it may uphold other policies from which those people benefit (e.g. universal childcare). In this sense the situation in Germany and the UK is arguably more favourable, as the sheer scale of minimum income provision in all provision for people of working age ensures that it is permanently high on political and policy agendas. While attitudes to poor people in

Germany and the UK are not necessarily more generous than elsewhere, there is even a sense that the problems of working-age poverty are understood more structurally – specifically, in relation to the working and operation of the benefit system itself – than in Sweden or indeed Poland, where problems are more systematically ‘individualised’.

Policy feedbacks more related to the pre-existing design and organisation of minimum income policy itself play a role in the politics of Active Inclusion, but one which should not be overstated. Rather than strictly limiting reform options and choices, many features of pre-existing policy arrangements have themselves become objects of reform activity. In the UK, for example, the high categorical differentiation in the structure of benefits for different claimant groups of working age – with separate minimum income benefits for single parents, the unemployed and the working poor – has not resulted in differential treatment of these groups in recent reforms, but on the contrary been one of the major targets of the recent UK reform agenda, where the introduction of UC will eradicate many of these differences of treatment (in terms of benefit levels and conditionality) definitively. The previously distinct status of single parents and people in work but in receipt of minimum income benefits has perhaps focused attention on the impact of the introduction of UC for these groups, but it has not prevented a reform which will see them increasingly treated in an identical manner to unemployed claimants. Across all the cases, in fact, the strong focus on unemployment or more generally worklessness in the popular policy debate has structured the way policy problems are perceived and solutions envisaged, very much to the detriment of any consideration of the specific needs and situations of those with family responsibilities and/or those already in work but still poor. In the words of a British respondent, but which seems to apply to other cases, there is a clear sense that “the political debate sticks with the long-term unemployed” (cited in Goerne and Clegg, 2013: 44).

Elements of path dependence do however constrain minimum income reforms. The scale of the UK minimum income protection system for working age people has for example led to an increasingly uniform and automatic approach to benefit provision developing over time, and a resulting loss of capacity within the UK benefit administration for more personalised and discretionary approaches to social

assistance. Even if UK governments wanted to return to more discretionary approaches to needs assessment, it is unlikely they would have the human resources to deliver it (*ibid.*: 61). A parallel path appears to be being established in Germany, where the Free Welfare Associations (FWAs) complain about the limited capacity of the majority of staff (personal advisers) in the new Jobcenters to conduct effective individualised needs assessment, as task for which they are not qualified (Petzold, 2013: 66). However the strong institutionalisation of the FWAs in traditional German social assistance provision also means that they remain influential voices in the policy debate and are well positioned to advocate reforms – such as greater decentralisation and flexibility of the ALG II delivery regime - that may prevent these problems from escalating further.

A factor that emerges as very important in shaping minimum income protection reform across all the cases is central-local relations. In Sweden, where social assistance is an established municipal competence and there is a strong tradition of decentralisation in welfare provision, there seems to be a certain foreclosing of a truly national debate on social assistance provision, which governments are happy to leave to the municipalities (Angelin *et al.*, 2013: 31). This is despite the fact that this position precludes *ex ante* any systematic consideration of the interface between national provision (for example in the area of labour market policy) and decentralised minimum income. In the UK, extreme centralisation and traditionally poor relations between central and local government have complicated attempts to encourage local partnership working, and made the joining-up of locally planned social services with nationally planned benefit and employment policies difficult, despite some pilot initiatives (e.g. the so-called City Strategy) (Goerne and Clegg, 2013: 65-66). In Scotland this problem takes on a particular politicised character; although local government is stronger, the Scottish government through which its budget is routed has over time grown increasingly unwilling to support UK policies through the resources it controls on the one hand, and more concerned to develop (and be able to claim credit for) its own clearly distinct policies, on the other (*ibid.*: 68-69). This too has militated against attempts to coordinate national and local policies.

In Germany and Italy ‘competence conflict’ between central and regional/local government has also been considerable, and as discussed above led to the intervention

of the Constitutional Court to question the legality of minimum income protection reforms on a number of occasions in recent years. In the Italian case this has served to constrain policy change, while in the German it resulted in the legalization and perpetuation of an institutionalised central-local compromise on the delivery of ALG II that many respondents perceive as cumbersome and inefficient (Petzold, 2013: 51). In Poland the reworked division of competences between central and local governments in 1999, which was intended to better adjust policy to local needs and circumstances, has resulted in the development of a ‘cost avoidance strategy’ by both central and local government (Kozek *et al.*, 2013: 48-50). Central government have reduced funding for social assistance over time, while the relevant local authorities (*gminas*) have become so afraid of the potential for spiralling costs that they seek all means to limit their social policy expenditure and commitments, including by infrequently complementing the temporary allowance from local resources and lobbying for centrally-decided policies to be subject the local discretion. Across all the cases, rather than a model of problem-driven multi-level cooperation what instead seems to prevail is a logic of cross-level competition, to which the design of policies and delivery systems is usually subordinated.

Horizontal coordination problems between different responsible central government departments was also cited in some cases as an impediment to the development of integrated policies, especially in Sweden (where many respondents complained of a ‘drainpipe’ or silo mentality within government, and a resulting absence of any real commitment to inter-departmental cooperation on policy development) (Angelin *et al.*, 2013: 33-34). In the UK it was observed that any issues that are not clearly ‘owned’ by any traditional central government department, such as in-work poverty, tend to be addressed only in small specialised units that are located between traditional departments, but lack the budget or the teeth to effectively influence policy development (Goerne and Clegg, 2013: 62-63). In a number of cases (Poland, Sweden, the UK) the preponderant influence of the Ministry of Finance in central government level discussions on social policy – reinforced both by the influence of the economic crisis and the structure of EU2020 – was also seen as crucial, and as one

of the key determinants of a strong emphasis on cost-containment in minimum income policy⁶.

4.3 The European Union and Domestic Minimum Income Reform

Overall, the influence of the EU in shaping domestic reforms in the area of minimum income policy appears on the evidence of these five cases to be limited. This view is perhaps predictably most strongly articulated by respondents in the UK, who see the USA or Australia as more relevant sources of policy inspiration in this area for recent UK governments. The UK only welcomes EU social policy initiatives that either ‘fit’ with existing domestic policy orientations, as was the case with child poverty targets in the past, or are sufficiently ‘non prescriptive’ to be compatible with what the UK government is doing, which is how the Active Inclusion recommendation is perceived (Goerne and Clegg, 2013: 72-73). The National Reform Programmes (NRPs) are widely perceived as an exercise in paying ‘lip service’ to the objectives of EU2020, and tend to focus far more on describing existing government policies than tracing reform orientations. This ‘backward looking’ nature of the NRPs was also remarked upon in Germany, where the influence of the EU on minimum income policy development was also judged “totally insignificant” (cited in Petzold, 2013: 52).

This is not to say that EU actions have had no influence at all in this policy field. In Poland, the National Programme for the Preparation of EU Membership in the late 1990s considered EU directive 92/441 on common criteria concerning social assistance, and although a fully guaranteed minimum income was not eventually introduced, the quasi-guaranteed benefit system introduced in 2004 is perceived to have been in part related to EU accession (Kozek *et al.* 2013: 52). Accessing European Social Fund (ESF) resources also played a role in the limited ‘active turn’ in Polish minimum income and benefit policies at this time (*ibid.*). In Sweden the poverty targets in EU2020 are perceived to have at least helped to place poverty somewhat back on the policy agenda and to have given the voluntary sector – which has otherwise seen its influence diminish in recent years (cf. *supra*) – a rare

⁶ Under New Labour the UK Ministry of Finance (the Treasury) played an unusual role in social policy expansion, particularly in the areas of childcare and tax credits, that was very much driven by the Finance Minister Gordon Brown’s competition with Prime Minister Tony Blair. Since the election of the coalition government the Treasury has reverted to its more traditional financial watchdog stance.

opportunity for mobilisation (Angelin *et al.*, 2013: 35-36). It is also reported that the ‘drainpipe’ notwithstanding EU2020 has encouraged greater cooperation across Ministries in Sweden than was the case with the OMC, which was seen as an essentially symbolic exercise.

Perhaps most interesting is the role that EU policies and processes have in some cases played in legitimising the preferences and raising the profile of weak and marginal actors. In Italy the weak centre-left actors relied on EU policy strategies for cognitive resources, and referred to these strategies to legitimise their reform proposals in a generally hostile policy environment (Madama *et al.*, 2013: 65). The Scottish government has since 2011 taken the opportunity of voluntarily preparing its own NRPs, seizing this instrument as an opportunity “to highlight the unique characteristics of Scotland, and the distinct approach we are taking forward within the UK” and “send a strong message about Scotland’s positive engagement with the European Union and to allow us to showcase particular Scottish strengths” (Scottish Government, 2013). In short, the NRPs have offered the Scottish government another instrument in its strategy of differentiation from the UK government. The Scottish government has also taken a distinctively participatory approach to the preparation of its NRPs, organising stakeholder conferences that have helped give voice to third sector and campaign organisations. This is in stark contrast to the situation in England, where previous fora for stakeholder involvement, such as the ‘Social Inclusion Advisory Group’, have been disbanded to save money and streamline the preparation of NRPs (Goerne and Clegg, 2013: 72-76).

5. Varieties of Active Inclusion: Comparing Policy Frameworks

The national reforms since 2006 of these five systems of working-age minimum income protection range from extensive (the UK) to basically non-existent (Sweden). If anything, the differences between the systems are greater today than was even the case at mid-decade, when they already varied considerably on multiple dimensions (see section 3.2 above). To help isolate the key differences between the systems from the perspective of Active Inclusion, however, it is possible to locate them relative to two distinctive ideal types. Using this analytical device, clear differences emerge

between the British and German minimum income systems, on the one hand, and those of Italy, Poland and Sweden, on the other (section 5.1). While systems approximating more to one type almost by definition assure more standardised social citizenship across the national territory than those approximating to the other, it is not clear systems approximating to either type are unambiguously better suited to providing a truly multidimensional approach to tackling poverty among working age people or taking into account the diverse needs of working-age claimants of minimum income protection in contemporary Europe (section 5.2).

5.1. Between Two Approaches to Working-Age Minimum Income Protection

Though it has largely traded on the scrutiny of social insurance, comparative analysis of social assistance or minimum income has not been entirely immune to the effects of the ‘welfare modelling business’ (Abrahamson, 1999), and a number attempts have been made to establish typologies of approaches to minimum income provision in developed countries. A key finding of the best known of these studies (Gough *et al*, 1997; Gough, 2001) is that minimum income protection comes in many more ‘varieties’ than welfare states as a whole are generally considered to do. Using data from 1992 and indicators covering some quantifiable dimensions of minimum income protection (overall expenditure, reciprocity rates, a programme structure index and benefit levels), Gough (2001) found as many as seven distinct types of minimum income for only around twenty developed countries. This typological exercise furthermore did not take into consideration many of the qualitative aspects of minimum income provision – delivery mechanisms, articulation with service provisions etc. – that are particularly central to the Active Inclusion, the integration of which using a strict empiricist approach would presumably be likely to promote further disaggregation.

Instead, the analysis here takes an alternative approach to modelling and comparison, based on the construction of ideal types. These ideal types are grounded in the observation of empirical reality (in this case, minimum income protection for working age people in the five countries under analysis), but abstract from it by selecting and accentuating certain key properties that seem central to contrasting approaches to

minimum income protection in contemporary Europe. These types in turn help to order the comparison of the real minimum income schemes across our five cases, all of which are to a greater or lesser extent hybrids.

In one ideal-typical approach to minimum income protection for people of working age, which can be called ‘minimum income protection as national employment regulation’ (MIP-NER), the key function of minimum income protection is to support the functioning of the (national) labour market by protecting individuals against typical labour market risks. In one sense this can be seen as the absorption of poverty-related policies by unemployment protection (Boget, 2012), but insofar as the typical labour market risks of post-industrial society go beyond unemployment alone (and include, for example, in-work poverty and detachment from the labour market), then the target group for these schemes is rather broader than for traditional unemployment protection systems (cf. Clasen and Clegg, 2011). However these schemes definitively break with the distinction, traditionally strong in some countries, between policies for workers (*Arbeiterpolitik*) and policies for the poor (*Armenpolitik*). As the labour market is a system requiring national regulation in the interests of fair competition, these minimum income protection schemes are also national in their financing and organisation, leaving very limited scope for intra-national variation. They have strong links to active labour market policy, and will be delivered through the institutions and agents of the PES. The panoply of activation instruments – individual action plans, job search requirements and sanctions for non-compliance – that have been developed in the realm of unemployment protection will be systematically applied to all claimants. However, the situation of claimants being understood in relation their labour market position rather than their social characteristics, there will be no role for social work professionals in the management of claimants or administration of benefits.

In an alternative approach to minimum income protection, which can be thought of as ‘minimum income protection as local social regulation’ (MIP-LSR), the function of regulating typical risks of labour market is either performed by other forms of social protection institutions, or not at all. The role of minimum income protection is in any case rather to uphold local social order by supporting those whose individual-personal circumstances and situation mean that they cannot support themselves or their

families and participate in community life. As the function these systems perform is primarily to the local community, these systems will be locally financed and organised, and there will be considerable scope for intra-national variation that reflects the different preferences of local communities. While some or even many claimants of these benefits may be in precarious situations on the labour market, it is not assumed that this is the key reason for their claiming (or the public authorities providing) these benefits, and links to active labour market policy and the PES will accordingly be weak and unsystematic. Claimants will not be systematically activated as though they were (only) jobseekers, though instruments familiar from activation approaches such as individual action plans may be put to different ends. Assessing the needs and circumstances of individuals will be a key part of benefit administration, which will therefore be performed by or with the support of social work professionals. The latter will have scope for discretion in granting cash benefits and referring individuals to other services based on their professional assessment of their needs and situation.

As alluded to above, the Active Inclusion as articulated by the European Commission approach seems to simultaneously argue for greater standardisation and greater personalisation in the organisation of minimum income systems, and for a focus on employment promotion (or the regulation of economic risks) that nonetheless remains sensitive to and tries to intervene in the social circumstances in individuals and families. These objectives and operational logics are however not self-evidently compatible, and their potential incompatibility is highlighted (and possibly exaggerated) by the ideal types described above. Formally, the MIP-NER type privileges standardisation and a logic of employment promotion, while the MIP-LSP type organises personalisation (or in social work language, casework) and sensitivity to social and personal situations.

While the ‘real existing’ systems of minimum income protection found in the countries under analysis here have always tried to balance complex multiple goals and combine different logics of intervention, it is however the case that a comparison of their core features suggest that they do in practice tend towards one or other of these ‘poles’ in approaches to minimum income provision (see Table 3). The (large) minimum income schemes in Germany and the UK both serve a national employment

Table 3 Five Minimum Income Protection Systems between National Employment Regulation and Local Social Regulation

	<i>National Employment Regulation</i>		<i>Local Social Regulation</i>		
	UK	Germany	Sweden	Poland	Italy
Scale of MIP	Extensive	Extensive	Restricted	Restricted	Restricted
Financing	National	National (Local)	Local	National (Local)	Local/Regional/National
Governance	National	National/Municipal	Municipal	Municipal	Regional/Local
Regulation	National	National/Municipal	National/Municipal	National	National/Regional/Local
Scope for intra-national variation in benefits	None	None	Some	Some	Considerable
PES Delivery	Yes	Yes (generally)	No	No	Variable
Individual Action Plans	Yes, always	Yes, always	Voluntary	Voluntary	Variable
Job search requirements	Yes	Yes	Yes	Not obligatory	Variable
Sanctions	Yes, graduated	Yes, graduated	Variable	Variable	Variable
Suitable work rules	Explicit	Explicit	None	None	Variable
Social work involvement	No	No	Yes	Yes	Yes
Extent of individual discretion	Low	Low	Moderate/High	High	Variable

regulation function, allowing no scope whatsoever for intra-national variation in benefit levels, implementing the range of activation instruments in a very similar way and having no institutional role for professional social work in their organisation. They are not identical, and the stronger legacy and institutionalisation (including in the preferences of powerful political actors like municipalities and the FWAs) of the *Arbeiterpolitik-Armenpolitik* distinction in German social policy can still be seen in the more extensive localist ‘drag’ on the organisation of contemporary minimum income protection, evidenced in a residual role of municipal financing, governance and regulation and the exception in some localities to the principle of PES delivery. Nonetheless the degree of localism is far less than is exhibited in the cases of Poland, Sweden and Italy, where the national level systematically plays a limited role in the governance of minimum income protection, despite having a role in regulation and (except in the Swedish case) in financing local provision.

The Polish and Swedish systems otherwise share a number of features of the local social regulation type, allowing some scope for variation in local benefit rates (albeit with a framework of national regulation), having no systematic role for the PES in the delivery of minimum income benefits (despite the possibility for actors to forge operational links locally), and leaving the deployment of activation instruments to the discretion of municipalities (despite job search formally being a requirement for Swedish recipients of minimum income protection). Social workers also play a key role in delivering benefits in both cases, which also opens up scope for considerable individual level discretion. Although the Italian case is classified here as a local social regulation type, in reality minimum income protection is insufficiently institutionalised in the Italian context for it to be really possible to speak of a particular type of or approach to minimum income protection at the national level. This however of course opens up the possibility for quite extreme forms of intra-national variation in benefit levels (and indeed other institutional features of minimum income protection), due to the uneven development of regional minimum income protection schemes.

Though it is legitimate to compare the effectiveness of these different systems of minimum income protection with respect to the goals of the Active Inclusion strategy (see section 5.2 below), it should be emphasised that MIP-NER and MIP-LSR are in

most respects *qualitatively different* types of social policy, with distinctive aims and instruments, and are therefore to a certain extent incomparable on common terms. As a result of the differing scale of working-age minimum income provision, but also the countries' respective population sizes, there were more than 5 million minimum income protection claimant of working age in Germany and the UK in 2007, compared to only between 250,000 and 500,000 in Poland and Sweden, meaning that the simple dimensions of the problems facing policy makers in this area are of an entirely different order. One implication of this is that when the interest of cross-national comparison is mutual learning with respect to capacity of minimum income systems to fulfil their aims, it may be most fruitful to organise such comparisons across countries with minimum income protection systems of a common type.

5.2 Minimum Income Protection and Active Inclusion: Elements of an Assessment

Notwithstanding the differences between the minimum income protection systems of these five countries, it is possible to offer some elements of assessment across the cases in respect of their ability to meet the aims of the Active Inclusion strategy; providing a decent level of minimum income provision combined with adequate service supports across the national territory; taking into account the diverse service needs of the main groups affected by high rates or volumes of poverty in working age; and providing a coordinated approach to combating working-age poverty that corresponds to the complex multidimensional nature of the problem. With respect to the last of these points in particular, the findings of the analysis of these five cases here contrast rather starkly with the more upbeat assessment of some recent evaluative work on active inclusion.

5.2.1 A National Strategy?

The systems of minimum income protection in Germany and the UK offer markedly more standardised social rights across their national territories for poor people of working age than those of Poland or Sweden, where benefits can vary at the local level depending on the choices of municipalities (though in Poland the lack of resources at local authority level discourages municipalities from using their possibilities to supplement the guaranteed part of the temporary allowance, and thus

limits intra-national variation in practice). As mentioned, Italy represents an extreme case, where due to the differential development of regional minimum income provisions, “‘social citizenship’ differs greatly according to area of residence” (Madama *et al.*, 2013: 39).

The UK and Germany also have a somewhat more consistent approach to the provision of supportive services, though the involvement of the municipalities (over which the Federal government has no legal supervision) in the German delivery system, and the related greater (and recently increasing) degree of decentralisation means that there is more local variation in the way that articulations between minimum income provision and labour market and (particularly) social services are organised. In Sweden there is no formal national policy on how municipal minimum income should be coordinated with service provision, and organising this dimension of Active Inclusion is left to the municipalities, with great scope for intra-national variation. In Poland, government defines the legal framework but it is the responsibility of local authorities to work out modes of cooperation in practice, while in Italy services are as concerned as minimum income benefit by the phenomenon of the ‘postcode welfare lottery’, as they tend to vary quantitatively and qualitatively among the various parts of the country, to a large extent reflecting the North-South divide.

5.2.2 A Strategy for All Working-Age Groups?

It is clear across the cases, and across both types of minimum income protection system, that the problem of unemployment or labour market exclusion is central to policy makers’ construction of the problem of poverty among people of working age. This leads everywhere to a stronger focus in policy on measures to support (and enforce) labour market reintegration than on other barriers to economic independence people may face. Even in the UK, where there is a long tradition of separate systems of minimum income provision for single parents and the working poor, the UC reforms tend to treat these groups increasingly like the unemployed ‘reference claimant’ through an emphasis on designing policy to improve work incentives and the extension to them of a standardised approach to conditionality. As these groups have been gradually folded into a single system of working-age benefit support,

specialist forms of service provision from which they once benefited – such as the dedicated ‘lone parent advisors’ that once worked in JCP – are being abandoned. In general, this focus on the unemployed – often seen in popular discourse as being responsible for their own poverty – has led to an emphasis within minimum income policy on - in the German policy language - ‘demanding’ rather than ‘enabling’ interventions.

Single parents have benefited in certain cases from a particular emphasis in recent policy, especially in the cases of Germany and Poland. Here the stress on the provision of services that can benefit lone (and other) parents seems to be related to demographic concerns, and a more general recognition of the need to provide support for work-family reconciliation as a means to support fertility (Kozek *et al*, 2013: 81; Petzold, 2013: 69). Only in the German case did this result in specific measures within minimum income policy to facilitate single parents’ access to relevant services, and then only as a pilot measure funded from ESF resource. In the UK childcare is in general a rare area of welfare expansionism in an era of austerity, with all the main political parties at national level having recently proposed an extension of free or subsidised childcare for working parents. However these political initiatives are more clearly designed to address the cost-of-living concerns of the middle-class electorate than part of a coherent anti-poverty strategy focused on poor people facing difficult work-family reconciliation issues.

The clearest losers in terms of recent minimum income protection policy across most cases are the working poor. Although normally – the exception being Poland, where working people are excluded from minimum income entitlement by the categorical conditions for temporary allowance – they are eligible for the benefits that exist, services to support people who are already working progress in employment were reported as wholly lacking, and not even on the political and policy agenda⁷. Though working people can in principle access employment services from the PES, the latter do not direct particular attention to them. In some cases this is built into the incentive structures that seek to steer PES performance; in Germany the Jobcenters are

⁷ An exception is the UK, where a pilot project entitled Employment Retention and Advancement Pilots, targeted at former benefit claimants who had moved into work, was run in the mid-2000s. Despite relatively positive evaluation results the programme was never rolled out, and benefited only 8000 people in total (Goerne and Clegg, 2013: 37).

measured mainly on their performance in integrating people in work, making efforts to support those already in work less attractive for Jobcenter managers (Petzold, 2013: 27). Even the introduction of ‘in-work conditionality’ for working people under UC has not apparently stimulated any national level discussion on services to support employment progression. A partial exception to this picture is the case of Italy, where the working poor benefited most from amendments made to the wider MIP system, especially the changes in the tax-benefit system.

The plight of working people who are poor is not entirely absent from policy debates, but it is not approached primarily through minimum income protection and related services, but instead as an issue of low wages. There is a lively debate currently in Germany on the introduction of a national minimum wage (*ibid*: 33), while respondents in Poland also saw the problem of in-work poverty essentially in relation to the level of the minimum wage, despite it having increased in recent years (Kozek *et al.*, 2013: 15-16). In the UK and especially Scotland the recent living wage campaign is also seen as a response to in-work poverty (and reducing the burden on the social benefits system) (Goerne and Clegg, 2013: 48: 58). However across all the cases employers and right-wing parties are resolutely opposed to binding increases in wage floors, suggesting that this policy avenue will be difficult to pursue. Perhaps the main hope for stimulating policy measures addressing the situation of the working poor is awareness of the problem of people ‘cycling’ between worklessness and insecure employment, which was mentioned as a problem by respondents in a number of cases (Germany, UK). In the UK the fee structure for private providers delivering the main ALMP measure, the Work Programme, tries to in part to address this problem by paying higher outcome fees for durable employment outcomes (defined as around 18 months), though this may simultaneously increase risks of ‘creaming’.

Regarding this last point, there was evidence that service provision for minimum income claimants often fails to meet the needs of those ‘most distant from the labour market’, who were the initial target of the Active Inclusion strategy. In Sweden, minimum income claimants are often referred to the PES, but there is evidence that the latter tend to prioritise quantitative targets for the reduction of unemployment overall, which is not most easily achieved by focusing on those with the greatest barriers to employment (Angelin *et al.*, 2013: 45). In Germany, the integration targets

of the Jobcenters and the efficiency-based modes of procurement of external service provision are also believed to encourage considerable ‘creaming’ and ‘parking’ effects (Petzold, 2013: 71). The UK Work Programme remunerates providers more generously for the integration of claimants believed to be most distant from the labour market to try to combat this well-known phenomenon. However, the ‘segmentation’ of the claimant group is extremely crude, leaving considerable scope for providers to pick the ‘safe bets’ for intensive support, while providing no services to those who are difficult to help. Furthermore, the financing model is so tough that providers seeking to turn a profit are basically obliged to offer low cost-high impact services if they want to survive in the marketplace, meaning that those requiring complex (and expensive) service interventions will necessarily be overlooked (Goerne and Clegg, 2013: 97-99). The evaluations to date of the Work Programme’s capacity to help clients with complex needs are extremely negative.

5.2.3 A Coordinated Policy Response to Multidimensional Problems?

The evaluations of Active Inclusion that have been carried out to date at European-level (see box 1) have all been relatively positive about the extent of coordinated and integrated policy making and implementation to meet Active Inclusion goals, at least in four of the five countries analysed here (Italy being the major exception). On the basis of this research this is a finding that seems rather questionable. Far from the ‘comprehensive policy design’ that the Swedish and Polish systems of minimum income provision and flanking services are supposed to manifest, our respondents claimed that there are “no conditions and circumstances” for effective inter-departmental working in the Swedish case (Agelin *et al.*, 2013: 34), and that a legacy of a ‘sectorial’ state continues to hinder the development of integrated, multi-sectorial policies in Poland (Kozek *et al.*, 2013: 82). If anything the British and German cases – less favourably ranked on this dimension in the evaluation by the Network of Independent Experts - manifest a more cohesive and integrated strategy in the area of minimum income provision, albeit one with a relatively narrow ‘work first’ focus.

Likewise the claim that the Swedish case exhibits integrated policy implementation contradicts the claims of all Swedish respondents in this study that considerable scope exists for cooperation and coordination between different actors in the relevant

Box 1: Recent Evaluations of Active Inclusion

National policy frameworks have been subject to a number of recent assessments from the point of view of Active Inclusion. The European Network of Independent Experts on Social Inclusion produced a series of national evaluation reports that were made public in May 2013, shortly after a synthesis report based upon them (Frazer and Marlier, 2013). These studies were in turn a key source, along with a survey of national governments organised by the Social Protection Committee, for the comparative evaluation published by the European Commission (2013b) as part of the Social Investment Package in Spring 2013.

The European Commission's analysis classified countries into five groups based on their relevant policy characteristics, and the countries included in this study fell into one of the different groups (European Commission, 2013b: 7). **Sweden** was classified in group A, characterised by good second-level safety nets (with resulting high disincentive effects), strong activation and limited labour market segmentation and high access to services. Group B, to which **Germany and the UK** were allocated by the Commission analysis (though with the UK failing to exhibit 7 of the 11 policy sub-dimensions characteristic of this group), shows a similar policy profile, but with lower activation, a more serious low-wage trap and more limited access to services, in education and training in particular. **Italy and Poland** were placed together in Group D, characterised by a rudimentary safety net, segmented labour markets with limited activation and restricted access to services.

Frazer and Marlier evaluated policy outputs from a more dynamic perspective, assessing whether the components of active inclusion had been strengthened or weakened in Member States since the 2008 Recommendation (2013: 91). In the countries under analysis here they found that income support was either unchanged (**Germany, Italy and Poland**) or had been weakened (**Sweden and the UK**) in the period under analysis. **German** policies were assessed as having strengthened both labour market inclusiveness and access to social services, while **UK** policy was assessed as having weakened both. In the other cases these dimensions had either been largely unchanged (**Sweden**) or one of them alone had weakened (labour market inclusiveness in **Poland**, and access to social services in **Italy**).

Existing evaluations have also considered the organisation of policy making and implementation in the field of active inclusion. In responses to the Commission's survey of national governments, of the countries included in this study only Italy failed to boast a 'fully integrated strategy' for active inclusion (European Commission, 2013: 44). Based on a more differentiated approach, the national experts on social inclusion took a more sanguine view (Frazer and Marlier, 2013: 90). For people of working age, only **Sweden** and **Poland** were assessed to have fully *comprehensive policy design*, and only **Sweden** to have *integrated policy implementation*. Here too **Italy** was a negative case, with the **Germany and the UK** having partially comprehensive policy design and somewhat integrated implementation. All of the countries in this study were assessed as having some degree of *vertical policy coordination* and *active participation of relevant actors*, with the exception of **Sweden** where this last dimension was assessed as fully present.

delivery systems to improve (Angelin *et al.*, 2013: 44). A strong rhetoric of cooperation is argued to exist, but often not be matched by practice on the ground. As cooperation between the municipal social services departments and other agencies relevant for the inclusion of minimum income claimants is in any case a matter of municipal initiative, it is difficult to draw strong conclusions about the quality of implementation structures on a national level. The same is true for the Polish case, where cooperation – particularly between social assistance offices and the offices of the PES, which are organised on different levels of government – depends on the quality of local relationships, but is generally thought to be deficient.

Germany and the UK have more systematic ‘one-stop-shop’ approaches to policy implementation across the national territory, albeit that the existence in Germany of authorised local authority agencies that depart from the joint federal-local Jobcenter model opens up the possibility for more local variation. However, the core of the British one-stop-shop approach concerns the delivery of benefits and employment services (or referral to external employment provision), and social services provided or organised by local authorities are poorly articulated. The increasingly generic service provision model favoured by JCP, as well budget cuts, has actually made abilities to forge local connections with social services providers more difficult. The private Work Programme providers typically integrate organisations into their supply chain on the basis of sub-contracting, which has also made partnership working with (largely non-commercial) social services providers locally more difficult (Goerne and Clegg, 2013: 96-97). In Germany the link between social services and employment services is also reported to be weak, due to financial constraints and the lack of true institutional integration with the federal-local Jobcenter structures.

As noted above, the rigidity of (and frequent changes in) national level rules governing minimum income provisions and delivery systems is also a source of frustration for local actors in Germany and the UK. This highlights the fact that even where national policies explicitly address issues and structures of local level coordination, this may not guarantee smooth translation, with the absence of unintended consequences, on the ground. It may well be that national policy frameworks that leave greater latitude for local-level initiative in designing cooperation arrangements generate (at least in some localities) more satisfactory and

effective forms of horizontal cooperation locally. This is however hypothesis that can only be adequately assessed through additional research at local level.

References

Abrahamson, P. (2009) 'The welfare modelling business', *Social Policy & Administration*, 33(4), 394-415

Agostini, C., Sabato, S. and Jessoula, M. (2013) *The European Arenas of Active Inclusion Policies*, Report for the COPE Project (WP4, D4.1)

Albrekt Larsen, C. (2008) 'The institutional logic of welfare attitudes: How welfare regimes influence public support', *Comparative Political Studies*, 41(2), 145–69

Albrekt Larsen, C. and Engel Dejgaard, T. (2013) 'The institutional logic of images of the poor and welfare recipients: A comparative study of British, Swedish and Danish newspapers', *Journal of European Social Policy*, 23(3), 287-99

Angelin, A. Johansson, H., Koch, M. and Panican, A. (2013) *National Report: Sweden*, Report for the COPE Project (WP5, D5.5)

Bahle, T., Hubl, V. and Pfiefer, M. (2011) *The Last Safety Net: A Handbook of Minimum Income Protection in Europe*, Bristol: The Policy Press

Bell, D. and Blanchflower, D. (2013) 'Underemployment in the UK revisited', *National Institute Economic Review*, 224 (May 2013),

Beramendi, P. and Anderson, C. (eds.) (2008) *Democracy, Inequality and Representation*, New York: Russell Sage

Bertram, E. (2013) 'Doors, floors, ladders, and nets: Social provision in the new American labor market', *Politics & Society*, 41(1), 29-72

Boget, Y. (2012) 'Comparing dispositifs in Bismarckian welfare states', *Journal of Comparative Social Work*, 2012/2

Bonoli, G. (2005). 'The politics of the new social policies: Providing coverage against new social risks in mature welfare states', *Policy and Politics*, 33, 431-50.

Bonoli, G. (2013) *The Origins of Active Social Policy: Labour Market and Childcare Policies in a Comparative Perspective*, Oxford: Oxford University Press

Brewer, M., Browne, J. and Wenchao, J. (2011) 'Universal Credit: A preliminary analysis', *Institute for Fiscal Studies Briefing Note 116*, London: IFS

Cantillon, B. (2011) 'The paradox of the social investment state: Growth, employment and poverty in the Lisbon era', *Journal of European Social Policy*, 21(5), 432-49

Champion, C. and Bonoli, G. (2011) 'Institutional fragmentation and coordination initiatives in western European welfare states', *Journal of European Social Policy*, 21(4), 323-34

Chzhen, Y. and Bradshaw, J. (2012) 'Lone parents, poverty and policy in the European Union', *Journal of European Social Policy*, 22(5), 487-506

Clasen, J. (2011) 'The United Kingdom: Towards a single working-age benefit system', in Clasen, J. and Clegg, D. (eds.) (2011) *Regulating the Risk of Unemployment: National Adaptations to Post-Industrial Labour Markets in Europe*, Oxford: Oxford University Press, 15-33

Clasen, J. and Clegg, D. (eds.) (2011) *Regulating the Risk of Unemployment: National Adaptations to Post-Industrial Labour Markets in Europe*, Oxford: Oxford University Press

Clegg, D. (2002) 'The political status of social assistance benefits in European welfare states: lessons from reforms to provisions for the unemployed in France and Great Britain', *European Journal of Social Security*, 4(3), 201-25

Cm 7957 (2010) *Universal Credit: Welfare that Works*, London: The Stationery Office

Cohen, M., March, J. and Olsen, J. (1972). 'A garbage can model of organizational choice', *Administrative Science Quarterly* 17(1), 1-25.

Daly, M. (2012) 'Paradigms in EU social policy: A critical account of Europe 2020', *Transfer*, 18(3), 273-84

Diamond, P. and Lodge, G. (2013) *European Welfare States after the Crisis: Changing Public Attitudes*, London: Policy Network

Dingeldey, I. (2011) 'Germany: Moving towards integration whilst maintaining segmentation', in Clasen, J. and Clegg, D. (eds.) (2011) *Regulating the Risk of Unemployment: National Adaptations to Post-Industrial Labour Markets in Europe*, Oxford: Oxford University Press, 55-74

Esping-Andersen, G. (1990) *The Three Worlds of Welfare Capitalism*, Cambridge: Polity

Esping-Andersen, G. (1999) *The Social Foundations of Postindustrial Economies*, Oxford: Oxford University Press

European Anti-Poverty Network (EAPN) (2008) *Yes to Active Inclusion Based on Fundamental Rights: EAPN Response to the Commission's Active Inclusion Recommendation*, Brussels: EAPN, 26.2.2008

European Commission (2006) *Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: Concerning a Consultation on Action at EU Level to Promote Active Inclusion of People Furthest from the Labour Market*, COM(2006)44 final, Brussels, 8.2.2006

European Commission (2007) *Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: Modernising Social Protection for Greater Social Justice and Economic Cohesion: Taking forward the Active Inclusion of People Furthest from the Labour Market*, COM(2007)620 final, 17.10.2007

European Commission (2008) *Commission Recommendation of 3rd October 2008 on the Active Inclusion of People Excluded from the Labour Market*, Recommendation 2008/867/EC

European Commission (2013a) *Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: Towards Social Investment for Growth and Cohesion – Including Implementation of the Social Fund 2014-20*, COM(2013)83 final, 20.2.2013

European Commission (2013b) *Follow-up on the Implementation by the Member States of the 2008 Recommendation by the European Commission on Active Inclusion of People Excluded from the Labour Market – Towards a Social Investment Approach*, Commission Staff Working Document, SWD(2013) 39 Final

European Council (1992) *Council Recommendation of 24 June 1992 on Common Criteria Concerning Sufficient Resources and Social Assistance in Social Protection Systems*, Recommendation 92/441/EEC

European Council (2008) *Council Conclusions on Common Active Inclusion Principles to Combat Poverty More Effectively*, 2916th Employment, Social Policy, Health and Consumer Affairs Council Meeting, 17.12.2008

European Parliament (2008) *Report on Promoting Social Inclusion and Combating Poverty, Including Child Poverty, in the EU*, Committee on Employment and Social Affairs (rapporteur: Gabriele Zimmer), A6-0364/2008, 24.9.2008

- Ferge, Z. (2000). 'In defence of messy or multi-principle contracts', *European Journal of Social Security*, 2(1), 7-33
- Ferrera, M. (1984) *Il welfare state in Italia: Sviluppo e crisi in prospettiva comparata*, Bologna: Il Mulino
- Ferrera, M. (1996), 'The 'Southern model' of welfare in Social Europe', *Journal of European Social Policy*, 6(1), 17-37
- Ferrera, M. (2005) *The Boundaries of Welfare: European Integration and the New Spatial Politics of Social Protection*, Oxford: Oxford University Press
- Fleckenstein, T. (2013) 'Learning to depart from a policy path: institutional change and the reform of German labour market policy', *Government and Opposition*, 48 (1), 55-79
- Frazer, H. and Marlier, E. (2013) *Assessment of the Implementation of the European Commission Recommendation on Active Inclusion: A Study of National Policies*, Luxembourg: Publications Office of the European Union
- Goerne, A. (2012a) *Towards Greater Personalisation of Active Labour Market Policy? Britain and Germany Compared*, PhD Thesis, University of Edinburgh
- Goerne, A. (2012b) 'A comparative analysis of in-work poverty in the European Union', in Fraser, N., Gutierrez, R. and Pena-Casas, R. (eds.) *Working Poverty in Europe: A Comparative Approach*, Basingstoke: Palgrave Macmillan, 14-45
- Goerne, A. and Clegg, D. (2013) *National Report: United Kingdom*, Report for the COPE Project (WP5, D5.2)
- Goodin, R., Headey, B., Muffels, R. and Dirven, H-J (1999) *Real Worlds of Welfare Capitalism*, Cambridge: Cambridge University Press
- Goos M., Manning A. and Salomons A. (2009) 'Job polarisation in Europe', *American Economic Review Papers and Proceedings*, 99(2), 58-63
- Gough, I. (2001) 'Social assistance regimes: a cluster analysis. *Journal of European Social Policy*, 11(2), 165-70
- Gough, I., Bradshaw, J., Ditch, J., Eardley, T. and Whiteford, P. (1997) 'Social assistance in OECD countries', *Journal of European Social Policy*, 7(1), 17-43
- Hacker, J. (2004) 'Privatizing risk without privatizing the welfare state: The hidden politics of social policy retrenchment in the United States', *American Political Science Review*, 98(2), 243-60

Hacker, J. (2013) 'Predistribution and institutional design; Making markets work for the middle', in Cramme, O., Diamond, P. and McTernan, M. (eds.) *Progressive Politics after the Crash: Governing from the Left*, London: I.B. Tauris, 117-130

Hay, C. and Wincott, D. (2012) *The Political Economy of European Welfare Capitalism*, Basingstoke: Palgrave Macmillan

Hemerijck, A. (2012) *Changing Welfare States*, Oxford: Oxford University Press

Hill, M. (1997) 'Implementation theory: Yesterday's issue?', *Policy and Politics*, 25(4), 375-85

Huber, E. and Stephens, J. (2001) *Development and Crisis of the Welfare State: Parties and Policies in Global Markets*, Chicago: University of Chicago Press

Hubl, V. and Pfeifer, M. (2013) Categorical differentiation in the light of deservingness perceptions: Institutional structures of minimum income protection for immigrants and for the disabled, in Marx, I. and Nelson, K. (eds.) *Minimum Income Protection in Flux*, Basingstoke: Palgrave, 161-89

Inglot, T. (2008) *Welfare States in East Central Europe, 1919–2004*, Cambridge: Cambridge University Press

Jessoula, M., Graziano, P. and Madama, I. (2010) 'Selective flexicurity' in segmented labour markets: The case of Italian 'mid-siders', *Journal of Social Policy*, 39(4), 561-83

Jessoula, M. and Vesan, P. (2011) 'Italy: limited adaptation of an atypical system', in Clasen, J. and Clegg, D. (eds.) (2011) *Regulating the Risk of Unemployment: National Adaptations to Post-Industrial Labour Markets in Europe*, Oxford: Oxford University Press, 142-63

Kazepov, Y. (eds.) (2010) *Rescaling Social Policies: Towards Multilevel Governance in Europe*, Aldershot: Ashgate

Korpi, W. (1980) 'Social policy and distributional conflict in the capitalist democracies. A preliminary comparative framework', *West European Politics*, 3(3), 296-316

Kozek, W., Zieleńska, M. and Kubisa, J. (2013) *National Report: Poland*, Report for the COPE Project (WP5, D5.4)

Lødemel, I. (1997) *The Welfare Paradox: Income Maintenance and Personal Social Services in Norway and Britain, 1946-1966*, Oslo: Scandinavian University Press

Lødemel, I. and Schulte, B. (1992) *Social Assistance: A Part of Social Security or the Poor Law in New Disguise?*, unpublished conference paper

Lødemel, I. and Trickey, H. (eds.) (2001) *An Offer You Can't Refuse: Workfare in International Perspective*, Bristol: The Policy Press

Madama, I. (2013) 'Beyond continuity? Italian social assistance policies between institutional opportunities and agency', *International Journal of Social Welfare*, 22(1), 58-68

Madama, I. Natili, M. and Jessoula, M. (2013) *National Report: Italy*, Report for the COPE Project (WP5, D5.3)

Manow, P. and van Kersbergen, K. (2009) 'Religion and the western welfare state: The theoretical context', in Manow, P. and van Kersbergen, K. (eds.) (2009) *Religion, Class Coalitions and Welfare States*, Cambridge: Cambridge University Press 1-38

Marx, I. (2007) *A New Social Question? On Minimum Income Protection in the Postindustrial Era*, Amsterdam: Amsterdam University Press

Marx, I. and Nelson, K. (2013) 'A new dawn for minimum income protection?', in Marx, I. and Nelson, K. (eds.) *Minimum Income Protection in Flux*, Basingstoke: Palgrave, 1-27

Marwell, N. (2004) 'Privatizing the welfare state: Nonprofit community-based organizations as political actors', *American Sociological Review*, 69, 265-91

Mau, S. (2004) *The Moral Economy of Welfare States: Britain and Germany Compared*, London: Routledge

Minas, R. Wright, S. and van Berkel, R. (2012) 'Decentralization and centralization: Governing the activation of social assistance recipients in Europe', *International Journal of Sociology and Social Policy*, Vol. 32(5/6), 286 – 98

Morgan, K. (2009) 'The religious foundations of work-family policies in Western Europe', in Manow, P. and van Kersbergen, K. (eds.) (2009) *Religion, Class Coalitions and Welfare States*, Cambridge: Cambridge University Press, 56-90

Nelson, K. (2007) 'Universalism versus targeting: The vulnerability of social insurance and means-tested minimum income protection in 18 countries 1990-2002', *International Social Security Review*, Vol. 60(1), 33-58

Nelson, K. (2013) 'Social assistance and EU poverty thresholds 1990-2008: Are European welfare systems providing just and fair protection against low income?', *European Sociological Review*, 29(2), 386-401

OECD (2012) 'Sole parents in paid employment by year, sex and age 2008', *OECD Family Policy Database*, Table LMF1.3.A, Paris: OECD

Overbye, E. (2010) *Activation and the Coordination Challenge*, paper presented to the 6th International Policy and Research Conference on Social Security, Luxembourg, 29.9.10-1.10.10

Petzold, N. (2013) *National Report: Germany*, Report for the COPE Project (WP5, D5.1)

Pierson, P. (2001) *The New Politics of the Welfare State*, Oxford: Oxford University Press

Piven, F. F. and Cloward, R. (1971) *Regulating the Poor: The Functions of Public Assistance*, New York: Vintage (2nd ed.)

Reisenbichler, A. and Morgan, K. (2012) 'From 'sick man' to 'miracle': Explaining the robustness of the German labor market during and after the financial crisis 2008-09', *Politics & Society*, 40(4), 549–79.

Rueda, D. (2007) *Social Democracy Inside-Out: Partisanship and Labor Market Policy in Industrialized Democracies*, Oxford: Oxford University Press

Sarfati, H. (2013) 'Coping with the unemployment crisis in Europe', *International Labour Review*, 152(1), 145-56

Schelkle, W. and Mabbett, D. (2007) *Social Policy as a Productive Factor: Can we Make Political and Economic Sense of this Paradigm?*, Paper prepared for the 1st RECOWE conference, Warsaw, 14.6.2007

Schmid, G. and Reissert, B. (1998) 'Do institutions make a difference? Financing systems of labor market policy', *Journal of Public Policy*, 8(2), 125-49

Scottish Government (2013) *Europe 2020: Scottish National Reform Programme 2013*, Edinburgh: The Scottish Government

Sjöberg, O. (2011) 'Sweden: Ambivalent adjustment', in Clasen, J. and Clegg, D. (eds.) (2011) *Regulating the Risk of Unemployment: National Adaptations to Post-Industrial Labour Markets in Europe*, Oxford: Oxford University Press, 208-31

Stovicek, K. and Turini, A. (2012) 'Benchmarking unemployment benefit systems', *Economic Papers no. 454*, DG EcFin, Brussels: European Commission

Taylor-Gooby, P. (2004) *New Risks, New Welfare: The Transformation of the European Welfare State*, Oxford: Oxford University Press

Taylor-Gooby, P. (2012) 'Root and branch restructuring to achieve major cuts: The social policy programme of the 2010 UK coalition government', *Social Policy & Administration*, 46(1), 61-82

Taylor-Gooby, P. (2013) 'Why do people stigmatise the poor at a time of rapidly increasing inequality, and what can be done about it?', *The Political Quarterly*, 84(1), 31-42

van Berkel, R., Valkenburg, B. (eds.) *Making it Personal: Individualising Activation Services in the EU*, Bristol: The Policy Press, 2007

van Berkel, R., de Graaf, W. and Sirovatka, T. (eds.) (2011) *The Governance of Active Welfare States in Europe*, Basingstoke: Palgrave Macmillan

van Oorschot, W. (2000) 'Who should get what, and why', *Policy and Politics*, 28(1), 33-49

van Oorschot, W. and J. Schell (1991) 'Means-testing in Europe: a growing concern', in Sinfield A., Adler, M., Clasen, J. and Bell, C. (eds.) *The Sociology of Social Security*, Edinburgh: Edinburgh University Press, 187-211

Vignon, J. and Cantillon, B. (2012) 'Is there a time for 'Social Europe'? Looking beyond the Lisbon Strategy paradigm', *OSE Discussion Paper* no. 9/2012, Brussels: OSE

Vis, B. and van Kersbergen, K. (forthcoming) 'Towards an open functional approach to welfare state change: Pressures, ideas, and blame avoidance', forthcoming in *Public Administration*

Annex 1

This cross-national comparative analysis draws on parallel research in five European countries by national research teams using a common analytical framework and a shared set of questions. The research focused on the current structure of national-level organisation of minimum income protection and flanking services and the evolution of provision over a five year period dating back to around 2006, contextualised with a longer historical perspective. Data collection was conducted through documentary research and a minimum of 15 semi-structured elite interviews in each country with a selection of respondents involved in national-level policy to combat policy, including politicians from across the political spectrum, representatives of relevant government departments, national representatives of local/regional authorities, and spokespeople of private and civil society organisations involved in decision making around and delivery of anti-policy policies. The research led to a series of national reports, which are available on the COPE website.

<http://cope-research.eu>