

Governance, Territoriality and Europeanization

Whither Welfare Regimes?

Final Report

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Abstract

The extent to and mode in which national welfare regimes converge will determine the contours of the European social model and the future of European social citizenship. Earlier studies on the convergence of national welfare regimes have been based on the comparison of welfare expenditures and output indicators and suggest that convergence, if and when it takes place, occurs slowly and within welfare ‘families’. The present study takes a political-sociological approach and considers the convergence of national welfare regimes at two different levels, namely, the normative level and that of policy / institutional practice.

Is there a convergence of *ideologies* regarding European welfare policy that would allow us to talk about the existence of a European social model at the *normative* level? Further to this, is there a convergence of the *modes* of doing social policy that would allow us to talk about a European social model at the level of *governance*?

The starting point for our research has been the debates on ‘Social Europe’ in the framework of the European Convention on the future of the European Union. In addition, we compare unemployment policy in different European countries as well as social assistance regimes at the sub-national level.

Our research shows that convergence is taking place at the level of policy-making and governance. Contemporary unemployment regimes are more similar than they are different across countries or welfare regimes. The emergence of paradigmatic narratives, such as activation, has contributed to this convergence. Yet at the ideational level, differences remain: there exist different normative views about the role of the state in social policy, the division of competencies between EU supra-national institutions and Member States in this respect or, indeed, about the extent and scope of coordination of social and economic policies. Furthermore, these different views can be mapped against political ideology cleavages, even if less than in earlier times. In turn, these ideological cleavages may impact on the *modus operandi* of social policy, especially how specific policy measures are implemented or regulations interpreted through the administration.

Our findings show that the process of convergence of national welfare regimes follows an institutional path while (still) ignoring normative considerations. Such a process is crisis-prone as it is riddled with inherent contradictions. European welfare regimes are shifting towards the liberal social model even if it is claimed otherwise. At the same time, socio-economic inequalities increase and regional gaps widen. In order to cope with the increasing socio-economic inequalities facing Europe today, a larger debate on the European social model(s) is urgently needed.

1 Executive Summary

The literature on welfare regimes tries to capture the differences of different policy frameworks on welfare with regard to their values, ideas, standards and organization. The underlying assumption of this literature is that welfare regimes differ cross-nationally but cluster around types. Countries that are classified as belonging to the same regime type resemble each other in several respects: with regard to their normative paradigmatic orientation, their basic principles, the role they assign to the state, the market and the family, the balance between entitlements and responsibilities, the characteristics of the beneficiaries, the way they assign and distribute risk as well as the way in which their administrative ensemble is organized and policy-making bodies are constituted. The most well-known welfare regime typology is that elaborated by Esping-Andersen in *The Three Worlds of Capitalism* (1990). Esping-Andersen distinguishes between the liberal, conservative and social-democratic welfare regime. The Southern welfare regime represents a fourth type.

The present study deals with the impact of Europeanization of national welfare regimes. In European countries several reforms are currently ongoing in the field of social policy. These are not alone or even primarily the result of initiatives taken by EU institutions. In fact on most key social policy issues like pension or health care there is no EU policy as such. Reforms are often taking place as a result of so-called external pressures that are linked to globalization or demographic ageing. Nevertheless the increasing exchange of information among EU Member States results in a significant increase of comparative information and this, in turn, means that there might emerge harmonizing trends.

There are especially two processes of Europeanization that are relevant for the comparative study of welfare regimes in Europe today. The first concerns *European institutions* to refer broadly to policy-making. With regard to welfare and social policy the key reference is here the European Employment Strategy (EES). The second relevant dimension of Europeanization refers to the political project of *European integration*. These two processes of Europeanization, while analytically distinct, are not independent. The impact of European policies on national welfare systems may give rise to problems at national level that can only be overcome through re-thinking welfare at a different scale and this, in turn, may influence both the European project of political integration and European institutions. Alternatively, existing European institutions and forms of policy-making like the EES may bring about changes in national welfare policies and systems that demand a re-conceptualization of national welfare ideology and such a re-conceptualization may over time lead to the harmonization of both welfare practices and welfare ideologies. A third and not least likely option is that we will continue to observe national differences in welfare regimes within Europe despite harmonizing trends through European institutions or indeed an ever close political union of Europe's people.

Tracing the impact of Europeanization on welfare-state regimes demands a comprehensive research design that does justice to both the different meanings of Europeanization and the complexity of welfare regime design. When researching welfare regimes it is important to distinguish between ideologies and institutional practices. Welfare ideologies include normative standards, e.g. of social justice, normative ideals concerning the responsibility of various social agents, empirical beliefs about the world and the opportunities and risks it offers as well as preferences for certain institutions and policies over others. A welfare system is, however, not alone made up by ideologies. It is additionally composed of several policies that are, in turn, managed by several organizations at different levels and with different degrees of coordination. Such policies and management procedures represent institutions in themselves. We refer to the way these institutions function in real-life as institutional practices.

Following the above distinction, we have decided to look into two distinct fields with regard to Europeanization. The first is the debate on European social values that took place upon occasion of the larger debate on the European Constitution in the framework of the European Convention on the Future of the European Union. This debate provides us a first insight into the contemporary ideological discussion regarding the European social policy agenda and its future. Our second line of inquiry concerns the European Employment Strategy as an instance of a European institution and the impact this has had on unemployment insurance at national level. The primary cases for our analysis are Austria, Norway and France. Secondary cases for our analysis are the UK, Germany, Spain and Poland. Further to the study of the impact of Europeanization on unemployment insurance we explore the development of the means-tested social assistance schemes in two Austrian cities. This allows us to extend our comparative design to the sub-national level.

Our findings can be summarized as follows:

Welfare regime convergence at the normative level

At the normative level, there is wide consensus among political representatives and across Member States and political parties that social values have a legitimate place in the Constitution. The European Union is seen as upholding equality, solidarity and justice next to freedom, democracy, the rule of law and the protection of minorities. There is likewise widespread agreement that shared competences in the formulation and implementation of social policy should respect national differences with regard to welfare and social protection systems. At the same time there is increased recognition that the ‘ever closer Union’ that is emerging through the internal market as well as the supra-national EU institutions tends to ‘favour’ the harmonization of social systems and that such harmonization may have to go beyond micro-economic and social policy as in the European Employment Strategy.

The picture is less consensual with regard to social objectives or the coordination of social and economic policies. Here we witness the assertion of distinct left-right

ideologies which correspond to the normative orientations of the welfare regime typology. Left-leaning politicians are more likely than conservative politicians to favour 'full employment' as opposed to 'high employment' as well as a stronger coordination between social and economic policies. Furthermore, they are more likely to be cautious about the growing significance of the 'open method of coordination' as representing a 'soft', thus inadequate regulatory instrument for social policy.

Welfare regime convergence at the institutional / policy level

At the institutional level, and specifically with regard to unemployment policy, convergence is more evident. Our findings confirm this conclusion more generally. The three primary countries studied, namely, Austria, France and Norway, but also our four secondary cases Germany, the UK, Spain and Poland, display significant cross-national similarities as well as interesting differences in ways that call for a revision, albeit not a rejection, of the welfare regime hypothesis.

The management of unemployment insurance is similar across countries and characterized by an increasing role for the regions / local authorities as well as the privatization of job-placement related services. Throughout the 1990s we can observe a gradual retrenchment of the income replacement function in terms of both coverage and the amount of benefits. This has been achieved by the stricter linkage of eligibility to previous employment and the reduction of the period of receipt of benefit. Participation in counselling or activation measures is today a *sine qua non* in all countries studied and failure to adhere to reporting rules or workfare guidelines leads to the loss of benefit. Similar constraints are attached to unemployment assistance as well as to social assistance. Several of the 'sanction' rules are meant primarily to discourage from claiming benefits. As a result there is an increasing stigmatization attached to unemployment or the receipt of social assistance.

Cross-national differences emerge with regard to active unemployment policy. Once again, all three countries underline the importance of further education and training and place a strong emphasis on individual counselling. All have also been linking participation in activation measures to claims to unemployment benefits. However whereas in Austria and Germany the individual unemployed person is the main target of workfare measures, in France the individual enterprise is also targeted quite extensively while in Norway the educational and health systems are equally the focus of labour-market related policies. The budget and scope of activation measures in Poland and Spain is at best characterized by its limited finances and scope.

Minimum social standards vary at regional level

The comparison of the social assistance systems in Vienna and Linz shows the existence of a significant variation in terms of institutional practices despite the commonality of approach at the strategic level and in terms of legislation. This is

undoubtedly the result, at least in part, of a longer social liberal policy and welfare tradition in Vienna as the capital of Austria with a left political orientation. More generally, these results suggest that the decentralization of social policy – a broader trend supported explicitly by the European social agenda – may re-create welfare-regime like differences at the sub-national level.

Considering that social citizenship represents a bundle of rights of *equal* application within a political community, their variable interpretation should not be brushed aside as merely a neutral side-effect of institutional path dependency. Such differences may lead to unintended processes like internal migration motivated by the search for better welfare services; this, in turn, increases the rural-urban gap with regard to social / public services leading eventually to a deterioration of living conditions and social standards. What the EU fears it faces as a result of enlargement and multi-level governance, nation-states already face at the sub-national level as a result of the decentralization of social policy.

With reference to our original question and point of departure, we may conclude that welfare regime convergence has been occurring along the institutional path and with regard to policy but has only begun to be considered at the normative level with regard to fundamental questions with implications for the direction of the welfare state and political organization. At the same time, the ongoing decentralization of social policy is giving rise to new forms of regional inequalities in terms of the provision of social and welfare services.

To conclude, the European social policy agenda finds itself at the crossroads. Till now it was possible to progress on the path of European integration by concentrating on the economic aspects of this project and supporting policy learning in all other fields. However, not least as a result of the success of this economic integration (but not alone), the socio-economic differences within the Union but also within Member States have been increasing.

The biggest challenge for the European Union in the next couple of decades will be that of redressing the balance between economic growth, social cohesion and social justice. To do this it is important to re-consider the role of the (welfare) state at the national and trans-national level. The remedies implied in the old welfare regime typology might in part be out-dated, however they are not irrelevant. They provide a starting point to think through the future challenges for social citizenship in that they continue to inform the perceptions and propositions of political representatives.

2 Background and Objectives

The process of European integration made significant progress during the last two decades of the twentieth century. Yet at the beginning of the twenty-first century it appears to be coming up against a standstill. The negative outcomes of the French and Dutch referenda on the Constitutional Treaty as well as the failure to agree on the EU budget for the upcoming period after 2007 are only the most obvious signs of this standstill. Since the late 1990s, concerns have been consistently and repeatedly raised that the EU institutional framework displays serious deficits, which, in the long-run, may be undermining its normative and democratic legitimacy.

The containment of gross social and economic inequalities has long been recognized as a key condition for democratization at the national level. The extension of inequalities within the European Union – especially following Eastern enlargement – is, therefore, recognized as endangering the Union’s consolidation or deepening. Following subsidiarity, this was however generally thought to be a problem to be resolved within nation-states, cross-national collaboration being restricted to ‘soft’ governance and policy learning through the so-called ‘open method of coordination’. That there might be limits to this approach was an issue discussed widely in the academic literature, both from the normative perspective but also in critical assessments of policy strategies like the European Employment Strategy or the Lisbon Agenda.

The present project was conceptualized against the above background. Assuming that the process of European integration must eventually deal with the key question of social citizenship and that this will necessitate at least a partial convergence of national social policy frameworks, our overall aim has been to explore the impact of Europeanization to-date on national welfare regimes.

The cross-national comparison of welfare regimes and the question of convergence or divergence has a long tradition in the social sciences. Most of this research has been carried out from within the field of social monitoring or social statistics. These studies tend to look at levels and patterns of welfare expenditure or income packaging across countries and compare these against output indicators (such as level of employment, unemployment, poverty etc.). The results of such studies are not clear-cut. However, overall it would seem that convergence, when it happens, takes place *slowly* and primarily within ‘country families’ (Castles 2005).

The incremental nature of potential convergence in the framework of policy learning suggests that more attention needs to be given to the micro-dynamics of change at the policy and institutional level. Equally, it is important to pay attention to the ideological debates that are informing this policy learning. These are the two main tasks set out by the present study.

The starting point for our analysis of the ideological discussions on European social policy is the Working Group ‘Social Europe’ that debated the inclusion of

social values in the Draft Constitutional Treaty and the scope of EU competences in the field of social policy. The study of institutional practices at the policy level rests on the comparative assessment of unemployment and social assistance regimes in different European countries and at the sub-national level.

Analytically, the following questions have guided our research:

1. Is there a convergence of ideologies regarding European welfare policy that would allow talk about a European social model at the normative level?
2. Is there a convergence of the modes of doing social policy at the micro-level that would allow us to talk about a European social model at the level of governance?

Theoretically, there are four possible answers to the question of convergence of national welfare regimes with reference to the above two questions:

- A. There is a convergence of national welfare regimes both at the level of ideology and at the level of policy practice.
- B. There is a convergence of national welfare regimes at the normative level but not at the level of policy practice.
- C. There is a convergence of national welfare regimes at the level of policy practice but not at the level of ideology.
- D. There is no convergence of national welfare regimes.

The results of our study will help our knowledge base regarding national welfare regimes and how these compare to each other in the context of Europeanization. In addition, they provide the basis for thinking through in a systematic manner the challenges to be faced by the European social agenda in the near future.

This report is structured as follows. Chapter 2 presents the project research design against the state-of-the-art. Chapter 3 reports on the Working Group 'Social Europe' and the findings of the discourse analysis of the latter's debates. Chapter 4 reviews the development of the unemployment policies in different European countries against the background of the European Employment Strategy. Chapter 5 deals with the development of social assistance policies at the sub-national level in Austria. Chapter 6 summarizes the research findings and draws policy conclusions. The Annex to this report provides details on the methodology of the research.

3 State-of-the-art and Research Design

3.1 Welfare regimes and political ideologies

The literature on welfare regimes tries to capture the differences of different policy frameworks on welfare with regard to their values, ideas, standards and organization. The underlying assumption of this literature is that welfare regimes differ cross-nationally but cluster around types. Countries that are classified as belonging to the same regime type resemble each other in several respects: with regard to their normative paradigmatic orientation, their basic principles, the role they assign to the state, the market and the family, the balance between entitlements and responsibilities, the characteristics of the beneficiaries, the way they assign and distribute risk as well as the way in which their administrative ensemble is organized and policy-making bodies are constituted.

In the European context we can identify two opposing theoretical streams regarding the comparison of welfare state regimes. On the one hand, there are those who argue that there is a European social model as opposed to the ideology and system of welfare provision in the United States (cf. Aust, Leitner and Lessenich 2000). These scholars are less concerned with the differences among (western) European welfare systems as they consider these to be more similar than different to each other, especially as compared to models observed outside the European continent. On the other hand, we find the representatives of theories of welfare regime diversity within Europe. For these theorists a ‘European welfare model’ might be a nice vision to aspire to, but the European reality is (still) characterized by significant variation. This theoretical work goes back to the 1940s and 1950s (cf. Beveridge 1942, Wilensky and Lebeaux 1958, Titmus 1958) but it mainly took off with the publication of the seminal work of Esping-Andersen *The Three Worlds of Capitalism* (1990). According to Powell and Barrientos, ‘this has (...) become one of the most central and most cited contributions to recent comparative social policy’ (Powell and Barrientos 2002, p.3).

Esping-Andersen distinguished three distinct ‘welfare state regimes’: the liberal, the corporatist and the social democratic welfare regimes. Under the liberal welfare-state regime, the market is expected to be the main provider of welfare, the state assuming the role of residual welfare provision for those few who are not integrated into the labour market. As lack of integration into the labour market is assumed to only concern the minority and only for a short period of time, the benefits provided by the liberal welfare-state model tend to be modest, albeit universal. The strategic objective of the liberal welfare-state regime type is twofold: to keep the number of welfare recipients low and the period of welfare provision short. This it does by promoting what Esping-Andersen calls ‘equality of poverty’ among welfare recipients: welfare benefits being low, welfare

recipients are motivated to once again join the labour market which, at least, offers the possibility of upward mobility. The UK is the main representative of this welfare-state regime type in Europe. The U.S.A represents an extreme case of the liberal welfare-state regime model by reason of the almost total absence of universal social benefits. The same can be said of the South European countries, except that here the family continues to play a key role in terms of providing social and financial support. For this reason, the South European countries are often said to form part of a fourth ‘familistic’ welfare regime model (Ferrera 1996).

The second regime type which is often also referred to as the Continental or conservative type is characterized by a weaker belief in market efficiency. The strategic aim of this regime is to compensate individuals’ inability to integrate into the labour market (either short-term because of unemployment or long-term because of old age), hence the level of benefits is linked to the (previous) position in the employment structure. Consequently, the system preserves the societal status differentials by attaching the social rights or benefits to the occupational status of the beneficiary. Welfare benefits are under this system provided in the framework of social security insurances organized on a corporatist basis and based on previous contributions made by employees and their employers. Esping-Andersen considered France, Austria and Germany as typical of this type of welfare regime.

The third welfare-state regime type is the social democratic welfare regime that Esping-Andersen thinks characterizes the Nordic countries, including his own, namely, Sweden. This system places a high value on social inclusion through the universal eligibility to welfare provision and welfare services. The welfare system managed by the state should cover all social strata independent of their previous employment history. For such a system to be sustained, however, it is important that welfare beneficiaries are not fully dependent on welfare provision for a long-time. This is why the social-democratic system places a strong emphasis on full employment – both for men and women – and on the state’s responsibility to become active in promoting this.

The welfare regime typology of Esping-Andersen is modelled according to Weber’s ideal type methodology (Rieger 1998, p.62) and as such must be recognized as analytical rather than as descriptive regarding real-life welfare systems. The typology is especially useful for assessing normative differences between different institutional forms of welfare provision and how these differences impact on the policies and practices of welfare systems. For instance, Gallie and Paugam (2000) use the welfare regime idea to characterize different unemployment systems and assess their impacts on social exclusion.¹ Social norms and values are often used to explain policy ideas and institutional reforms (Clasen and Glegg 2003, Ney 2003).

According to Esping-Andersen all welfare-state regimes are based on the recognition that workers need to be protected from the destructive tendencies of capitalist economies, what Esping-Andersen calls a process of de-

commodification. However different welfare regimes view this danger differently: the social-democratic model assumes the most evil view of capitalism and is hence the most protective vis-à-vis workers; the liberal model is to be found on the opposite side while the corporatist model is somewhere in the middle. These different views derive clearly from a different appreciation of capitalism as an economic system and especially its implications in terms of social stratification. Social and economic differentials are accepted as legitimate by the liberal model but as principally illegitimate by the social democratic model which, instead, tries to establish basic levels of equality through universal benefits.

The three regimes differ mainly with respect to the role assigned or foreseen for the state as compared to the market and the family. The liberal model thinks that the market, even if displaying destructive tendencies for workers, is also the main source of welfare. The social-democratic model assigns a key role to the state both directly in terms of the provision of basic welfare services and indirectly in terms of promoting full employment. Corporatism in the form of close collaboration between employers and employees' associations within the framework of the market albeit under the protective hand of the state is key to the conservative model. In Southern European countries, the family takes over the protective role of the state instead.

The names given by Esping-Andersen to his three welfare regime models are indicative of the role of political ideologies on social and welfare policy. It is also for this reason that this typology cannot easily be operationalized to refer to national welfare regimes. Austria for instance is considered by Esping-Andersen as belonging to the corporatist welfare-state regime type. In fact it is a hybrid of the corporatist and social-democratic regime and this can be explained by the long-time coalition of the conservative and social-democratic political parties at government level. Hence Austria places a strong emphasis on corporatism and its welfare system is tied closely to social insurance that, in turn, is linked to employment. Nonetheless the system also displays several additional components that help ensure close-to-universal coverage in terms of pension, health and minimum income despite the maintenance of social stratification based on occupational status.

Similarly we find in most European countries distinct political party views regarding welfare. The emphasis on the role of the state found in the social-democratic welfare state regime type is a normative orientation shared by most socialist or social democratic parties in Europe. As van Kersbergen (1995) puts it succinctly: 'Social democracy instrumentalizes the state in order to eliminate inequality, which is seen as an inherent characteristic of the capitalist system of production. The function of the state is perceived as a permanent capacity of reform'. Economic liberals as often found in right-wing conservative parties in the North and South of Europe focus instead on securing liberty in the 'negative' sense of protection from interference by other human agents but also the state. The unable must be provided for, typically by tightly targeted, needs-based assistance given to those available to work (work fare) or to certain categories excluded from the labour market (the aged and disabled) (cf. Goodin et al. 1999).

Christian democratic parties share the positive view of the market with economic liberals and have less of a distaste for state intervention based on a conception of distributive justice that is, however, family-centred.

These distinct political views regarding welfare provision become especially manifest during times of reform as has been documented for pension policies by Ney (2003). Presently in European countries there are several reforms ongoing in the field of social policy. These are not alone or even primarily the result of initiatives taken by EU institutions. In fact on most key social policy issues like pension or health care there is no EU policy as such. Reforms are often taking place as a result of so-called external pressures that are linked to globalization or demographic ageing. Nevertheless the increasing exchange of information among EU Member States results in a significant increase of comparative information and this, in turn, means that there might emerge harmonizing trends. However, the impact of Europeanization on welfare regimes is potentially even more complex. This has to do with the different aspects or pathways of this process. To this we turn to in the next section.

3.2 On Europeanization

Europeanization is a multifarious term (Olsen 2003). There are especially two dimensions of Europeanization that are relevant for the comparative study of welfare regimes in Europe today.

The first concerns *European institutions* to refer broadly to policy-making. With regard to welfare and social policy the key reference is here the European Employment Strategy (EES) launched in Luxembourg in 1997 following the inclusion in the Amsterdam Treaty of Article 136 outlining Community objectives in the social area, namely, to promote employment, improve living and working conditions, ensure social protection and a more active dialogue between employers and employee associations. The Amsterdam Treaty also laid down the so-called ‘convergence strategy’ which foresaw that common objectives would be used to guide Member States’ policies while taking account of national practices. This strategy was later codified into what we today refer to as the ‘open method of coordination’ (OMC) that guides EU policy on employment and social inclusion.

The key actors of the EES at EU level are the Council and the European Commission. The Commission draws the Employment Guidelines on the basis of the Joint Employment Report prepared by the European Council with input from Member State governments. Following consultation with the European Parliament, the Economic and Social Committee and the Committee of the Regions, the Council adopts the Guidelines on the basis of qualified majority voting. Subsequently, the Member States proceed to design the so-called National Action Plans for Employment as well as report to the Council on how the European Employment Strategy is considered in national employment policy. The

National Action Plans are prepared in regular periods and likewise evaluated regularly.

The actual impact of existing EU policies and supra-national institutions, like the EES, on national welfare policies is contested. Pierson (1998) holds that Community regulations and court decisions have eroded national welfare state sovereignty and that austerity measures having a significant impact on welfare budgets are a direct result of the Maastricht Treaty criteria. Hemerijck (2002), on the other hand, does not think that such effects are either alone the result of Europeanization or that they are so significant. In any case, the emergence alone of the European Employment Strategy, is evidence enough that such impacts are *thought* to be occurring and, what is perhaps more important, requiring joint reaction or, better, pro-active action.

The second meaning of Europeanization refers to the political project of *European integration*. This project received increased momentum with the signing of the European Constitution by Heads of State at the end of October 2004 but continues to stumble against quite diverse views about how powers should be shared between EU supra-national institutions and Member States, i.e. the precise political meaning of the term subsidiarity (Follesdal 1998). Most political observers and political elites agree in the meantime with Jacques Delors that the European Union will not be able to consolidate its legitimacy as a political system alone on the basis of allegiance to a Common Market framework for collaboration. However the extent to which the harmonization of policy should expand and, especially whether it should extend to fields like social security, remains highly debatable. Only a minority of members of the European political class supports the idea of federalism, even in a loose form, the majority still preferring cooperative inter-governmentalism (Feron, Crowley and Giorgi, 2005). In any case, the political dimension of the EU is now firmly on the agenda as is also shown by the attention attracted by the debate on the democratic deficit of the European Union as well as that of Europe as a community of values (Follesdal 2004).

The above meanings of Europeanization, while analytically distinct, are not independent. The impact of European policies on national welfare systems may give rise to problems at national level that can only be overcome through re-thinking welfare at a different scale and this, in turn, may influence both the European project of political integration and European institutions. Alternatively existing European institutions and forms of policy-making like the EES may bring about changes in national welfare policies and systems that demand a re-conceptualization of national welfare ideology and such a re-conceptualization leads over time to the harmonization of both welfare practices and welfare ideologies. A third and not least likely option is that we will continue to observe national differences in welfare regimes within Europe despite harmonizing trends through European institutions or indeed an ever close political union of Europe's people.

This latter view is that favoured by the authors of the volume *The New Politics of the Welfare State* (Pierson, ed. 2001) who tend to think that policy responses, insofar as they are conditioned by institutions and also the values and norms these entail, are unlikely to change in any major way. Instead what we can expect to observe are piecemeal adjustments of particular welfare system functions. This conclusion, however, assumes that because change happens incrementally it does not as such matter – a conclusion which is flawed both substantively and procedurally. Insofar as Europeanization was never conceived of as a revolution, but instead, intentionally as a gradual and utmost cautious process of ‘ever closer union’ – which also explains the success of functionalist theories to explain the EU process over a long time – it would be wrong to deduce from the empirical observation of mere piecemeal adjustments or incremental changes that these are not important in terms of how welfare is conceived of at national or at European level and what this might imply for the social policy of the future.

Tracing the impact of Europeanization on national welfare-state regimes requires a complex research design that does justice to both the different meanings of Europeanization as well as the distinction at the level of welfare-state regimes between norms and values, on the one hand, and institutional practices, on the other hand.

3.3 Research design

In order to understand how the European social policy agenda will develop in the future, it is important to trace the impact of Europeanization on welfare-state regimes. Such a tracing commands a comprehensive research design that does justice both to the different meanings of Europeanization and the complexity of welfare regimes.

3.3.1 Welfare regimes: ideologies vs. institutional practices

When researching welfare regimes it is important to distinguish between ideologies and institutional practices. Ideologies represent ‘articulated sets of ideals, ends and purposes which help (...) interpret the past, explain the present, and offer a vision for the future’ (Easton 1965, p.290). Welfare ideologies, as we saw, include normative standards, e.g. of social justice, normative ideals concerning the responsibility of various social agents, empirical beliefs about the world and the opportunities and risks it offers as well as preferences for certain institutions and policies over others. Ideologies can be studied through the analysis of discourse as written in key texts or policy documentation or expressed verbally in debates or speeches. Important in the study of ideologies is the historical perspective and process tracing.

A welfare system is, however, not alone made up by ideologies. It is additionally composed by several policies that are, in turn, managed by several organizations at different levels and with different degrees of coordination. Such policies and management procedures represent institutions in themselves. How these institutions function in real-life is what we refer to as institutional practices. A welfare regime comprises several institutional practices that can be thematically studied, for instance according to policy domain. The policy domains we have chosen to focus on in our research are those of unemployment insurance and social assistance. We chose these two policy domains as they relate to income replacement and the fight of social exclusion, thus the ‘decommodification’ of labour which is a key identification element of welfare regimes. Furthermore, the two sub-systems are increasingly being linked through the so-called activation measures or active labour market policy – a field in which the European Employment Strategy (EES) has been very active.

Ideally, institutional practices are consistent with ideologies, however in real life this is often not the case. Besides the interest that such divergences entail for themselves, it is important to distinguish between them when exploring change over time and especially the impact of ‘external’ factors like Europeanization on welfare regime change.

3.3.2 Europeanization between policy reform and political vision

Following the distinction drawn in the previous section, we have decided to look into two distinct fields with regard to Europeanization.

The first is the debate on European social values that took place upon occasion of the larger debate on the European Constitution in the framework of the European Convention on the Future of the European Union. This debate provides us a first insight into the contemporary ideological discussion regarding the European social policy agenda and its future. Even though this discussion did not explicitly focus on welfare regimes and the specifics of national welfare policies, given the context in which it occurred, it provides a first-rate opportunity to explore the extent to which the European social policy agenda is thought about differently by politicians of different national background and/or party, hence ideological, affiliation. Such differences of opinion, if they were found to exist, would point to the continuing prevalence of welfare regime ideology. Moreover, it is important to find out at what level these opinion differences prevail, namely at the national level or trans-nationally in terms of party ideological lines. If neither national or party ideological differences are identified then the welfare regime typology as it was theorized until now would have to be abandoned as anachronistic. However if either national or party ideological differences are identified, or indeed both, then this would indicate that welfare regime ideology is still relevant.

Our second line of inquiry concerns the European Employment Strategy as an instance of a European institution and the impact this has had on unemployment insurance at national level. The primary cases for our analysis are Austria, Norway and France. Secondary cases for our analysis are the UK, Germany, Spain and Poland. Further to the study of the impact of Europeanization on unemployment insurance we explore the development of the means-tested social assistance schemes in two Austrian cities. The social assistance system which was instituted in most countries as a residual welfare support scheme is increasingly being linked to the unemployment insurance and is gaining in significance by reason of the stagnating labour market demand which results in an increasing number of persons having none or very limited employment experience, hence are not covered by the unemployment insurance. The social assistance system is furthermore managed at the local / community level. This allows us to extend our comparative design to the sub-national level.

3.4 Methods employed

3.4.1 Discourse analysis

The debate on European social values took place in the framework of the Working Group XI ‘Social Europe’ of the European Convention. The contributions made to the meetings of this working group were also made in written form. This provides a rich database of material – over 500 pages – for discourse analysis.

The working group had 70 members and of these around 44 made one or more written contributions. The members of the Working Group were primarily European and national members of parliament and of different political orientation. A list of the members of the Working Group ‘Social Europe’ can be read in the Annex of this report (section 9.1). This allows an analysis of their contributions according to political party membership as well as nationality.

The contributions were written primarily in three languages, namely, English, French and German. The analysis proceeded in three steps:

Step 1. The material was divided among three researchers in a random manner – the objective of the first preliminary reading was to become familiar with the discourse as well as the structure of responses. This first reading was also used to classify the material according to:

- the respondent’s characteristics (name, country or origin, national political party membership, party family at European Parliament and status (permanent or alternate, observer), institutional affiliation (national parliament, national government, European Parliament), as well as

- the overall theme to which the written contribution related (the mandate of the Working Group was organized around seven questions, see also chapter 3).

Step 2. Subsequently a grid was prepared for processing the information. This grid – set up in Excel – included the following fields:

- name of contributor
- country
- party membership (national)
- party membership (EP)
- status
- institutional representation
- date
- document reference
- summary of input to Q1 on basic values
- summary of input to Q2 on objectives
- summary of input to Q3 on EU competences
- summary of input to Q4 on open method of coordination
- summary of input to Q5 on the coordination of economic / social policy
- summary of input to Q6 on decision-making procedures
- summary of input to Q7 on role of social partners.

The material was first processed by one researcher and then controlled by a second researcher in order to ensure that no information was lost or misunderstood, especially with regard to the substantive input to the seven questions of the mandate (Q1 to Q7). The fields for the latter were substantively large and allowed also the entry of ‘quotations’.

Step 3. Finally, the short summaries of the answers to Q1 to Q7 were numerically coded according to a range of sub-themes. For instance, the answers to Q1 on ‘social values’ were coded according to whether the respondent agreed or not with the inclusion of the Charter of Fundamental Rights in the Treaty (Q11), the inclusion of social values (Q12), the explicit reference to solidarity (Q13), equality or social inclusion (Q14), social justice (Q15) etc. The numeric coding of the answered allowed the quantitative analysis of the responses against the key explanatory variables of nationality and political party membership.

3.4.2 Document analysis and state-of-the-art review

The comparative study of welfare regimes has a long history in social science research. Similarly there has been much written on the European social agenda, the European Employment Strategy as well as the open method of coordination. The project undertook a comprehensive review of both academic publications and policy documentation on these topics. This included the historical review of legislative texts on the unemployment insurance and social assistance.

3.4.3 Expert interviews

Expert interviews were used at various stages of the research:

- In order to enlarge our understanding of the frames of reference of debates regarding social values, national welfare systems and Europeanization, a number of policy actors in Austria were interviewed during the early phase of the project. The questionnaire guidelines used for these interviews as well as the names of the interviewees can be read in the annex of this report (section 9.2).²
- Expert interviews with officers of the Austrian labour market office AMS were carried out in order to gather information about the institutional practices characterizing the operation of the unemployment insurance and activation policy and how these are assessed. The questionnaire guidelines used for these interviews as well as the names of the interviewees can be read in the annex of this report (section 9.3).
- Interviews were also carried out with other policy actors involved in the formulation and implementation of the Austrian labour market and unemployment policies. The names of the interview partners and the interview guidelines are listed in the annex of this report (section 9.4).
- For the analysis of the social assistance system in Linz and Vienna a set of nine interviews with experts and 14 civil servants or case workers were carried out. These are likewise listed in the annex of this report (sections 9.5 and 9.6).

3.4.4 Interviews with unemployed persons

In addition to surveying expert opinion on labour market and unemployment policy, we also carried out several interviews with unemployed persons receiving unemployment benefit and/or unemployment assistance or looking for a job.

The survey of the unemployed was organized in two phases.

First, we carried out short interviews with unemployed persons – in total 167. These were done in order to map the population and identify a representative sample for qualitative in-depth interviews.

- The sampling for these interviews followed a stratified random design: four distinct Viennese districts were selected (3rd, 5th, 16th and 22nd); between 30 to 40 interviews were carried out in each district.
- The fieldwork was spread over five weeks, interviews were carried out on a different day every week in order to control for possible group differences in the patterns of visiting the AMS.

- Prior approval for carrying out interviews at the premises of the AMS was obtained by contacting the director in charge.
- The interviewer was instructed to visit the different zones of the AMS offices and approach persons waiting for an appointment or searching databases with the request to answer a short questionnaire. The purpose of the survey was explained and anonymity guaranteed. In case the potential respondent was not interested, the interviewer was instructed not to insist. Overall the response was positive. The names and contact details of the respondent were only noted if and when the respondent expressed an interest in giving us a longer interview at a later stage in time.
- The following questions were asked during these short interviews:
 - Reason for being at AMS
 - Assessment of AMS in terms of job placement (scale 1 to 7 where ‘1’ is very good, ‘7’ is very bad)
 - Assessment of AMS in terms of support with application for benefits (scale 1 to 7)
 - Assessment of financial assistance (scale 1 to 7)
 - Assessment of work of AMS in general (scale 1 to 7)
 - Age of respondent
 - Gender
 - Duration of unemployment
 - Frequency of unemployment (how often)
 - Occupation before unemployment
 - Learned profession / occupation
 - Participation in training offered by AMS (yes / no; which one?)
 - Household size
 - Number of income earners in household
 - Number of children under 14
 - Does care of dependents prevent take-up of work?
 - Is respondent interested in a longer interview?

90 respondents (54 per cent) were male, 77 (46 per cent) were female. This corresponds to the distribution by gender of the unemployed as reported by official statistics for the period of fieldwork (May 2004). In terms of age, the majority of the respondents (110 or 66 per cent) were aged between 25 and 44. 34 respondents (20 per cent) were older than 45, 23 respondents (14 per cent) were younger. Again this corresponds well to the official statistics.

53 per cent of our respondents had been unemployed for less than six months, 17 per cent for just under a year, 12 per cent for over a year but less than two years, 17 per cent had been unemployed for longer than two years.

The assessment of the work of the AMS was divided. The AMS received the lowest marks with regard to its job placement function: 50 per cent of our respondents were dissatisfied with the AMS in this respect, only 23 per cent expressed a reasonable degree of satisfaction. In contrast, the AMS receives

overall positive evaluations in terms of the support it provides with the procedures for applying for unemployment benefit: 66 per cent report being very or rather satisfied with the AMS in this respect, a further 18 per cent are content. Opinions on the level of financial assistance are again divided: 50 per cent are satisfied, 32 per cent are quite dissatisfied. A great number of our respondents (43 per cent) expects the AMS to improve its service with regard to job placement and training and consider this its utmost priority.

Based on the responses to the short questionnaire, our respondents were divided into four groups:

- G1: Unemployed with childcare duties
- G2: Unemployed and older than 45 years of age with a history of a longer spell of unemployment or repeated spells of unemployment.
- G3: Unemployed, 25 years and younger
- G4: Other unemployed with a history of a longer spell of unemployment or repeated spells of unemployment.

The second phase of our survey comprised long in-depth interviews with unemployed persons belonging to the above four groups. A total of 31 in-depth interviews were carried out

- All in-depth interviews were carried out at the premises of the ICCR or in Linz at a location specified by the interviewee.
- All respondents were reimbursed for their expenses for taking part at our survey (35 Euro per respondent)
- The names of the respondents to the survey are kept anonymous. Section 9.7 of the annex provides an overview characterization of the respondents in terms of age, gender and the above group classification.
- The in-depth interviews lasted between one and two hours and addressed the following issues:
 - o socio-economic, familial, educational and occupational background
 - o experience with training (prior to unemployment and during unemployment)
 - o personal expectations regarding work / job and subjective assessment of the labour market demand in this regard
 - o experiences with the AMS and opinions / assessments of the work of AMS (in terms of job placement, income replacement function, procedures etc.)
 - o Unlike in the short interview situation, respondents were asked to narrate their experiences with the AMS in relation to their experience of unemployment. Particular attention was paid to the experiences made with consultations, training and activation measures.
 - o Respondents were also 'tested' with regard to their knowledge regarding their legal status / fulfilment of conditions for receiving unemployment

benefit etc. – in order to indirectly test the usefulness of the AMS information procedures in this regard.

All interviews were recorded and subsequently transcribed. The information was recoded according to the above broad analytical categories.

3.4.5 Interviews with social assistance beneficiaries

Following the same research logic, we also talked with recipients of social assistance in order to find out about their experiences and their views regarding the welfare departments at regional / district level managing social assistance.

Identifying social assistance recipients, establishing contact and convincing them to grant us an interview was much more difficult than with unemployed persons. Potential respondents were sampled on site at the social assistance department. Unless old and frail, social assistance recipients are expected to collect their cheque on their own. Contacts with older recipients were made with the assistance of the welfare department.

A total of 120 social assistance recipients were approached with the request to provide us with an interview. Only 29 agreed to be interviewed. The majority of the potential respondents declined by denying that they were receiving social assistance, claiming they were ‘picking’ up the social assistance cheque for a friend or accompanying a family member. This shows the stigmatization attached to social assistance which clearly acts as a deterrent to talk about it.

The respondents were asked similar questions to unemployed persons, albeit tailored to the organization of social assistance:

- Personal situation: age, whether ‘fit for work’, family situation, health situation
- Social assistance benefits: level, length of receipt, type of benefit, procedures for application, experiences made with welfare department, problems involved, waiting period, activation measures.
- Particular attention was placed on revealing the interactions between the social assistance recipient and the officers in charge at the welfare departments. The latter enjoy a high degree of discretion, hence also power in the administration of the benefits.

The respondents could be classified in three categories:

- Elderly persons without pension entitlements, i.e. full and permanent recipients of the full standard reference rate from social assistance;
- Elderly persons in a transition period (to pension but not eligible for pension benefits yet);
- Persons of working age with no work and low or no unemployment benefit and, therefore, not able to cover their basic needs – they receive temporary or supplementary benefits from social assistance.

The annex to this report (section 9.8) outlines some basic characteristics of the 29 social assistance recipients in Linz and Vienna interviewed for the purpose of this report.

3.4.6 International comparisons

The study of the impacts of Europeanization on welfare regime requires a comparative framework – both temporal and spatial. An important element of this has been the collection of information on parallel developments regarding unemployment insurance, unemployment assistance and social assistance in other European countries.

The primary cases for our analysis are besides Austria, Norway and France. Norway was chosen as exemplary of the Nordic welfare regime type. Austria and France are both instances of the continental welfare regime type and this allows us to explore how two countries belonging to the same welfare regime type react to the Europeanization challenge. Secondary cases for our analysis are the UK, representing the liberal welfare regime type, Spain for the Southern European family-oriented welfare regime and Poland as a New Member State. We also considered the recent reforms of the unemployment insurance and unemployment assistance in Germany.

The information on the policies and experiences in other EU countries rested primarily on document analysis and informal talks with officials or experts. In France field observation was additionally carried out in a number of local welfare departments and unemployment offices.

3.4.7 Consultation procedure

In order to validate our findings and obtain feedback from relevant stakeholders, we organized a consultation process that involved:

- a) the design and distribution of a questionnaire with a series of statements summarizing our interim findings and drawing policy implications in a provocative manner. This questionnaire can be read in the annex of this report (section 9.9). The questionnaire was distributed to AMS officials and labour market policy experts, including those interviewed earlier by the project. In addition the questionnaire was sent to representatives of the various political parties in charge of social issues. We received 15 responses to this questionnaire – a summary of the responses can be read in section 9.9 of the annex.
- b) the compilation of a consultation document summarizing the results of the project and its policy implications. The consultation document can be read in the Annex (section 9.10). The document was placed on the Web at www.iccr-

international.org/node/consultation and relevant stakeholders were informed about this by e-mail and invited to supply comments. The consultation document will remain on-line after the contractual end of the project.

In addition to providing feedback to our research, the consultation procedure was also useful as a dissemination activity for the project. More specifically, it provided the opportunity to disseminate information on the international experiences with unemployment welfare regimes and the European social agenda.

4 'Social Europe' in Search of Guiding Principles

The formation of Working Group XI was not foreseen when the Convention took up its work in February 2002. On September 26, 2002 Anne van Lancker, Johannes Voggenhuber and Sylvia-Yvonne Kaufmann, acting on behalf also of several other members of the Convention, submitted a motion to the Praesidium demanding that a 'debate on the issue of a social Europe' be placed on the Convention agenda (CONV 300/02). This motion was justified with reference to 'the numerous statements and contributions of the members of the Convention within the plenary meetings (...) the various statements of representatives of the civil society, the conclusions of the Youth Convention and the results of the Eurobarometer' (ibid.)

A first debate on social issues took place in the framework of the plenary session held to discuss the final report of the Economic Governance Working Group. The latter noted, among others, that there was a significant division among Convention members as to the extent to which the Articles of the Draft Constitutional Treaty on values and Community objectives should make reference to social issues. Consequently it was agreed to establish a new Working Group to deal with these concerns in a 'sufficiently ambitious manner'. This Working Group, the eleventh to be established by the Convention, was entitled 'Social Europe' and constituted in December.

The new Group's mandate was structured around seven questions:

Article 2 of the preliminary draft Constitutional Treaty sets out to define briefly the Union's basic values. What basic values should this provision contain in the social field, taking into account those already present in the Charter of Fundamental Rights of the EU?

Article 3 of the preliminary draft Constitutional Treaty sets out to define the Union's general objectives. To what extent and in what way should these general objectives include social objectives?

As regards the Union's competences, do you consider that the present competences of the Union / Community in social matters should be modified? If so, what new competences should be conferred on the Union / Community in social matters, and in which category of competences should they be placed?

What role could be given to the open method of coordination and what would be its place in the Constitutional Treaty?

What relationship can be established between the coordination of economic policies and the coordination of social policies?

Regarding procedures, to what extent should co-decision and qualified-majority voting be extended to matters for which unanimity is currently required?

Title VI of the preliminary draft Constitutional Treaty deals with the democratic life of the Union. Should the role of the social partners appear in Title VI and, if so, what should this role be?

Of all the eleven groups formed, the Working Group ‘Social Europe’ was the largest in terms of membership, comprising a total of 70 participants, including 16 members of the European Parliament, 22 representatives of national parliaments, 8 representatives of Member State governments, 15 representatives of national parliaments and two governmental representatives of the candidate countries as well as seven observers – one from the of the European Commission, three from social partner organisations, two observers from the Economic and Social Committee and one from the Committee of the Regions.³ Of the 70 participants, 32 were full members, 31 were alternates and seven had observer status.

A total of five meetings were held. The constitutive meeting took place on 6th December 2002, the last one on 27th January 2003. The Final Report was presented to the plenary session on 30th January 2003 (and a corrigendum and revised version on 4th February 2003).

4.1 **Basic social values**

Of those contributing in written form to this question of the mandate of the Working Group ‘Social Europe’ (36 out of 43) there was practically no one who objected to the explicit reference to social values as well as the inclusion of the Charter of Fundamental Rights in the European Constitution. Only two participants thought that the inclusion of the Charter was sufficient and no further explicit reference to social values in Article 2 was necessary. A few participants cautioned against the full inclusion of the Charter in the Constitution as possibly affecting the sharing of competences between Member States and EU institutions (see WD No. 5 of Sören Lekberg, WD no. 25 of Earl Stockton) or by reason of the legal vagueness of the terms (Danny Pieters WD No. 1, pp.63-67). Substantively there was broad agreement that the social values that ought to be explicitly referred to in the Constitutional Treaty were those of solidarity (six out of ten), equality (one out of two) and social justice (three out of ten).

The final text agreed to by the Convention read as follows regarding Article 2:

The Union is founded on the values of respect for human dignity, liberty, democracy, *equality*, the rule of law and respect for human rights. These values are common to the Member States in a society of pluralism, tolerance, *justice*, *solidarity* and non-discrimination (Draft Treaty establishing a Constitution for Europe, CONV 850/03, 18 July 2003, p.5, own highlighting)

The final text in the Constitutional Treaty signed by Heads of Member States on 29th October 2004 was slightly modified as follows, mainly to explicitly refer to the respect of rights of minorities as well as the equality between men and women – a subject that most Convention members mentioned as relevant for inclusion as an objective of the Union rather than as a value.

The Union is founded on the values of respect for human dignity, freedom, democracy, *equality*, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, *justice*, *solidarity* and *equality between men and women* prevail (Treaty establishing a Constitution for Europe, CIG 87/2/04 REV2, 29 October 2004, p.10, own highlighting).

All left-leaning members of the Working Group (i.e. social-democrats or Greens) were in favour of the inclusion of social values in the Constitutional Treaty as opposed to two out of three among conservatives and liberals. In similar fashion, solidarity and equality from among social values were more frequently mentioned from left-oriented participants as compared to those on the right (eight out of ten among social democrats and greens as opposed to four of ten among conservatives and liberals).

4.2 **Social objectives**

At the outset of the discussion of this second question of the group's mandate, it was agreed that social objectives should not be restricted to what could be achieved by the Union institutions alone but also address those areas where the Union has complementary competences. Social objectives most frequently mentioned by the members of the Working Group 'Social Europe' included full employment (one out of two), social protection (four out of ten) and basic services (one out of three).

Some members emphasized 'full employment' as one of the major objectives while others argued that a 'high level of employment' was closer to the objective which the EU ought to pursue, namely that of creating favourable conditions for job creation. Other objectives mentioned included the promotion of services of general interest (e.g. health, education, etc.), the fight against economic insecurity and social exclusion, the promotion of the social market economy or of the European social model, sustainable economic and social development as well as economic and social cohesion between Member States and at the regional level.

The final text proposed by the Convention for Article 3 was as follows:

The Union's aim is to promote peace, its values and the well-being of its peoples. The Union shall offer its citizens an area of freedom, security and justice without internal frontiers, and a single market where competition is free and undistorted. The Union shall work for the sustainable development of Europe based on *balanced economic growth, a social market economy, highly competitive and aiming at full employment and social progress, and with a high level of protection* and improvement of the quality of the environment. It shall promote scientific and technological advance. It shall *combat social exclusion and discrimination and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of children's rights*. It

shall promote *economic, social and territorial cohesion and solidarity among Member States*. The Union shall respect its rich cultural and linguistic diversity, and shall ensure that Europe's cultural heritage is safeguarded and enhanced. In its relations with the wider world, the Union shall uphold and promote its values and interests (...). These objectives shall be pursued by appropriate means, depending on the extend to which the relevant competences are attributed to the Union in the Constitution. (Draft Treaty establishing a Constitution for Europe, CONV 850/03, 18 July 2003, p.6, own highlighting).

The only real difference between the above text and that in the final Treaty which was signed by Heads of Member States – and apart from stylistic or editorial corrections – was the addition of reference to price stability in connection with the pursuing of a balanced economic growth (CIG 87/2/04 REV2, 29 October 2004, p.11).

Left-wing politicians were more likely to want the Treaty to mention full employment (eight out of ten). Only two out of ten right-wing politicians held this view, the majority favouring 'high level of employment' instead. The same trend, albeit not as strong, emerged with regard to 'social protection' and 'basic services'. Likewise, references to the European social model and a social market economy, while overall few, tended to come mostly from left-leaning participants.

From the above analysis it appears that the political left got its way in having full employment written down in the Constitution. However a more careful reading shows this not to be entirely true. Under Part III, Chapter III, entitled 'Policies in other specific areas', section 1 on employment, we may read under Article III-99 that:

The Union shall contribute to a *high level of employment* by encouraging cooperation between Member States and by supporting and, if necessary, complementing their action (...). The *objective of a high level of employment* shall be taken into consideration in the formulation and implementation of Union policies and activities (CONV 850/03, 18 July 2003, p.103, own highlighting).

4.3 **Union's competences**

Opinions on the subject of the Union's competences were divided. Every second member of the Working Group was of the opinion that the current range of competences was sufficient while the rest expressed the view that the Union's competences should be extended so as to cover the areas of pay, right of association, the right to strike as well as the right to impose lock-outs currently excluded by Article 137(6) of the TEC. The cleavage here run mostly according to nationality rather than politics: participants from the Nordic countries as well as the UK and Ireland were keen to maintain the status-quo regarding EU competences in the social field, underlining the importance of flexibility in the implementation of the open method of coordination (see below). Continental and

South European participants are, on the contrary, more interested in seeing EU competences extended.

The overwhelming majority – nine out of ten – were against any extension of the Community's competences in the field of social protection which is also at the core of welfare policy. In this regard, the Union's legitimate area of intervention was thought best limited to cross-border situations. The application of the principle of subsidiarity to the social area was backed by several participants, i.e. that each Member State should be able to take decisions relating to its level of social protection with the Union only acting in cross-border cases.

Sören Lekberg of the Social Democratic and Workers' Party of Sweden summarized the various views succinctly by writing:

It is true that the welfare policies and the social protection systems to a high extent rest on shared values and objectives, but they have developed differently and have been adapted to the Member States' specific traditions and circumstances. An increased harmonization in the social field is undesirable. We do not achieve a social Europe by trying to shape a common European welfare policy (CONV WD No. 5, pp.27-29).

Earl of Stockton representing the Conservative Party of the UK puts it more strongly claiming that to attempt a common European approach on social issues would be equivalent to intrusion in a Member State's sovereignty and hinder Member States to adapt their national and regional situations to economic change. His colleague Peter Hain of the British Labour Party also underlines that the EU should not acquire any new competences.

Johannes Vogenhuber of the Austrian Green Party and representing the European Greens at the European Convention likewise calls for the respect of national social systems but asks for 'general provisions for a sphere of social security' in the form of minimum standards in order to avoid distortions of competition and, indeed, the 'erosion' of national welfare traditions (ibid. pp.35-39). Italian Valdo Spini, representative of L'Ulivo, calls for a stronger policy-setting role for the European Commission including with regard to the ability to impose binding targets for Member States in terms of employment.

In the draft Constitutional Treaty the Union's competences are dealt with in Part III, Articles 9 to 17. Article 10 defines the Union's competence in the field of social policy as that of *promoting and coordinating* employment policy (besides economic policy) whereas Article 13 also includes social and territorial cohesion as well as consumer protection and common safety concerns in public health matters as areas of shared competence. Education, vocational training and youth are identified by Article 16 as areas of supporting or complementary action. These recommendations were taken up in the Constitutional Treaty in Articles I-12 and I-14 under Title III.

4.4 **Open method of coordination**

There was general agreement that the open method of coordination was a useful complementary or supplementary mode for coordinating policies which are not at the core of the legislative activity of the Union through the Council or the European Parliament, hence also for social policy areas such as the European Employment Strategy, the fight against social exclusion, pension reform or health. Nonetheless, most Convention members were unsure about whether it made sense to include the OMC in the Constitutional Treaty, albeit for different reasons.

Several members of the Working Group were keen to underline the non-legislative, non-binding and hence flexible character of the OMC, quasi as an institutional pre-decision mechanism of deliberation that should help gradual harmonization through learning, the exchange of information and benchmarking. Thus the OMC was judged most useful for agreeing on values, targets and indicators, less for specific policy measures. According to the supporters of this view, mainly right-wing politicians, the OMC had no real place in the Constitution as representing a flexible negotiation or consensus-reaching strategy. For instance, Hannes Farnleitner, representing the Austrian government in the European Convention, noted in his intervention that the OMC allows the rapid reaction to new policy challenges but called for flexibility with regard to how it is applied (not least with regard to the actors consulted). In other words there should be no OMC model as such (CONV WD No.1 pp.38-39). Similarly, Filadelfio Basile, representing the European Peoples' Party of the European Parliament, cautions against any excessive formalization of the OMC as this would compromise its flexibility (CONV WD No. 8, pp.2-9). Dick Roche of the Fianna Fail Party is worried about the OMC becoming a 'one size fits all' approach (CONV WD No. 22, pp.2-3). In order to avoid precisely this problem, Pia Noora Kauppi of the Kansallinen Kokoomus (Finnish Conservatives) is against the constitutionalization of the approach (CONV WD No. 15, pp.2-3).

At the other end of the spectrum, other members of the Group saw a certain danger in the flexible character of the OMC as possibly de-legitimizing over time the role of the European Parliament and, more generally, the legislative procedure and instead supporting the inter-governmental Community method of decision-making. Such concerns were mainly raised by left-wing politicians who thus also called for more transparency and clearer procedural rules if the OMC were to be included in the Constitutional Treaty. Thus, Jürgen Meyer representing the German Social Democratic Party SPD cautions that the OMC is not misunderstood or used as a substitute of Community legislative procedures and points out that the OMC seriously lacks democratic legitimacy since it sidelines the European Parliament (CONV WD No.1, pp.48-53). Similarly Ann van Lancker of the Belgian Socialist Party is worried about the limitations of the OMC and calls for the explicit inclusion of social partners, civil society organizations, and local / regional authorities in consultation procedures (CONV WD No.2, pp.2-4). Louis Michel of Belgian Liberal Party PRL sees the OMC as an

opportunity to promote collaboration among Member States in a less formal way and as such a procedure that is often more suitable or ultimately used for inter-governmental consultations rather than consultation among governmental and several societal actors. For this reason, and assuming that the OMC is included in the Constitutional Treaty, he is in favour of making it possible for the European Parliament to make observations to agreements reached through the OMC (WD No. 30, pp.3-7).

Eventually, there was no explicit reference to the open method of coordination in the Constitutional Treaty. The latter, however, describes in detail the procedures followed by the European Employment Strategy which is the prototype of the OMC (CIG 87/2/04 REV2, 29 October 2004, Part III, Chapter III, Section 1, Articles III-203 to III-208, pp.69-72). Similar procedures are described in the section 2 on 'social policy': Article III-209 calls for the harmonization of living and working conditions noting that 'the functioning of the internal market (...) will favour the harmonization of social systems' (ibid. p.73). The Union is called 'to support and complement' the activities of the Member States in several fields, including that of the social security and protection of workers, the representation and collective defence of the interests of workers and employers and the combating of social exclusion. To this end, the following procedures / measures are prescribed or allowed:

European laws or frameworks may establish measures designed to encourage cooperation between Member States through initiatives aimed at improving knowledge, developing exchanges of information and best practices, promoting innovative approaches and evaluating experiences, excluding any harmonisation of the laws and regulations of the Member States. (...) European framework laws may establish minimum requirements for gradual implementation, having regard to the conditions and technical rules obtaining in each of the Member States. Such European framework laws shall avoid imposing administrative, financial and legal constraints in a way which would hold back the creation and development of small- and medium-sized undertakings (ibid. Article III-210, pp.74-75).

Furthermore, the Constitutional Treaty foresees that framework laws on matters relating to social protection, the conditions of employment for third-party nationals or the collective representation of interests shall be adopted by the Council unanimously and following consultation with the European Parliament. In other words, the co-decision and qualified-majority voting procedures were not extended to these areas. Furthermore, even if such laws were to be enacted, these 'shall not affect the right of Member States to define the fundamental principles of their social security systems' (ibid. p.75), nor from introducing more stringent protective measures. In addition, and as requested by the majority of the members of the Working Group, the above provisions do not apply to pay, the right of association, the right to strike or the right to impose lock-outs which thus remain firmly in the hand of nation-states.

4.5 **Coordination of social and economic policies**

All members of the Working Group ‘Social Europe’ agreed with the principle of better coordination between economic and social policies. The key difference was between those who called for a strong coordination or even integration between social and economic micro- and macro-economic policies towards a social market economy and those who instead were in favour of weaker forms of coordination.

Left-wing politicians called for a strong integration of the two and an explicit consideration (with policy implications) of social issues in the drafting of the broad economic guidelines. In this spirit, Caspar Einem representing the Austrian Social Democratic Party notes that it does not suffice to promote employment through labour market policy but that it is equally important to streamline macro-economic policy towards the achievement of full employment (CONV WD No. 6, pp.5-43 and WD No. 43, pp.2-4).

Conservative politicians were instead keen to underline the importance of maintaining the independence of economic policy and in that were against suggestions by the left for increasing the scrutinizing role of the European Parliament vis-à-vis the European Central Bank or the European Investment Bank. Claude du Granrut notes somewhat sarcastically that ‘all economic policies have impacts on social policies and vice-versa’ (WD No. 6, pp.20-23), yet this does not mean that economic policy should be conditioned or calibrated alone through its social impacts. Instead, there should be more attention paid to territorial aspects: regional policy is one way to address the social impacts of economic policies.

In line with the above, there was overall approval of the social dialogue and its explicit mention in the Constitution, however there were also concerns regarding the scope (i.e. the areas it should apply to), legal basis and representativity of social partner organizations. Right-wing politicians were more likely to raise such concerns as compared to left-wing politicians. The dialogue between social partners is explicitly mentioned in Article I-48 of the Constitutional Treaty which asserts that the Union ‘recognizes and promotes the role of the social partners at its level, taking into account the diversity of national systems’ (Part I, p.52). It furthermore asserts that ‘it shall facilitate dialogue between the social partners’ and mentions in this respect the Tripartite Social Summit for Growth and Employment. All further mentioning of the social partners were removed and substituted with ‘management and labour’. Hence, ‘management and labour’ (rather than social partners) are referred to in Article III-208 as partners to be consulted by the Employment Committee for the design of the European Employment Strategy and repeatedly in section 2 on ‘social policy’. Significantly Article III-210 foresees that social partners may be entrusted with the implementation of framework laws in social policy fields while Article III-212 opens up the possibility for direct negotiations between social partners and Union institutions.

4.6 **Discussion**

There is wide consensus among political representatives and across Member States and political parties that social values have a legitimate place in the Constitution. The European Union is seen as upholding equality, solidarity and justice next to freedom, democracy, the rule of law and the protection of minorities. There is likewise widespread agreement that shared competences in the formulation and implementation of social policy should respect national differences with regard to welfare and social protection systems. At the same time there is increased recognition that the ‘ever closer Union’ that is emerging through the internal market as well as the supra-national EU institutions tends to ‘favour’ the harmonization of social systems and that such harmonization may have to go beyond micro-economic and social policy as in the European Employment Strategy.

So far so good. The picture begins to become less consensual when one moves on to social objectives or the coordination of social and economic policies. Here we witness the nascence of distinct left-right ideologies which correspond to the normative orientations of the welfare regime typology. Left-leaning politicians are, for instance, more likely than conservative politicians to favour ‘full employment’ as opposed to ‘high employment’. The difference in emphasis is far from a semantic play on words. Full employment, as we saw in our review of the welfare regime literature, is associated with the social-democratic welfare-state regime that, at the same time, assumes a strong role of the state in promoting employment through macro-economic policy rather than through micro-level activation measures alone. It is, therefore, not accidental that this idea alienates conservative politicians but is attractive to social democrats and members of Green parties. The favouring among the latter of a stronger coordination between social and economic policies tells the same story. Indicative are also the reasons cited against endorsing the open method of coordination as a new Community method of decision-making and as such one to be engraved in the Constitution. Even though most Convention members welcomed the use of the OMC as a useful method for ‘screening’ differences and similarities among Member States in search of common ground, its inclusion in the Constitution would have been accepted by right-wing politicians only upon condition of maintenance and extension of its flexibility. Yet this was precisely what left-leaning politicians could not accept as that would imply, in their opinion, a further legitimizing of the inter-governmental mode of policy-making and a de-legitimizing of the role of the European Parliament. Finally, we could observe a similar cleavage with regard to the role assigned to social partners. It is indeed telling that the Constitution as finally signed by Heads of State only includes one reference to the social partners, unlike the Convention draft which spoke about the social partners more than ten times. Social partners are instead referred to as ‘management and labour’ representatives and their role in policy-making is still primarily seen as channelled through national-level governments.

As most EU documents, the European Constitution represents a compromise between different national and political interests. It is, therefore, not surprising – and certainly not accidental – that the final text of the Constitution muddles through opposing views and attempts to downplay these. ‘Full employment’ is an objective of the Community in Article 3 but in all subsidiary texts on policy, there is reference instead to ‘high employment’. ‘Management and labour’ can be delegated policy implementation by national governments but assuming they manage to organize trans-nationally, the door is left open for direct negotiations with Union institutions on specific issues. And so on.

If we expected Europeanization and, especially, the project of political integration to bring about a levelling off of welfare regime differences at the normative level, then our results suggest that this is far from happening. The evidence for this is entailed less in the obvious continuing need of national politicians to assert the uniqueness of their welfare systems – a tendency that is quite widespread. The real evidence is inherent in the clear ideological differences with regard to opinions on the above issues.

At the same time, the fact that these opinion differences are structured politically and are as strong, if not stronger, than national opinion differences can also be interpreted as evidence for the gradual consolidation of European-level ideologies on social policy and the welfare-state. Esping-Andersen (2000) claims that one of the barriers to addressing the contemporary challenges to welfare states is the continuing dominance of ideologies. This negative view of ideology, which tends to characterize technocratic assessments more generally, is legitimate. On the other hand, there is the counter-argument that ideologies matter, especially on principal issues or normative concerns such as the political architecture of the European Union institutions or the edifice of the welfare state. If the latter is the case – and we suspect it to be – then the ‘Social Europe’ debate represents an important milestone for envisioning European solidarity between welfare regimes and the European social agenda.

5 **Whither Welfare Regimes? Contemporary Unemployment Policy in Comparative Perspective**

In this chapter we examine contemporary unemployment policy from the perspective of the European Employment Strategy (EES). We begin with a short overview of the EES followed by a review of the development of the unemployment insurance in historical perspective. Subsequently we examine in detail the contemporary guiding principles and institutional practices of the systems of unemployment insurance and social assistance with regard to eligibility, coverage, benefits as well as job placement and activation.

5.1 **The European Employment Strategy**

The National Employment Action Plans have been the principal way of implementation of the European Employment Strategy (EES) launched by the Luxembourg Jobs Summit in 1997. That same summit foresaw the extension of the model of coordination and multilateral surveillance used in the preparation of the European Monetary Union to employment policy. This was the model which later came to be known as the open method of coordination (OMC) and which currently also applies to other sub-areas of social policy like pensions and social exclusion.

The first series of National Employment Action Plans were published in 1998 and since then yearly. As of 2000, the plans have been conceptualized primarily as progress reports on the achievement of the various guidelines for more and better jobs. Over the years there has also been a shift of priority ‘from a predominant focus on long term unemployment towards a long-term approach of employment creation and access to employment’ (EMCO, 2002, p.4). Accordingly, the first evaluation of the NAP Employment process was undertaken in 2002 and covered the first five years, 1998 to 2002. This comprised individual evaluations in each country and a synthetic comparative evaluation.

The EES guidelines are built around four pillars. Within each of these four pillars there are, in turn, a series of specific guidelines. The four pillars that underpin the Employment NAPs are: improving employability; developing entrepreneurship; encouraging adaptability of businesses and employees; and strengthening equal opportunities for women and men. The guidelines under each of the four pillars focus primarily on the promotion of active targeted and corrective measures rather than the implementation of broad employment reform packages.

Under the first pillar, guidelines focus on the improvement of the employability of the youth, the old, disadvantaged groups and long-term unemployed as well as the fighting of discrimination and the promotion of life-long and e-learning. Under the second pillar, guidelines are concerned with facilitating the start-up of new businesses and the support of entrepreneurial activities and the business sector

more generally through tax reforms and reforms on the taxation of labour. Guidelines under pillar three deal with work organization and flexibilization. Finally, gender mainstreaming is the focus of the fourth pillar.

Overall, the emphasis is on *incremental changes at the micro-level of labour market policies* rather than on macro-level structural reforms concerning the labour market or the social protection systems. The problem, of course, with this approach is that measurable effects will often vary across countries and not only because of the variation of external conditions but also because of the variation of policy framework conditions, not all of which are equally conducive to the success of specific measures at the micro-level. The impact evaluation report of the EES recognizes this when it notes, with reference to the success of specific policies targeting the needs of disadvantaged groups, that ‘an active personalized approach is effective to the extent that it is accompanied by a broader set of measures towards re-integration’ (op cit. p.15). In this connection, the ‘mainstreaming’ of employment into other related areas is of primary importance towards the long-term achievement of structural improvements on the labour market.

A recent communication entitled *The future of the European Employment Strategy: A Strategy for Full Employment and Better Jobs for All* (EC 2003/6) takes a step further and proposes a revision of the Union’s employment strategy. Even though some progress towards achievement of the Lisbon target is noted, this is not adequate considering (a) the current slow economic and employment growth rates, (b) the enlargement of the Union, (c) the ageing of society and (d) the knowledge society. For these reasons, the European Commission recommends the closer coordination between the EES and the Broad Economic Policy Guidelines (BEPGs). The Communication further recommends the simplification of the EES guidelines and suggests three overarching objectives, namely, *full employment, quality and productivity at work* and *cohesion for an inclusive labour market*.

Following these objectives, the following priorities are proposed: (1) active and preventive measures for the unemployed and inactive (and especially the youth and long-term unemployed); (2) making work pay by reviewing the tax/benefit systems; (3) fostering entrepreneurship; (4) transforming undeclared work into regular employment; (5) promoting active ageing; (6) integrating legal immigrants into the labour market; (7) promoting adaptability to work through an increase of training opportunities; (8) investment in human capital and lifelong learning; (9) gender equality; (10) combating discrimination of people with disabilities; and last but not least (11) addressing regional disparities through a clearer focus on human capital, gender mainstreaming and the social economy. Indicators and targets are proposed for each of the above priorities (cf. Economix Research and Consulting 2003).

The new guidelines mark a possible shift of attention away from the mere emphasis of micro-level measures to more structural reforms. In comparison with the earlier four pillars of the EES – employability, entrepreneurship, adaptability and equal opportunities between men and women – the revised three overall objectives – full employment, quality and productivity at work and cohesion – are

not only simpler but also more explicitly social policy oriented. Especially the explicit commitment to ‘full employment’ is noteworthy for possibly marking a shift of EU priorities towards the better coping with unemployment and stagnating labour market demands. The prioritization of cohesion further underlines the significance of the local dimension for employment while the emphasis on the quality of work places the individual worker and his/her needs at centre stage. More generally, it would appear that the 2003 Communication of the European Commission on the EES follows the recommendations of the Working Group ‘Social Europe’ of the European Convention.

5.2 Unemployment policy and management in historical perspective

The first general insurance system at the national level was established in the United Kingdom in 1911. The National Insurance Act of 1911 foresaw a contribution-based health and unemployment insurance for all employees.⁴ Similar insurance systems were established in Austria and in Germany in the 1920s, albeit covered mainly blue-collar workers and clerks. In Norway the unemployment insurance system emerged gradually out of the Basic Collective Agreement or ‘Labour Market Constitution’ signed in 1935 between the Confederation of Trade Unions (NO) and the Confederation of Norwegian Business and Industry (NHO).⁵

In the majority of European countries, and especially on the European continent, further institutional developments could only take place after the end of World War II. Based on the recommendations of the famous ‘Beveridge report’ published in 1942, the United Kingdom proceeded to establish a social insurance system to compensate for the loss of income in case of unemployment but also sickness and old age: the ‘National Insurance Act’, the ‘National Health Service Act’ and ‘National Assistance Act’, enacted in the years 1946 to 1948 constitute till today the cornerstones of the British social security system. In Austria, the unemployment insurance, following its re-establishment, extended its scope to cover farmers and seasonal workers. Health insurance for the unemployed was also introduced at that time. The development in Germany was similar, beginning in 1952. In France the system was established in 1958 in the framework of corporatist consensual politics and with income replacement as the main objective. Originally its scope was limited to the industrial sector and in particular those companies that were members of the CNPF Union. In 1967 the insurance regime was extended to all sectors of commerce and industry, in 1974 to farmers and employees facing unemployment due to redundancy and in 1979 to domestic workers and pre-school teachers.

The unemployment insurance systems in Southern European countries, like Spain, and in Central East European countries, like Poland, emerged much later. In Spain, the institutional basis of the welfare state began to emerge during the last years of the authoritarian Franco regime in the late 1960s but only took shape in

the period 1977 to 1990. Similarly, in Poland, the unemployment insurance system was established following the transition to democracy in 1989.

Back in the 1950s and quite steadily over a couple of decades thereafter the labour market grew rapidly and unemployment was not more than a short-term occurrence. The situation began to change in the 1970s and since that time advanced industrial societies are having to cope with persistent or regular high unemployment rates.⁶ In 2004 the unemployment rate in Poland stood at 19 per cent, in Spain it was over 11 per cent while in France it was around 10 per cent and comparable to Germany. The unemployment rates in Austria and the U.K. were lower, closer to 5 per cent.⁷ Unemployment in Norway is the lowest below 4 per cent but significantly higher among migrants and young people.⁸ The increase of long-term unemployment led to the establishment or extension of the solidarity-based scheme of unemployment assistance as last resort for covering those who are long-term unemployed as well as those lacking adequate social insurance through previous employment. Moreover, financial constraints in conjunction with an ideological re-orientation have led to the retrenchment of the income replacement function of the unemployment insurance scheme through stricter accessibility criteria, shorter durations for unemployment benefits and greater targeting. In parallel attention shifted towards the job placement function of the public employment services and to activation measures. These aspects are dealt successively in the subsequent sections.

This shift to what has come to be known as active employment policy or workfare has been accompanied by key management reforms of the unemployment insurance schemes in several countries. **Austria** is exemplary for these types of reforms through outsourcing and decentralization. In 1994 the then labour market administration ceased to exist and its functions were taken over by the labour market service (AMS). The latter displays a federalized structure. Next to the central agency there are nine regional and 94 local / municipal agencies. The policy framework is charted by the administrative council of the central agency which displays a tripartite organization with representatives from the government as well as employer and employee associations. The regional and local agencies have a certain autonomy in terms of operationalizing their objectives, especially with regard to job placement and activation measures, but these must be consistent with the overall policy plans (see also Badelt and Österle 2001).⁹

Germany displays a similar labour market administration management to Austria. The German Labour Office (BA) consists of a head office, 10 regional employment offices, 180 local employment offices and 600 employment agencies. Recent reforms (Hartz III and IV) have sought to increase the management responsibility of regional and local agencies and enable the outsourcing of specific job-placement functions to special agencies within the Labour Office or in the private sector.

Management reforms have followed a more incremental pathway in **France**. The French unemployment insurance is managed by the National Employment Association UNEDIC and its local agencies ASSEDIC.¹⁰ The management of the

UNEDIC is bipartite and not tripartite as in Austria and has been so since its establishment in 1958. The UNEDIC / ASSEDIC are mainly in charge of income replacement and have little directly to do with job placement. This is the task of the National Employment Agency ANPE which however may only offer jobs to those registered as receiving unemployment benefits from one of the ASSEDIC. This link between the two institutions was introduced in 1998. Vocational training is offered by the General Delegation for Employment and Vocational Training DGEFP and its local agencies DDTEFP.

In charge of labour market policy in Norway is the Public Employment Service or AETAT. The AETAT operates under the jurisdiction of the Ministry of Labour and Government Administration and comprises a main office and several local offices or *Arbeidskondor*. Internally it is organized functionally with different departments being in charge of different tasks like counselling, the payment of unemployment benefits, severance wage, complaint and appeal etc. The structure of the AETAT did not significantly change since its establishment. However, in 2000, the public monopoly of AETAT on job placement was abolished. Since that time private agencies may also run job placement and recruitment services but AETAT is also entitled to run business services for a fee. These target mainly companies and include services such as hiring out of labour and providing employers with temporary labour. The core services of the AETAT concerning the unemployed are still provided for free.

5.3 Types of benefits

In most countries we find two types of unemployment-related benefits, namely an insurance-based benefit and a solidarity or minimum income benefit. The former is paid out to persons with previous job experience and is financed from the contributions of both employers and employees in the framework of social insurance. The latter is paid out to persons with limited previous employment and/or the long-term unemployed and is tax-financed, funded by the general state budget. Countries differ with regard to how these two types of benefits are administered as well as the duration of and estimation method for each. In this section we consider how these benefits are administered in the countries under investigation. Their amounts and duration are discussed in subsequent sections.

In Austria and France both types of benefits are administered by the respective labour office – in Austria the labour market service AMS, in France the National Employment Association.¹¹ In France, the solidarity scheme or unemployment assistance was introduced only in 1984; in Austria it was established together with the unemployment insurance after the end of World War II. The situation in Spain is similar to that of Austria and France – both the unemployment benefit and the so-called unemployment allowance are administered by the National Employment Institute INEM and/or the autonomous communities.

The solidarity scheme displays several similarities to the social assistance system that targets those that do not have previous employment experience or are unable to work. Indeed, in Norway there is no unemployment assistance scheme – after three years, long-term unemployed come under the social assistance scheme which is managed by municipalities at the local level. The recently enacted Hartz IV reform foresees the same for German long-term unemployed already after 18 months. A similar situation exists in Poland.

Unemployment assistance in the UK has been part of the social assistance scheme (there called ‘income support’) since 1966. Following a further institutional reform in 1996, the unemployment benefit is no longer distinguished from the unemployment assistance insofar as the unemployed person is concerned (and also not in terms of the standard rates for individuals). The benefit is now entitled ‘Jobseekers’ Allowance’ and is administered by the ‘Job Centres Plus’ that lie under the jurisdiction of the Department for Work and Pensions (DWP).

5.4 Income replacement: eligibility criteria

Receipt of unemployment benefit is bound to a number of eligibility criteria or conditions related to previous employment and preparedness to work. These are quite similar across European countries. We review below the eligibility criteria of our three primary cases as exemplary of European trends more generally.

In order to be eligible to receive unemployment benefit in **Austria**, the unemployed has to be at the disposal of the AMS, he or she has to fulfil the entitlement to the unemployment benefit and the eligibility period must not be exhausted (§7, Abs 1. AIVG).¹²

To be at the disposal of the AMS means that the unemployed is entitled to work, willing to work, able to work and jobless (§7 §Abs 2 AIVG). An person is entitled to work if he or she (1) is able to take a job offer for which the rules of the law and of the collective agreements apply and (2) for which the restrictions of the laws for foreigners do not apply. Persons who receive child care benefit must ensure that the child is looked after by a qualified person or in a qualified facility. A jobless is qualified as ‘willing to work’ is he or she is prepared (1) to accept a job which has been offered by the employment service or (2) to take part in occupational training (3) to take part in an job integration measure (4) to accept any other job opportunity (5) to undertake any other attempts to get a job (§9 Abs 1 AIVG). A job is considered ‘reasonable’ if it is adequate for the physical abilities of the unemployed, does not endanger the health and morality of the unemployed and is adequately paid. A job in a field in which the unemployed has no professional qualifications is also considered reasonable if acceptance of the job offer does not endanger the future take-up of a job in the original profession of the unemployed. Adequately paid means that the wage of the offered job has to be higher than the so-called marginality limit¹³ and is paid according to a collective agreement where applicable. If the place of prospective employment does not

coincide with the place of residence the job may still be considered reasonable if travelling to and from the job would not endanger the maintenance of dependents. Additionally, if a daily return home is not possible the job is reasonable when the employer offers an accommodation for free.

The linking of 'willingness' to work to further training or activation measures as well as the obligation to accept jobs even if these are not in the place of residence represent new eligibility criteria introduced incrementally over the 1990s. These in turn imply that an unemployed person may lose their unemployment benefit for a definite period of six weeks if they refuse to take up a job offered by the AMS or if they refuse to take part in further training or participate in integration / activation measures or if they do not make efforts on their own to obtain a job. Judgement of the 'willingness' of the unemployed to work according to the above criteria is left to the discretion of the local employment centre officials. If a person claims not to be able to work because of sickness or invalidity he or she is obliged to undergo a medical examination.

The entitlement to the unemployment benefit is further bound to the number of months previously worked and for which social security contributions were made (*Anwartschaft* §14 AIVG). When the unemployment benefit is claimed for the first time, the recipient is required to have contributed to the social insurance for at least 12 months within the last 24 months. The rule is not applied when the unemployed is younger than 25. In this case the unemployed is allowed to raise a claim when he or she has contributed for at least 26 weeks (6 months) within the last 12 months. Young unemployed with less than six months previous work experience are not eligible to receive unemployment benefits.

Finally, according to the AIVG, the unemployment benefit has to be claimed personally by the unemployed at the local branches of the AMS (§46 AIVG). The applicant must bring a confirmation by the employer with specifications about the terms of employment, wage, duration and the reason of dismissal. If the unemployed was dismissed for own fault or resigned voluntarily, he or she is barred from unemployment benefit for a period of four weeks.

The eligibility criteria in **France** are very similar to those in Austria. To be eligible for claiming unemployment benefit a potential recipient must have worked six months or more during the last 22 months; not have voluntarily quitted the previous employment; be physically fit to work; be registered as a job seeker with the ANPE and be younger than sixty years old. Periods of professional training may be considered as time spent working. Unemployed persons who are older than 60 are also eligible to obtain unemployment benefit if they do not qualify for old-age pension. Finally like in Austria a person living a job on his / her own accord may claim unemployment benefit if after four weeks he/she has still to obtain a job yet can prove that he / she has taken all necessary steps in that direction. If the reason for quitting a job involves a change of residence in order to follow a spouse or parent who has a new job then the four week restriction is waived. The payment of unemployment benefit is terminated, like in Austria, if the unemployed person refuses to take up a job offered but also if he/she is

eligible for or receives other types of benefits, namely disability allowance, parental attendance allowance or has made incorrect declarations regarding his previous or actual employment record.

Unlike in France and Austria, the unemployment insurance in **Norway** also covers freelancers from among the self-employed. Persons who have lost their job and who are registered as unemployed at the local offices of the AETAT are eligible for receiving unemployment benefit after ten days. This waiting period can be prolonged to eight weeks in the case of unemployment by choice or own fault and can be prolonged even further if this occurs repeatedly in the space of one year. A further condition is that the unemployed person must have had an income from work of at least 1.25 times the basic amount in the previous calendar year or an average yearly income from work over the three preceding calendar years that equals the basic amount. The basic amount in 2004 was NOK 56.861 or € 6.841 (Rikstrygdeverket 2004, MISSOC 2000, OECD 2004). In other words, unlike in Austria and France, the key eligibility criterion for receiving unemployment benefit in Norway is not the duration of employment prior to the onset of unemployment but rather the income from previous employment.

5.5 Income replacement: amounts of benefit, duration and coverage

The restriction of the eligibility criteria tied to the receipt of unemployment benefit are best exemplified in the amount and duration of the benefit and, subsequently, the aggregate coverage offered by the unemployment insurance system.

From a historical perspective, the conditionality of unemployment benefits is characterized mainly by the continuous adaptation to external conditions, namely economic growth and labour market demand. For instance, in the early days of the unemployment insurance in the **United Kingdom** in the 1910s, benefits tended to be low and were paid only for fifteen weeks. In the 1920s, the qualifying requirements were relaxed and the duration was extended. This changed again following the economic crisis in the late 1920s: in 1934 the duration of receipt of unemployment benefit was reduced and a re-qualifying requirement was introduced.

A similar situation could be observed in Spain during the last three decades and in Poland during the last decade. In **Spain**, unemployment benefits were first increased in 1977 to be then reduced in the early 1980s following the oil crisis. In parallel, the labour market legislation was flexibilized in order to facilitate dismissals from long-term contracts. The result was that the coverage of the unemployment insurance dropped to 30 per cent from a high of over 60 per cent. Through the regulation of temporary employment in the mid-1980s, it again was raised to 62 per cent. Following further restrictions in the eligibility criteria similar to those in Austria, France and Norway described below, the coverage of the unemployment insurance in Spain lies today at 56 per cent.

The transition to democracy in **Poland** in the early 1990s brought to the fore social problems like unemployment and poverty that existed in the late years of communist rule but were denied. The first unemployment insurance installed in Poland in 1990/1991 was quite generous. Eligible was practically anyone without a job irrespective of previous employment history. The duration of the unemployment benefit was also unlimited. This changed within a couple of years. Today the Polish unemployment insurance, which is financed by a flat payroll tax of 2.45 per cent on gross wages and administered by the Labour Fund, only covers 15 per cent of all unemployed. It is paid only to those that have been employed for at least 365 days in the previous one and a half year. Benefits are independent of previous earnings but vary according to age and previous overall work experience. They are paid for a period of six to 18 months depending on the region of residence: the unemployment benefit is paid longer in those regions displaying higher unemployment rates. This dramatic low coverage of the unemployment insurance in Poland stands in close relation with the high rates of invalidity and early retirement pensions as well as pre-retirement benefits paid out in this country (Burns and Kowalski, OECD, 2005; see also Economic Survey of Europe 2003, No. 1).

The conditionality of unemployment benefits stands in inverse relation to labour market demand or, alternatively, the generosity of unemployment benefits is proportional to labour market demand. In other words, unemployment benefits are more likely to be generous and coverage higher in times of moderate or high economic growth and solid labour market demand. This is the undoubtedly cynical side-effect of an insurance-based system facing financial constraints to which economic and labour market policy has still to find an adequate solution.

However, the strong fluctuation of the conditionality criteria over a short period of time is associated with the early phases of the social security systems and democratic institutions: the UK of the 1920s and 1930s; Spain in the 1970s and 1980s and Poland in the 1990s. Countries with longer democratic traditions and stronger institutional arrangements and less likely to display such rapid fluctuations. However, there too, we can observe a gradual retrenchment of the income replacement function of the unemployment insurance – a trend that has been aggravated by the last years of economic recession.

The amount of unemployment benefit in **Austria** is calculated with reference to three constituent components: the base amount, the family allowance and the complementary sum where applicable. It may not fall below the minimum of € 662 (for 2005) (*Ausgleichszulage*) and it cannot exceed the so-called maximum pensionable earnings (*Höchstbemessungsgrundlage*) which currently stands at € 3.100.

The *base amount* corresponds to 55 per cent of the previous average daily net income from work with reference to the closest reference year: if the application is submitted prior to June 30th, the reference year is the year before the last (i.e. 2002 if application is submitted prior to 30.06.2004); if the application is submitted during the summer or fall, then this is the last year (i.e. 2003 if application is submitted after 30.06.2004). This amount represents the daily base

amount of the unemployment benefit unless it exceeds the maximum pensionable earnings.

The *family allowance* is calculated on a daily basis as 3.33% of the child benefit (§20 AIVG, §262 Abs. 2 ASVG) which currently amounts to about 29 €. This family allowance is granted for every dependent of the unemployed. Dependents are spouses (or partners) and children (own, step, adopted and foster). The unemployed must prove that s/he is actively contributing to the living of these dependents, and that no family credit is received. Additionally, these dependents cannot earn more than the minimum for occasional work without obligatory social security contributions which amounts to € 319.

The *complementary sum* is calculated on the basis of the minimum income defined in the ASVG (§293) and currently set at € 662 monthly. A complementary sum is paid if and when the total unemployment benefit estimated with reference to the base amount and the family allowance is below € 662. In the latter case a complementary sum is paid to bring up the unemployment benefit up to this amount.

The actual unemployment benefit is the sum of the above components. In addition to minimum thresholds the law defines upper thresholds. When no family allowances are granted, the maximum amount of the unemployment benefit may not exceed 60% of the daily net income. If family allowances are granted the benefit may not exceed 80% of the daily net income. While on unemployment benefit the unemployed individual is entitled to work without losing their unemployment benefit if and when their earnings do not exceed € 319.

The issue of minimum thresholds does not as such emerge in **Norway** given that here, eligibility for unemployment benefits is tied to a minimum amount of income from work during the preceding years. The calculation basis is the yearly income re-scaled on a daily basis – either that of the preceding year or the average over the last three years depending on which is the highest. The benefit rate is 0.24 per cent of calculation basis and is paid five days a week and this ‘normally’ gives an annual compensation of 62.4 per cent of the calculation basis. Considering the minimum amount, the minimum unemployment benefit in Norway is thus € 4.284 (gross) annually. The maximum benefit is set as six times the minimum amount, i.e. € 41.048 yearly (gross). A supplement of € 2 is granted daily for each dependent child under 18.

The level of unemployment benefit in **France** is calculated with reference to the previous gross monthly wage, re-calculated on a daily basis and taking into account whether the unemployed person was previously full- or part-time employed. There are two different modes of calculation used by the Assédic to define the amount of benefits: either 40.4 % of the daily reference wage plus a fixed sum or 57.4 % of the daily reference wage. The Assédic uses the highest of the two resulting calculations. However, benefits cannot be less than the

minimum allowance set by UNEDIC's board and daily benefits may not exceed 75 % of the daily reference wage. Analytically:

- If the former gross wage is below € 990,40 (minimum wage as of January 1st, 2003), then the unemployment benefit is set at € 742,80 which corresponds to 75 per cent. The same amount is obtained if the salary is in the range between € 990,40 and 1.084,90 in which case the daily amount is fixed at € 24,76. In both these cases the unemployment benefit is paid gross for net and no social security contributions are involved.
- If the former gross wage is in the range between 1.084,90 and 1.791,18, the unemployment benefit is specified as 40.4 per cent of the wage (re-calculated on a daily basis) and to this is added € 10,15 daily. The social security contributions are fixed at 3 per cent of the previous gross salary.
- If the salary is higher than 1.791,18 but lower than 9.728 the unemployment benefit is estimated as 57.4 per cent of the gross daily salary. In this case social contributions amount to 11.25 per cent of the previous salary.

It follows from the above that the unemployment benefit in France is more generous than in Austria as it entails no maximum thresholds. This is also evidenced by the OECD estimated initial payment rates for unemployment benefit for a 40-year old unemployed person with long previous employment history and an average wage: the payment rate in France amounts to 75 per cent as compared to 55 per cent in Austria and 62 per cent in Norway (OECD 2004, Salomäki and Munzi 1999).¹⁴ France is also more generous with regard to the eligibility period for receiving unemployment benefit. Whereas in Austria the maximum eligibility period is 12 months and applies only to those over 50 years of age who have worked at least nine years during the last 15 years, in France the maximum eligibility period – applicable to those over 55 and having worked at least 27 months in the last three years – is 60 months. In Norway the benefit period again depends on the earlier income from work. If the person concerned earned in his / her previous job at least twice the minimum amount, i.e. at least € 13.682 over a year, then s/he is entitled to unemployment benefit for 2 years. If he or she earned less, then the benefit period is reduced to one year, can however be renewed for another year.

The linkage of the benefit period to the length of or income from the previous employment reduces the coverage of the system and especially affects younger persons with less employment experience or persons on occasional or part-time employment. Thus in Austria the typical eligibility period for unemployment benefits is 20 weeks (five months) and only extended to 30 weeks if the recipient worked for more than three years during the last five years. In France the majority of the unemployed receive the unemployment benefit for four months – the minimum condition is that they have worked for at least four months during the last 18 months. The retrenchment of the system in terms of coverage is aggravated by the significant increase of inactivity among young people or women with no previous work experience. In 2000 in France only 42 per cent of all those

in search of a job were covered by the unemployment insurance, a further 12 per cent were subsumed under the unemployment assistance scheme (DARES 2001, cited in Clasen and Glegg 2003). In Austria in 2004 it was estimated that those covered by the unemployment insurance at any particular time represent only around 75 per cent of those in search of a job. In Norway the strategy followed for coping with this problem, especially as it affects young people, has been through the promotion of secondary education and vocational training. The 1994 Educational Reform (known as Reform 94) grants all young adults in the age of 16-19 a statutory right to education. Follow-up services at the local level in cooperation with AETAT seek to ensure that young persons who do not complete their secondary education are given precedence with regard to labour market activation measures or vocational training (Norwegian Labour Market Report 2001). Even though these measures have gone some way towards dealing with the problem of youth unemployment, they have not resolved the problem completely, giving rise to calls for more targeted measures and services (Ministry of Social Affairs 2003).

The exception to the above are older unemployed persons. In Austria, an unemployed person that is older than 40 years and has contributed to the system for more than 6 years over the last 10 years, can receive benefits for 39 weeks. In Norway, persons above the age of 64 are guaranteed a calculation basis of three times the minimum amount and can receive benefits without limitation until the age of 67.

Let us now turn to the situation of the long-term unemployed, here defined as those persons who have exhausted the maximum duration period for receipt of unemployment benefit under the insurance scheme.

In Austria and in France persons who are no longer eligible for unemployment benefit but who have still not found a job are eligible for unemployment assistance. The unemployment assistance in **Austria** is paid to the individual but is means-tested at the household level, i.e. its amount depends on the composition and amount of the household income; it may exceed the amount of unemployment benefit but may also be less than 75 per cent of the latter. In **France**, the unemployment assistance is likewise means-tested and ranges between 406 and 949 Euro for a single individual and 406 and 1492 Euro for a household of two persons where neither person works. In theory the unemployment assistance in Austria is paid for a year but can be renewed indefinitely. The same is the case in France where there is additionally no requirement for renewal.¹⁵

In **Norway** there is no unemployment assistance scheme. Persons who are unemployed for more than three years become eligible for social assistance. The latter follows similar rules of means-testing like unemployment assistance in Austria and France.¹⁶

In **Germany** the financial status of long-term unemployed was seriously affected by the recent Hartz IV reform. Prior to 2005 the unemployment assistance was

estimated in a similar way to the unemployment benefit, i.e. as a percentage share of previous earnings (up to a maximum of € 5.200): the unemployment assistance represented between 53-57 per cent of previous earnings as compared to the unemployment benefit which represented 60-67 per cent of previous earnings. The latter was paid for up to 32 months, the unemployment assistance indefinitely. Since the introduction of Hartz IV in January 2005, the unemployment benefit is paid for up to 18 months and the unemployment assistance is no longer linked to the previous earnings. Like in other European countries, including France, Austria and Norway, it is means-tested. However, unlike these three countries, the means-testing applied is quite severe taking into account savings, property and insurances (if outside the range of 4.100 to 13.100 Euro depending on the size of the family). The basis amount for the German unemployment assistance (now called Arbeitslosengeld II) is € 345 for one person and paid monthly.

In the **United Kingdom**, as we already saw, there is no distinction drawn between the unemployment benefit and the unemployment assistance except that they have different sources of financing. Both are referred to under the name of 'Job Allowance' and use the same standard rates that only differ according to the age of the recipient: if the latter is between 16-17 years of age, he/she receives 33,50 GBP per week; if between 18-24 44,05 GBP and if older than 25 then the allowance amounts to 55,65 GBP. In other words, the maximum amount of unemployment benefit / assistance in the UK is around € 318. This is the lowest displayed by any other country. Furthermore, the UK is the only country where the long-term unemployed are possibly better off than the short-term unemployed. Long-term unemployed can claim supplementary benefits. These are granted on the basis of means-testing and again taking into account savings (in excess of € 11.400), the earnings of partners and care duties vis-à-vis dependent children.

The unemployment assistance in **Spain** (there called unemployment allowance) is below the minimum wage, amounting to 75 per cent of the latter.¹⁷ It is also paid for a limited period of time between 6 and 18 months and can only be extended if the long-term unemployed person is older than 52. Finally in **Poland**, the unemployment assistance is merged with social assistance like in Germany. However the social assistance system in Poland faces a major crisis and is often not able to pay out benefits to recipients. The decentralization of public social policy introduced by the administration reform in 1999 (Hryniewicz 2000) has aggravated rather than improved the situation.¹⁸

5.6 **Job placement**

The job placement function of labour market or employment offices was only explored in three primary cases for our project, namely, Austria, France and Norway. However, the trends are overall very quite similar across Europe.

The increasing emphasis on the job placement function of the labour market service in **Austria** is reflected in the conceptual and architectural re-design of the regional employment agencies. Starting from 1994 the AMS worked continuously on the development of its internal procedures. The most obvious outcome was the launching in 1998 of the so-called ‘three stage model’ for the processing of ‘cases’ (cf. EEO Review, 2001, pp.12-13). This model invented three levels of customer service, differentiated by the intensity of counselling. The three AMS zones found in all regional agencies are called the information, the service and the counselling zones respectively.

The information zone provides basic information about how to obtain unemployment benefit as well as access to the AMS computer database on job openings.¹⁹ The service zone is in charge of the unemployed during the first three months of unemployment. Here, the first administrative steps are taken: the client registers as unemployed, his professional and educational background is documented and the unemployment benefit is estimated. The unemployed person is also informed about the further steps and her/his rights and duties as a registered unemployed. During his ‘stay’ in the service zone the unemployed individual receives little support in terms of job search. The idea is that he or she should be self-reliant and look for a job on his/her own. Those persons who are still unemployed after three months are eligible for ‘entry’ into the ‘advisory’ zone where counselling is offered. A personal development plan is set up at this stage outlining the further steps to be taken, including participation in training / activation measures. This plan will as of next year become obligatory and formulated as a ‘contract’ in a way similar to the French PARE (see below).

The strategy followed by the AMS with regard to job placement changed significantly over the last decade. Earlier the emphasis was placed on the sustainable re-integration of unemployed persons in the labour market. Today short-term and part-time employments are equally valued. This is, in part, the result of the cooperation between the AMS and private employment agencies which usually mediate short-term job openings. The majority of the unemployment benefit recipients we interviewed in Austria evaluate this change in strategy negatively and complain about the frequent mismatch between qualifications and jobs offered as well as about the job quality. Furthermore, the job placement function is not very effective: only a small minority of our respondents reported finding a job through the AMS.

Another common complaint concerns the counselling service. Counsellors are often judged as having little time to devote to unemployed clients and for only having a very general and superficial knowledge of the labour market demand. They also enjoy a high degree of discretion with regard to the specification of performance measures and/or the imposition of sanctions. This is intentional and dressed up as ‘autonomy’: the AMS managers perceive no problem with this variation of practices. As one interview partner (a high-level AMS official) stated: ‘The journey is the reward and the reward is the integration into the labour market. There are counsellors who succeed with this strategy [of avoiding to impose sanctions] and others who succeed with the other strategy [the immediate

imposition of sanctions]'.²⁰ That this practice tends at the same time to render the job placement and counselling procedures both non-transparent and unaccountable is not an issue for the AMS management.²¹

In **France**, as we saw, the distinction between the income replacement function of the unemployment insurance and job placement is drawn at the institutional rather than the organizational level. The institution in charge of job placement is the National Employment Agency (ANPE) which matches up offers and requests for employment and informs the counsellors accordingly. As of 2001 the ANPE has also introduced the practice of a development plan agreed upon by the ANPE counsellor and the unemployed. This is in France called the 'Return to Employment Aid Plan' (Plan d'Aide au Retour à l'Emploi, PARE). The unemployed commits himself/herself to actively looking for a job and he/she receives in return personalised assistance and access to training / job coaching courses. The PARE is obligatory for all unemployed persons. Only those who have signed a PARE are eligible for training as well as for additional forms of financial assistance such as the geographical mobility assistance. The latter is paid to PARE signatories who have found a job but whose job is more than 50 km away from their principal residence. PARE signatories who have been unemployed for more than 12 months or who are over 50 years of age and who then are successful in finding a job are also eligible for having part of their salary reimbursed to their employers by the unemployment insurance.

The responsibility of job placement in **Norway** rests with the Public Employment Service AETAT which is also in charge of the administration of unemployment benefits as well as active labour market measures. Individual plans for the unemployed are drawn but are not legally binding. AETAT is currently emphasizing flexibilization and temporary labour as an opportunity for the unemployed to re-enter the labour market – a similar trend as that observed in Austria. The liberalization of the job placement market in Norway in conjunction with the extension of AETAT's activities to include profit-making recruitment services has supported this development. Unemployed persons in Norway who refuse to take up a (temporary) job offer may be faced with a suspension of the payment of unemployment benefits for a period of 8 weeks to six months.

5.7 **Activation measures**

Activation measures is the term used to describe activities implemented to support the re-integration of the unemployed in the labour market through training or subsidized employment. What makes them different from earlier job placement activities is that they tend to be compulsory. Failure to accept them is linked to the loss of unemployment benefits.

The activation or workfare ideology as an operational concept emerged first in the **United Kingdom**. As we saw, already back in the 1930s, the renewal of the unemployment benefit was tied to the requirement to learn a new skill. Such

measures were re-introduced by the conservative Thatcher government in the 1980s. The Labour government elected in 1997 enlarged the scope of activation measures and dressed them up in a positive discourse, among else by tailoring them to the needs of different target groups (the young, single women etc.) as well as by referring to them as the ‘new deal’: the new deal for young people (for the 18-24), the new deal for the 25+, the new deal for long parents etc. Basically each ‘new deal’ programme includes an education / training component and an action plan comprise active job search, both tied to income support and additional benefits. The UK Labour Government claims that the ‘new deal’ programmes have been overall successful, albeit mainly for the youth aged 18-24. The programmes have been less successful with the long-term unemployed, especially in the medium- to long-term.

The budget allocated in **Austria** to the AMS for activation measures tripled over the last ten years from 240 million Euro in 1990 to 720 million in 2000. These funds are used in part to finance measures supporting the employment of older workers such as the partial retirement subsidy paid to employers who agree to keep older employees who are in risk of redundancy on a part-time basis. A significant part flows into the financing of training and job coaching courses offered by the AMS or its partners.²² Following the National Action Plan for Employment established in the framework of the EES target groups are older workers, young workers, women (and especially lone mothers) and persons with an invalidity. Participation is limited and therefore the decision as to who can take advantage of such training activities is left to the counsellor of the (long-term) unemployed. ‘Job ready’ clients are channelled into job coaching courses; clients who are not ‘job ready’ are channelled into qualification or training courses. Of the 30 unemployment benefit recipients interviewed for this study two thirds had been offered participation in some or other activation measure. Even though our sample is not representative this figure gives an indication as to the scope of activation measures in Austria today. The majority of our respondents were not satisfied with the training they were offered. Those below 25 years of age complained that they were only granted access to job coaching measures but not to further qualification measures; those attending training sessions tended to be more satisfied but complained that these were either too short or too generic. Job coaching courses received by far the worst evaluations – even those who gave an overall positive evaluation identified their social aspects (providing the opportunity to meet other people) as more valuable than the knowledge as such imparted.

The strategy according to AMS officials interviewed is to reach as many unemployed persons as possible as this is the key performance measure. Furthermore it should not be forgotten that participation in activation measures is closely tied to the receipt of unemployment benefits with the result that the former assumes a legitimacy power over the latter. Till recently it also used to be the case that those participating in activation measures were not counted as unemployed which meant that this was a useful strategy for ameliorating unemployment statistics. Given restricted overall budgets, the result of this policy

tends mostly to be that the quality of the courses suffers. More people attend more courses which as a result are shorter and more generic.

According to an AMS internal evaluation of the job coaching programme 50 per cent of the participants were successful in finding a job within 90 days of completing the course as compared to 48 per cent of the control group (Artnr 2001). In other words, there was no significant difference between those participating in the job coaching course and those not. Expert opinion coincides with the opinions expressed by the unemployed persons we interviewed who noted that the qualification and training courses are better than the job coaching programmes. However there has as of yet not been any comprehensive evaluation of the activation measures of the AMS and of the several training / job coaching courses offered by its partners.

In **France**, activation measures target especially the young and the long-term unemployed and often involve subsidies to employers. There are two main programmes targeting the long-term unemployed. The employment initiative contract (*Contrat Initiative Emploi CIE*) came into force in 1995 and involves the payment of a two-year subsidy to employers who employ a person who was long-term unemployed for covering part of the wage as well as the waiving of social security payments.²³ The second programme is the employment solidarity contract (*Contrat Emploi Solidarité CES*) introduced in 1989 – this permits the part-time recruitment of unemployed persons in the public sector or in the voluntary and civic sector. The salary is again state-subsidized up to 95 per cent for the employment of persons with handicaps. The CES may be followed by the so-called consolidated work contract (*Contrat Emploi Consolidé CEC*) which renews the same terms as in the CES for a further 12 months and up to a period of five years. The main difference between the CES and the CEC is that the state subsidy involved is gradually phased-out in the latter.

The activation measures available for French young workers are similar in strategy to those for the long-term unemployed but ‘dressed’ up as vocational or further training. They include the apprenticeship contract, the qualification contract, the guidance contract and the contract for the employment of young people in the non-commercial sector. The apprenticeship contract is the traditional vocational training pathway that was earlier available to those aged 16-19 but which has now been extended to those aged up to 26; the qualification contract more explicitly targets older youth with more background education whereas the guidance contract is for short-term training on the job (up to six months). The contract for the employment of young people in the non-commercial sector is the equivalent of the CES for young people.

The French government plans the extension of these special employment contracts for long-term unemployed and young people. The ‘Social Cohesion Plan’ of 2004²⁴ foresees the creation of around 300,000 apprenticeship contracts in the private sector and a further 100,000 in local and regional governments, hospitals and the civil service.²⁵ Furthermore, over four years, one million ‘employment starter contracts’ (*contrats d’activité*), combined with systematic

individual support, will be available to people who have been RMI and ASS recipients for six months, and to people receiving single parent's allowance. This contract consists of 26-35 hours' employment per week, split between work and training, with working time being paid at the minimum wage (*salaire minimum interprofessionnel de croissance, SMIC*) rate. Eligible for providing such contracts will be local and regional authorities and state-subsidized organizations that are involved in activities targeting the unemployed. Finally, 300 new job-centres will be established to provide training to long-term unemployed in the framework of short-term work contracts. The establishment of these job centres will at the same time mark the end of the monopoly of the ANPE over job placement.

Educational qualification and vocational training are also central in **Norway** with regard to activation targeting young persons. Early-school leaving is considered the main cause of youth unemployment. In order to counteract these trends, the educational reform of 1994 instituted an obligation for all regions to provide secondary education to young people aged 16-19. Follow-up services operating at the local level assist with job placements and vocational training for those who do not take up this offer. Long-term unemployed (i.e. those unemployed for more than six months) are assisted through an individual action plan and are prioritized both with regard to counselling and training programmes. However, by far the most important target group for activation measures in Norway are persons with a disability and those who potentially qualify for early-retirement.²⁶ AETAT has implemented special counselling services for persons who lose their job because of disability. They are either assisted in finding a more suitable job or for embarking on rehabilitation. A disability pension is only granted after the possibilities for rehabilitation have been exhausted.

One group that faces significant problems with regard to labour market integration are immigrants. Among some groups the unemployment rate is as high as 14 per cent which is far above the national average of below four per cent. The AETAT has recognized the need to develop special counselling services that take into account language problems, but relevant programmes have yet to be implemented. This is a more general problem faced also in Austria and France.

Activation measures appear more successful in Norway as compared to Austria. Evaluations carried out in the years 1996-1999 show that participation in activation measures increases the probability for re-integration into the labour market by between 11 to 15 percentage points. Those programmes which involve participation in working life are judged better than programmes which are simply educational in content. A more recent study however suggests that the activation measures are working less well for young persons under 20 years of age. Programmes have subsequently been instituted to enable young adults to obtain training at the university even if they have not completed secondary education as well as for supporting small and medium-sized enterprises with competence building (Ministry of Modernization 2001).

The Hartz reforms in **Germany** have also emphasized activation measures, especially their use to justify the renewal of unemployment benefit or

unemployment assistance. As of 1st January 2005, long-term unemployed are obliged to take up the so-called 1-2 Euro jobs, assuming that these last for between six to nine months and entail an education / training component of 120 hours. Subsidies are also made available to employers for maintaining part-time employment of older workers – in similar fashion to France and Austria. German labour market policy also seeks to support the shift to self-employment through the so-called support provided to 'Ich-AGs'. There are also subsidies for job rotation schemes. Overall the activation approach in Germany has borrowed components from several other countries, seeking to combine these into a consistent policy package that is characterized mainly by its intensity – especially considering the low incidence of such measures in previous times.

Activation measures in **Spain** like in **Poland** are characterized mainly by their low budgetary allocations. In Poland, for instance, activation measures only reached one per cent of the total population of unemployed in 2002; this share increased in 2003 to two per cent but is still extremely low (cf. Ministry of Economy, Labour and Social Policy 2003; ILO 2001).

In the meantime there are also several independent micro-economic analyses that look into the impact of active labour market policy or ALMP. Examples include the study of Kluve et al. (1999) on Poland; and that of Lorentzen and Dahl (2005) on Norway. Typically these studies include the follow up over time (short-, medium- and long-term) of the careers of unemployed persons participating in ALMP measures and compare these with the careers of unemployed persons with no participation in ALMP measures (the so-called control groups). For Poland, Kluve et al. (1999) showed that training measures that include a qualification component have a short-term positive impact and continue to display a positive impact in the medium-term, albeit only for women. So-called intervention works including wage subsidies and public works are less successful, tending rather to negative effects. Kluve et al. speculate that this is because these measures have been primarily used to extend income support / benefit extension for persons who were in fact 'given up' as no longer 'fit for work'. The results for Norway suggest a certain 'creaming' effect, i.e. that activation measures tend to be offered mostly to those displaying the higher chances of re-integration into the labour market. Furthermore, temporary employment measures are the least effective.

5.8 **Discussion**

Comparing the systems of unemployment protection and labour market policy reform in Britain and France during the 1990s, Clasen and Clegg (2003) reach the conclusion that 'contemporary reform initiatives in social protection systems, such as activation, cannot be reduced to a simple confrontation between norms of individualism and solidarity' (p.378). In the past it used to be claimed that the British and French systems of welfare provision differ significantly and that this significant difference had to do with the different value orientations of the two

welfare systems – towards individualism in the case of Britain as opposed to solidarity in the case of France. The reality suggests instead that there are as many similarities as there are differences between the two systems. It is therefore not possible to talk about the two systems moving in ‘opposing’ directions.

Our findings confirm this conclusion more generally. The three primary countries studied, namely, Austria, France and Norway, but also our four secondary cases Germany, the UK, Spain and Poland, display significant cross-national similarities as well as interesting differences in ways that call for a revision, albeit not a rejection, of the welfare regime hypothesis.

Let us first summarize the similarities. All systems have unemployment insurance systems with extensive functions with regard to both income replacement and job placement. The management of unemployment insurance is similar. In Austria, France, Germany and Norway social partners have a significant input on policy formulation while regions / local authorities have administrative and controlling competences. The role of social partners is less pronounced in Spain, the UK and Poland. Here too, however, we observe an increase role of local and regional administrations, not always with positive impacts in view of the shrinking financing base in conjunction with the increasing unemployment rates. Not least, the public employment agency has in all countries assumed more autonomy over the years in terms of operative management and organizational planning. This has gone in hand with the gradual abolishment of the latter’s monopoly over job placement; in return, public employment agencies can today be engaged in profit-making activities targeting enterprises.

Throughout the 1990s we can observe a gradual retrenchment of the income replacement function in terms of both coverage and the amount of benefits. This has been achieved by the stricter linkage of eligibility to previous employment (or income from previous employment) and the reduction of the period of receipt of benefit. Participation in counselling or activation measures is today a *sine qua non* in all countries studied and failure to adhere to reporting rules or workfare guidelines leads to the loss of benefit. Similar constraints are attached to unemployment assistance as well as to social assistance. Several of the ‘sanction’ rules are meant primarily to discourage from claiming benefits.²⁷ As a result there is an increasing stigmatization attached to unemployment or the receipt of social assistance.

Indicative is also the harmonization of the benefit amounts as well as expenditures at the lower end of the scale, i.e. with regard to social assistance targeting, among else, the long-term unemployed (see also next chapter): in 2001 Austria spent around 415 million Euro on extramural social assistance targeting 93,000 persons; Norway’s expenditures on social assistance in 1997 amounted to 481 million Euro for 147,000 persons, while in France the RMI programme in 2002 cost 4,700 million Euro for one million recipients.

Cross-national differences emerge with regard to active unemployment policy. Once again, all three countries underline the importance of further education and

training and place a strong emphasis on individual counselling. All three have also been linking participation in activation measures to claims to unemployment benefits. However whereas in Austria and Germany the individual unemployed person is the main target of workfare measures, in France the individual enterprise is also targeted quite extensively while in Norway the educational and health systems are equally the focus of labour-market related policies. The budget and scope of activation measures in Poland and Spain is at best characterized by its limited finances and scope. Alternatively we may argue that the Austrian and German strategies are short-term and focus on the individual level, the French strategy is more middle-term and focuses on the meso-level of enterprises while the Norwegian strategy is more long-term oriented and seeks to encompass all levels, including the systemic level of the various sub-components of the welfare state institutions. The Spanish and Polish ALMP approaches are mainly symbolic in nature paying lip-service to a general policy trend.

The Social Cohesion Plan under discussion in France since 2004 wants apparently to strike a similar direction to that in Norway. In addition to labour market measures (discussed in the earlier section on activation), the Plan foresees re-investment into social housing as well as the creation of educational support units in marginalized areas to counteract early school-leaving.²⁸ The General Confederation of Labour (*Confédération générale du travail*, CGT) is however not convinced that the plan goes far enough at the systemic level. It is especially wary of the potential of ‘employment starter contracts’ (*contrats d’activité*) to lead to regular employment contracts in the absence of more systemic re-structuring of the labour market.²⁹

The direction of activation policy reform in France and Norway could be said to follow the recommendation of the EES to ‘mainstream’ employment policy in other policy fields, albeit without challenging the key principles of cost-efficiency in terms of income replacement and flexibility in terms of job placement. Reform in Austria rather points in the opposite direction. The 2004 labour market reform law (*Arbeitsmarktreformgesetz*, AMRG) – which has still to be enacted – foresees a further curbing of the criteria that allow the unemployed person to reject a job offer of the AMS as well as the formal introduction of an individual counselling plan to specify the obligations of the unemployed person with regard to job search, reporting and training.³⁰ Employment contract programmes including subsidies for employers have been gradually phased out except for older employees approaching retirement. Furthermore there is in Austria an ongoing discussion regarding the merging of the unemployment and social assistance once the social assistance legislation has been harmonized across the nine provinces and a financial framework has been agreed upon among the federal and provincial levels of government and the unemployment insurance.

In the face of these developments, does the welfare regime typology still make sense? Moreover, are the harmonizing trends the result of Europeanization?

Let us begin with the second question first. Activation as we saw in the first section of this chapter is the central theme of the European Employment Strategy

since the latter's inception in 1997. It would however be wrong to claim that the active unemployment policy at national level – whether in Austria, France, Norway or the other European countries – emerged as a result of the EES. The timelines of the various policies simply contradict this claim. It is rather more correct to say that the activation theme entered the labour market policy communities both at the national and European levels during the 1990s. Subsequently, the uptake of the activation theme by the EES provided an additional impetus to national policy-making creating something of a 'virtuous' cycle in terms of this idea's propagation. A similar process appears to have been at work with regard to the retrenchment of the income replacement function of the unemployment insurance. As we saw, this happened gradually in reaction to the constant or growing unemployment rates against the background of ever stagnating labour market demand. The enactment of the Maastricht austerity criteria both supported and legitimated this development.

The ensuing harmonization trends have undoubtedly brought the various national welfare regimes closer – certainly in terms of institutional practices but also at the level of ideas. Indeed, the symbolic impact of the EES is impressive. The terms social inclusion, integration, mainstreaming, flexibility, activation that dominate EU policy documentation have replaced terms such as social protection, solidarity, equal opportunity or social justice. The change of terminology does not represent a value-free modernization process. There is today clearly lesser emphasis on the social protection and on the role of the welfare state in this respect. Modern welfare agencies operating as modern corporations, i.e. managed by objectives and oriented to profit-making, are rather meant to assist 'clients' to integrate back into the labour market. Flexibility is not a systemic problem but a virtue, income replacement not an obligation of the welfare state but, instead, a reluctant reimbursement for activation.

Yet as we observe the gradual levelling off of national differences in terms of passive unemployment policy, we witness the emergence of national differences in terms of activation or active unemployment policy. The differences reside in the extent to which activation is linked to 'external' policy domains such as education, health, discrimination or urban regeneration. Norway was the first to pursue such 'mainstreaming' – to borrow a term from the revised Employment Guidelines – and this is perhaps no coincidence considering the greater role traditionally assigned to the welfare state in Norway.

The welfare regime typology is today more an ideology and less a reality, at least insofar as unemployment policy is concerned. However there are different views about social protection, and in particular the role to be assumed by the state and the scope of labour market policy, as also witnessed by our analysis of the debates of the Working Group 'Social Europe'. Furthermore, these different views 'live on' in the new field of activation policy and are beginning to inform ideas about how to revitalize the labour market by concerted efforts targeting education, urban regeneration (housing and infrastructure) and health. A new theory of the welfare state? Or just the Emperor's new clothes? We return to this question in

chapter 7. Prior to this, we consider how welfare policy differs (or not) at the sub-national level.

6 Inequality of the Poor? Social Assistance in Linz and Vienna

Social assistance is frequently described as the second social safety net. It becomes operational when other systems of social security – and in particular the social insurance system tied to employment – fail or does not apply due to inactivity or invalidity. Persons at risk are mainly those with a disrupted employment life or low-income.

This chapter begins with an overview of the social assistance system and an international perspective. Subsequently we turn our attention to the way in which this specific system operates in Austria and specifically in two Austrian cities, namely Vienna and Linz. This comparison will allow us to explore the variation of both welfare ideology and institutional practice at the sub-national level.

6.1 Objectives and set-up

There are two main types of social assistance in **Austria**.³¹ The extramural social assistance (*offene Sozialhilfe*) provides support to non-institutionalized persons, i.e. persons residing in rented or owned accommodation or homeless persons. It has mainly an income replacement function with reference to a minimum level of social protection (*Grundsicherung*). In contrast, intramural social assistance (*geschlossene, stationäre Sozialhilfe*) targets institutionalized handicapped and elderly persons (Bacher, Dornmayr & Seckauer 1993, Dornmayr, 1991) and is paid directly to the institutions (Dimmel 2003a).³² In what follows and also for France and Norway we focus our attention primarily on extramural social assistance.

1,662 million Euro was spent on social assistance in 2001 by all provincial governments. 50 per cent of these funds were spent on intramural social assistance as compared to 25 per cent for extramural social assistance. The remaining funds were primarily spent on support actions for asylum-seekers and homeless persons (Statistik Austria Annual Report 2004, p.200, own calculations; cf. Badelt and Österle 2001). The budget for social assistance increased by around 14 per cent between 1998 to 2001. This compares with a 33 per cent increase of the recipient population during the same period: in 1998 there were 107,638 social assistance recipients, in 2001 this number had increased to 143,827. The biggest increase was observed within the group of recipients of extramural social assistance, the number of which increased from 56,480 in 1998 to 93,541 in 2001 (almost doubling). The number of long-term social assistance recipients remained comparatively stable at close to 30,000.³³ It should be further noted that in several provinces migrants are not entitled to receive social assistance under the same conditions as Austria citizens, thus the number of recipients might underestimate the number of those in need.

The Austrian social assistance is regulated on the provincial and communal levels in accordance with Article 12 of the federal constitution.³⁴ The majority of the

Austrian provinces introduced their social assistance legislation in the early 1970s and most proceeded to reform this in the late 1990s or in 2000.³⁵ In Vienna an administrative reform was enacted in 2001.

In principle social assistance is open to all persons at a high risk of poverty due to personal or external circumstances and conditions and not receiving any other type of benefit.³⁶ Its principle task is 'to provide for the most basic needs of people in different life situations when all other social safety nets do not offer appropriate benefits or services' (Federal Ministry of Social Security, Generations & Consumer Protection, 2003, p.69). Austrian or EU citizenship eases the accessibility to social assistance. Persons granted refugee status under the Geneva Convention enjoy the same rights like Austrian citizens. This is not the case for asylum-seekers. Migrants who have no permanent residency permit are not eligible for social assistance benefits.

The *principle of individuality* implicates that aid benefits are adjusted to meet the needs of the particular distress situation and the needs of the individual beneficiary. Therefore, the individual aid benefits should be adapted to the particular life situation of the beneficiary (Stelzer-Orthofer 1997, 2003). As a result, certain factors of the individual case have to be taken in account, like character and cause of the emergency, abilities, physical and psychical condition as well as the level of social integration of the claimant (Pfeil, 2001). Finally, the *principle of family supportive aid* considers that social assistance targets the family and not only the individual; hence measures should enable the beneficiary's dependents and not only the beneficiary to live with human dignity.

Social assistance is explicitly defined as *means-tested*, i.e. it should become active only after other means of assistance (including own savings) have been exhausted (cf. Stelzer-Orthofer 1997, Bacher, Seckauer and Dornmayr 1993). This firstly includes the means of the recipient himself herself.³⁷ Secondly, benefits from third parties are taken into account. Prior to claiming social assistance, the applicant is expected to have exhausted all possibilities for support from relatives, the spouse, partner, or other household members. Finally, the potential client has to exhaust all possibilities for covering for his or her needs through *use of his/her labour*, even if just in part. In all provinces, the recipient has to be willing to make use of his/her labour in a reasonable way to overcome the desperate situation. Exceptions of the willingness to work include persons who are past the retirement age, persons in schooling, handicapped persons as well as claimants with care responsibilities (i.e. for children or older family members). If a recipient is found to be unwilling to work, the benefit can be reduced.³⁸

Furthermore, all provincial legislations anticipate *a duty of replacement and cost contribution* which extends to the relatives of the recipients, their heirs and social insurance institutions.³⁹ Former recipients are expected to pay back the amount they received in benefits once they have become gainfully employed (at least in part) or if it is proven that they provided false information to the welfare department. The legislation regarding duty of replacement and cost contribution is vague in most provinces and this means that it is left to the discretion of the

welfare department how to treat this requirement. Upper Austria is the only province that has introduced a minimum replacement amount (Pfeil, 2001, pp.295-310).

There are *no fixed amounts regarding social assistance*. The amounts paid differ across provinces and across individuals. They are defined with reference to a so-called standard rate which is specified as a percentage share of the average income and estimated with reference to the size of the household. In practice the standard rate represents the maximum amount of social assistance granted to any single individual or family if there are no income from other sources available. Persons incapable of self-support or aged above the standard retirement age are entitled to an augmented standard rate in four provinces. Some provinces increase certain benefits (e.g. heating, clothing or rent) for permanent recipients (Pfeil, 2001, pp. 221-3).⁴⁰ Table 1 below displays the standard rates for different recipient categories in different Austrian provinces.

	Lives alone	Head of HH	Co-assisted HH members	
			Without family benefit	With family benefit
Burgenland	406,00	336,00	245,10	120,30
... augmented	458,00	388,30	287,60	162,80
Carinthia	404,00	333,00	244,00	120,00
... augmented	473,00	404,00	N/A	N/A
Upper Austria	511,50	464,60	293,80	142,20
... augmented	530,00	483,80	320,40	N/A
Lower Austria	474,30	416,50	229,30	128,60
Salzburg	398,00	358,50	229,50	107,00
Styria	479,00	437,00	292,00	148,00
Tyrol	404,90	346,40	241,00	134,70
Vorarlberg	455,30	382,20	243,80	148,50
Vienna	390,33	380,55	195,47	117,03
... augmented	607,26	670,91	N/A	N/A

1) Augmented standard rate for permanent recipients.

2) In Upper and Lower Austria there is also a lower rate for single assisted persons living in a household with somebody without legal obligation for support (e.g. brother, sister, etc.).

Source: <http://www.bmsg.gv.at> (February 2004)

In addition to the standard rate, social assistance beneficiaries can obtain supplementary benefits in cash or kind covering heating, electricity and accommodation (i.e. rent assistance). Sickness-related benefits include medical and dental treatment, drugs, hospitalization, etc. and are similar to benefits of the health insurance.

In **France**, social assistance was introduced only in 1989 in the form of a right to a guaranteed minimum income (RMI). Unlike other forms of income assistance targeting specific groups, the RMI is available to every individual older than 25, legally residing in France and with no means of supporting himself/herself. In 2002 there were over one million persons receiving social assistance on over two

million living in households where at least one member received RMI. The costs of the RMI system in that year were estimated at 4.7 billion Euro. Since 2003 the RMI is managed by the local authorities, albeit with federal funding from the Family Allowance Fund (*Caisse des Allocations Familiales*, CAF). Local authorities are responsible for decisions regarding admissions to the RMI as well as for monitoring the criteria for benefit payment. The level of the RMI and its general eligibility criteria are, however, still set nationally.

The RMI represents a minimum income that operates like the Austrian ‘standard rate’. The social assistance payments correspond to the difference between this and other income of the beneficiary (from employment or other benefits / allowance). Specific housing subsidies are excluded from the calculation of the RMI benefit.

In order to be eligible for an RMI benefit, the recipient must be registered as looking for a job and participate in one of the labour activation measures. RMI beneficiaries who have been receiving this form of social assistance for at least a year and who have not been successful in finding employment become eligible for the so-called ‘minimum employment income’ (*Revenu Minimum d’Activité*, RMA). The RMA law was passed in December 2003 and enacted in 2004. The contract is for a minimum of 20-hours employment per week over a maximum 18-month period. The income, equal to at least the hourly rate of the SMIC national minimum wage, is paid out by the employer who, in turn, is reimbursed by the RMI administration. An RMA recipient who works 20 hours per week will thus receive EUR 545 per month – this sum represents EUR 183 more than the RMI. Social security contributions will be levied only on top-up pay awarded by the employer. The recipients of the RMA thus receive only partial social security coverage and are not insured for unemployment and retirement. The government hopes that a large number of RMA contracts will be set up in 2004-2005, as its declared medium-term goal is to reach one third of the one million currently registered RMI recipients.

Like in Austria and in France, social assistance in **Norway** is considered a last resort benefit scheme and as such complementary to other forms of assistance. It is likewise managed by municipalities. It is a means-tested benefit and may be conditional attached to requirements to work for the municipality, active job search or participation in labour market training. The latter conditions apply especially to young people who are receiving social assistance.

The recipient is the individual but the resource unit to which the means-testing apply is the household. The estimation of the benefit after taking into account the household’s resources is left to the social worker. General guidelines about ‘reasonable’ amounts are provided by the Ministry of Health and Social Affairs. The 2002 guidelines mention an average yearly benefit for one-person households of € 10.624, for a single-parent with children under the age of 18 € 12.164, for a couple without children € 12.958 and for a couple with children under the age of 18 € 18.432. These figures assume that the beneficiary has been on social assistance for a full year.

The number of social assistance recipients in Norway increased throughout the 1980s and 1990s reaching a peak of 147,000 in 1997. A slight downward trend has been observed since. The costs of the system in 1997 amounted to 4 billion NOK which is equivalent to 481 million EURO.

The quality of social welfare services provided by the municipalities were found in 1997 to differ widely. An Action Plan entitled 'Plan of Action for the Social Welfare Service's Front Line: Knowledge and Closer Communication' was enacted in 1998 with the objective of improving the skills of employees working for the social welfare services of local municipalities, making the services more user-friendly and reducing the random disparity of the benefit distribution.

6.2 Access to the social assistance administration

The characteristics of the recipients of social assistance interviewed in the framework of our research are described in the annex of this report. In this and the following sections we concentrate on those aspects that reveal information about the institutional practices of social assistance in the two cities under investigation. We begin with the interaction procedures with the social assistance administration.

6.2.1 Information on social assistance

Even though social assistance represents a statutory right for persons with limited income resources, information about it is often not easily available. Many recipients report finding out about the system through friends, family members or NGOs. The labour market service in Linz is not forthcoming with this information, unlike the labour market service in Vienna. The lack of (timely) information contributes – intentionally in some cases – to a higher non-take-up rate.

6.2.2 Contact procedures in comparison

The two cities have very different administrative systems in terms of the first contact between a client and social assistance. The system in Vienna is based on the idea of a client-friendly administrative system, whereas the entry system in Linz forces the clients to wait long hours.

The social assistance office in Linz is located in the city hall right in the centre of the town. The social assistance office is found on the second floor at the end of a long hallway. Usually, the waiting area is nearly empty. At the end of the month and during the business hours of the city treasury (7 am until 11 am), the area is

crowded and claimants wait in front of closed doors. The regular opening hours of the social assistance department are Mondays and Thursdays from 7 am until 12.30 pm and after lunch from 1:30 pm until 5 pm. Tuesdays and Wednesdays the contact is limited to mornings from 7 am until 1:30 pm and on Fridays closing time is at 2 pm. The four caseworkers for first time claimants are situated to the right along with the office for illness assistance; permanent recipients have to apply for their benefits on the left. In between is an area for the kids with old toys and books and a worn-out carpet. Regularly, the clients have to sit and wait for half an hour or an hour, sometimes even longer. During peak hours, the benches do not provide enough space for all recipients and the clients have to stand in a queue. In addition, the room is full of smoke.

The system is very simple: On a long bench, claimants have to wait until a door opens and then the next person can enter. At the permanent area, a sign states: 'No entry without call'. For the first time applicants a leaflet informs potential claimants that they are legally obliged to contribute to the proceedings and to provide all necessary details. Furthermore, they have to hand in all their documents. First, claimants have to prove their identity with photo identification. Foreigners have to provide proof of their status in Austria, such as a passport with residence permit or identification as a refugee under the Geneva Convention. In addition, statements of the resident's register including all household members are demanded. The main emphasis is on any kind of income during the last two months: claimants have to provide details about wages, reply of pension insurance, rent subsidies, unemployment benefits, maintenance settlements, sick pay, maternity, childcare and care allowance, as well as money received after release from custody. Assets are also assessed and clients have to provide documents about real estate, savings, investments, cars, etc. Finally, the proof of rent and the tenancy agreement are required by the office.

On the back page there is a warning printed in bold letters: 'Social Assistance must be repaid under certain conditions'. The explanation provided on what these conditions are is partial. The claimants are informed about certain preconditions, for instance that social assistance is granted only for persons in need who actually reside in Linz and are legal residents in Austria. Asylum seekers, tourists, and illegal aliens do not have a legal entitlement to receive assistance. In addition, the claimant is informed that his / her assets and income will be taken into account. The claimant is also informed that he / she has to be willing to overcome the difficulties 'in an appropriate, possible and reasonable way warding off, overcoming and surmounting the socially desperate situation'. On the other hand, no information is provided regarding what types of benefits one may be entitled to receive. The information leaflet does not even mention the level of the standard reference rate. Another 'omitted' aspect is that one can access social assistance in certain socially desperate situations like eviction, illness, pregnancy, over indebtedness, etc. (Huemer, 2003, pp.7-8).

The procedures followed in Vienna were changed following an administrative reform in 2001. This involved, among else, the re-location of welfare departments in renovated buildings (for instance linked to the social and health service centre

as in the 2nd district) as well as the introduction of an appointment system. Prior to 2001 (and still in Linz today), claimants could ask for an appointment until 11 o'clock, and then the caseworker tried to work through all clients. This could take a while and the clients had to wait up to half a day for an appointment at the department. For most departments the office hours lasted in fact until 1 pm. The caseworkers had to cope with a high workload. Rush hour was the early morning and around noon. In the new system, the workload is equally distributed and every half hour, the caseworkers have the next client waiting. The office hours are extended to 3 pm and the employees have eleven or twelve clients a day.

Like in Linz, social assistance claimants in Vienna have to provide extensive personal and other income information along with evidence for any claim they make. However, unlike in Linz this information is supplied by filling in an application form. The documents to be supplied are classified into four groups. Personal documents include registration form, photo identification, birth certificate, and proof of nationality, marriage certificate, legally valid divorce decree, and settlement. Secondly, due to the means testing in the social assistance all proofs of income are necessary: a verification of wages, reply from the pension insurance and other supports, maintenance (alimony and child support), unemployment (assistance) benefits, sick pay and childcare allowance. However, if someone derives income from other sources, the office can need other proofs. All details concerning the rent are of special interest for the social centre. Therefore, the claimant has to provide the tenancy agreement, bank statement or payment slips from the last three months, breakdown of the costs and all received rent subsidies. Finally, all proofs of application for pension, unemployment, alimony, maintenance, rent subsidy, etc. are needed. As the claimant has to be willing to work, the registration and appointment card from the AMS is another required standard. On average, each claimant is expected to provide some 15 documents to support his or her application.⁴¹

The advantages of the appointment system are obvious. In principle the clients should not have to wait long and the case workers should not be over-burdened. However, what the Viennese reform did not anticipate back in 2001 was the steep rise of first-time claimants for social assistance. Since 1999, the amount of cases per month doubled, leading to an increase of the waiting period for first-time applicants, extending up to between six and twelve weeks.

During this period and if the situation of the claimant is judged as urgent, he or she may claim a part benefit or so-called interim allowance. The administration is supposed to grant this kind of benefit in case an appointment within a week is not possible and the applicant is legally entitled to social assistance. The caseworker has to control possible documents stating an income, the database of the social insurance and of the resident's register and copies of the photo identification. A claimant without income and with a family of up to three gets 80 € a week for each full week of waiting, or 50 € a week with a small income. Larger families without income obtain 100 € a week and 80 € in case of a small income (Wien Sozial, 2003, pp.80-81). Comparing the average monthly standard rate for a family of 642.92 with a four week allowance of 320 € demonstrates that only half of the

benefit is paid, not including rent or heating subsidies. A two-month long waiting period can therefore lead to a serious hardship.

6.3 Access to and assessment of benefits

Access to benefits differs significantly between Vienna and Linz. The reformed application system in Vienna includes an incorporated low threshold approach easing the claimant's access. This is supposed to make up for the possible long waiting period for the processing of applicants from first-time claimants. In contrast, the situation in Linz reveals a rather restrictive system based on control. The claimant has to prove that he/she is entitled to obtain a benefit and willing to work, if she/he is still fit for work. The entry phase is the controlling and 'probation' period, the caseworker implies that the claimants abuse the benefit, hide assets and income, illegally work, live with a partner or are unwilling to work.

Benefits in Vienna are paid according to the standard reference rate, assuming that the claimant is assessed as meeting the prerequisites for this. In contrast, in Linz even beneficiaries who are in principle entitled to the maximum reference rate may not obtain this if the case worker suspects that false information was provided or the claimant is not actively looking for a job or willing to work. In other words, the irregular payment of benefits in Linz is often used as a disincentive for continuing to claim social assistance.

Vienna is also more generous with regard to who is entitled to receive social assistance. Austrians and foreigners with the same rights due to treaties and other agreements (European Economic Area after three months of residence, Germany, Switzerland, asylum status) are entitled to a benefit. For citizens of the new European Union member states, an interim provision regulates that they can access social assistance benefits like all other EU citizens after a five-year transition period beginning from the time of the country's entry to the EU. In the case of employment, an entitlement to unemployment benefits, etc., benefits might be obtained earlier. However, other groups of nationalities can obtain assistance, if they stay legally in Vienna, but that is a discretionary benefit regulated in the handbook. Such exceptions due to social hardships are: migrants, who have lived in Austria for at least five years and are in need of short-term assistance up to three months, single or pregnant mothers and families for up to one year, foreigners who have lived in Austria for 10 years, for up to one year. After 20 years of residence in Austria, foreigners can receive a benefit, as long as they are in need of one. In addition, someone born in Austria can obtain assistance if periods of residence abroad were only short term (Wien Sozial, 2003, pp.35-49). In Linz, foreign citizens are in principle also entitled to social assistance if legally and permanently residing in Austria, however the discretionary power of the case worker is again more extensive.

In what follows we compare in more detail the procedures for accessing social assistance benefits in Vienna and Linz as well as for estimating the benefits to be granted to claimants.

6.3.1 Objectified means-testing procedures in Vienna

The internal regulation governing social assistance payments in Vienna divides income into three categories.

- Non-deductible income does not reduce the benefit of the claimant. This includes income from family benefits, invalidity-related benefits, compensation payments (such as for victims of National Socialism) as well as one-time forms of assistance provided by relatives or welfare offices.
- Deductible income includes income from work, pension or health insurance as well as alimonies. This income is taken into account when estimating the amount of social assistance to be obtained by the claimant.
- Finally, partial deductible or fictitious deductible income includes sources of income such as one-time compensation payments or payments made to a child from an anonymous father.

Similarly to the regulations for income, assets are divided into three categories and treated accordingly differently. The system does not consider non-deductible assets at all, so the claimant can access the benefits without selling them. The second group consists of goods that a claimant has to sell after a six-month grace period. The introduction of this regulation is again based on the emphasis on easing access for persons in need and offering assistance to those who are probably in need of short-term assistance. Overall, the claimant is expected to reduce their regular fixed costs – for instance if they happen to have both a motorcycle and a car, they are expected to sell at least one of the two if not both at some point in time.⁴²

The claimant has to display all financial details, every expenditure and income of the last three months. As a rule, the claimant provides the bank statement of the last three months. The weight is however in practice given to the last income, i.e. that of the last month. In other words, the Viennese social assistance administration will not reject an applicant because of a high income a few months ago and entitlement shall not be postponed for another six months. Especially, for indebted persons, access is eased through this regulation, as only the income of the last month counts because earlier earnings just covered the debts.

The testing of means serves another purpose too. The social centre wants to reduce the amount of unpaid rents and bills for heating, so claimants are monitored to prevent eviction. Additionally, it is the objective of the welfare department to reduce the costs due to rent arrears and heating. These costs are also covered by the social assistance.

Social assistance considers not only the income but also the immovable/ movable assets and property of a person. The basic principle of the deduction of assets is that the exploitation can cover the livelihood at least partially, so the asset can be sold. Another regulation concerns covering the client's own debts like a bank account in the red or rent arrears. The social centre can deduct the amount of the client's debts at other institutions and promote settling them in accordance with the social office before the asset covers the social assistance benefit already received. Finally, an asset is excluded at the monthly standard rate of a single assisted person (Wien Sozial, 2003, p.67).

Similarly to the regulations for income, assets are divided into three categories treated differently. The system does not consider non-deductible assets at all, so the claimant can access the benefits without selling them. The second group consists of goods that a claimant has to sell after a six-month grace period. The introduction of this regulation is again based on the emphasis on easing access for persons in need and offering assistance to those who are probably in need of short-term assistance.

A regular benefit for persons receiving social assistance consists of the standard rate, heating subsidy and rent subsidy. The standard rate differs between three groups: regular recipients, permanent recipients, and families (adults with children of dependent age). The standard rate for single assisted persons amounts to € 402 per month, that for a couple to € 593. So-called 'regular' recipients are judged to have a temporary need, i.e. they are expected to move out of the system in the foreseeable future. Permanent recipients are usually older persons with no (full) pension entitlement or disabled persons that are not able to work. They are entitled to a higher social assistance benefit: on average € 627 for a single person and € 971 for a couple.

Families with dependent children are entitled also to supplementary benefits for each child as well as to a rent subsidy. A single-mother with two children will receive on average € 739 per month, a couple with two children € 964 per month. The rent subsidy paid by the social assistance takes into account the size of the dwelling, the household size as well as the availability of additional forms of rent support. Two persons living in a 50sqm flat are typically entitled to a rent subsidy of around € 249 monthly. For larger families, the limit for a rent subsidy is set at € 312. The main contemporary problem regarding rent subsidies is the dramatic increase of housing costs, even within the social housing sector. It is not unusual today that a 50sqm community flat will cost over € 500 which is well above the rent subsidy of € 249.

Additional expenditures that may be covered by the social assistance include a heating allowance (paid on the basis of bills), costs for clothing (paid on the discretion of the case worker once or twice a year) as well as one-time lump-sum payments for the refurbishment of homes, especially the buying of standard equipment such as a table, lamp, an oven or a fridge. Up to € 1,780 can be obtained for such furniture and equipment costs. Basic repairs may be refunded extra upon the submission of an application. Other specific subsidies concern

costs incurred during a move, arrear payments, sudden emergencies or costs for obtaining official documentation.

In Vienna the welfare department is not obliged to notify claimants about the results of their application in writing. This they have to do only if explicitly requested. The notification letters have been criticized by the Ombudsman as not being explicit enough, i.e. instead of stating the amount of benefit approved for a claimant, they refer to decree numbers. However, overall the procedures in Vienna have been standardized and objectified in an evidence-based manner which tends to prevent abuse – both of the claimant but also of the case worker.

6.3.2 Informal control procedures in Linz

The situation is quite different in Linz. Here there are no written guidelines as to how a case worker should proceed. In theory the case worker is expected to control for the employment, health and income status of the claimant and to do so on the basis of documentation and by controlling other existing databases in which the claimant is registered. However, the procedures are unclear also regarding the appointment and counselling.

Older or disabled persons as well as persons with care duties and unable to actively look for a job face a comparatively swift and easy application procedure assuming they may provide all relevant documentation, including medical records or proof of care responsibilities. This is not the case for claimants of working age and not displaying any specific problems. In this case the case worker is called to judge their credibility, not least with regard to their willingness to work.

The means-testing of this last group of claimants does not rely alone on the provision of documentation (as mostly in Vienna); it also includes a visit by a controlling officer (*Erhebungsbeamter*). His or her job is to control for household assets (such as a car, a TV or a computer) and to find out whether the claimant is possibly living with a second person that is able to contribute to living expenditures. These officers are also trained to find out 'hidden' forms of assets such as saving books.

Like in Vienna, the application procedure for first-time social assistance applicants may take several months. During this time, potential recipients are entitled to receive part payment of the social assistance benefit. In Vienna, they are reimbursed for the reduced amount if their application is judged accordingly positive. This is not the case in Linz where the payment of partial social assistance during this transitory phase is usually justified with reference to 'unwillingness to work'.

The estimation of the social assistance benefit in Linz follows a similar approach to that in Vienna, albeit with some significant differences. Deductible income covers income from self-employment and employment, farming after taxation and all other income that covers subsistence and is granted regularly, but excluding

taxes and social insurance contributions. Family allowance and maintenance payments for children, benefits due to a handicap and the long-term care benefit do not count. Childcare allowance and infant assistance are deductible (§ 4 of the Upper Austrian standard reference order). Smaller amounts of savings or cash might not be deductible as well. In addition, compensation payments for pain and suffering is also excluded (Pfeil, 2001, pp.149-150)

Similarly to the situation in Vienna, the caseworker requires all information about income, rent, and bank statements from the last three months. However, unlike in Vienna, all assets are deducted immediately, i.e. there is no so-called 'grace period' to ease claimants' access and to take into consideration newer forms of poverty such as that associated with the working poor. Every asset such as a motor vehicle, real estate, life insurance, and savings contract must be sold before the claimant can access social assistance. In case of real estate property where the claimant lives, the social department will safeguard its claims in the land register (Huemmer, 2003, p.28).

The standard rate for a single social assistance recipient in Linz is € 512, for a couple it amounts to € 758. Permanent recipients are entitled to the benefit 14 times a year. A single permanent recipient will receive around € 530, a couple € 804. Like in Vienna supplementary payments are possible for dependent children, for covering accommodation costs (rent subsidy) and for clothing. Claimants may also claim one-lump payments for the refurbishment of apartments or for moving. The amounts received are comparable to those in Vienna.

6.3.3 Duty of replacement

Social assistance recipients may be obliged to pay back the social assistance benefits received if they have managed to exit dire poverty and are again securely integrated into the labour market. In Vienna this duty covers primarily the claimant himself / herself and the spouse and is activated only three years after leaving the social assistance scheme. Children may be called to contribute to this re-payment in case of inheritance but not if this re-payment were to endanger their own living conditions.

In Linz the duty of replacement is regulated more strictly. This is activated already within one year of exiting the social assistance scheme and extends to children and close relatives. Former social assistance recipients are encouraged to settle their 'debts' through regular monthly payments amounting to between € 250 and € 500. In 1999 the Linz welfare department received a total of € 63,969 in revenue through recourse duty from a total of 125 persons; this compared to € 41,585 from a total of 107 persons in 2002.

6.4 **Differentiation of clients**

6.4.1 Permanent vs. temporary clients according to 'fitness for work'

As we say, an important distinction in the operation of the social assistance system in both Vienna and Linz is the classification of the claimant as a temporary or a potentially permanent claimant. The 'fitness to work' is here the important criterion.

The Viennese internal regulation defines nine groups of persons who are not obliged to work. First, persons above the legal standard age (65 for men and 60 for women) do not have to look for a job. In addition, mentally or physically ill persons and persons with substance abusing behaviour are also excluded, if the medical officer confirms that they are unfit for work for at least half a year. Another reason to declare somebody as unfit is that the public employment service defines the person as permanently not employable. A further sub-group is pregnant women and persons with care obligations. Pregnant women have to prove their status with a document stating their pregnancy. Recipients of childcare benefits can look after the child for up to 30 months after birth and for longer, if approved by the department for youth and families approves it. The exemption for persons caring for close relatives is strictly defined: only if the person being cared for needs at least 160 hours of care per month or has a mental illness demanding special support (Wien Sozial, 2003, pp.57-8).

A special regulation applies to those facing special circumstances such as women following a divorce or persons made homeless. In such a situation, the claimant does not have to report immediately to the public employment service as job seeker, he/she has a grace period of three months.

Besides all the other exemptions, people, who have not a work permit and cannot obtain one, do not have to be willing to work either. Finally, claimants, who participate in training courses financed by the public employment service, social insurances, etc., do not have to work, nor do minors in a school or training program up to the A-level. In certain cases, students and young adults can also get social assistance (Wien Sozial, 2003, pp.58 & 119).

In Linz, the exemptions basically are similar. Persons under 21 and still in training, persons above 60 but including men, persons caring for a child under three years of age or caring predominantly for a person in need of care do not have to be willing to work. In addition, those who are certified by the medical officer as unfit for work are also exempt from the obligation to look for a job. Furthermore, persons keeping a household do not have to look for an employment (Huemer, 2003, p.19); that is mainly the group of women or men with more children to care for.

6.4.2 Older recipients of social assistance

Following recent reforms of the social assistance regulations in both Vienna and Linz, older claimants with no or limited pension entitlements are entitled to a higher social assistance benefit (or a higher standard reference rate). This benefit is higher but also expected to do substitute for additional supplementary payments.

In Vienna, the standard reference rate for permanent recipients is estimated with reference to the minimum pension or *Ausgleichszulage* plus an additional small payment and amounts to €911 for single persons and €1,351 for couples. In Linz the social assistance payments for permanent recipients are lower than those prescribed by the minimum pension regulations: they amount to €727 for a single person and €1,045 for a couple (as compared to 742 and 1,145 respectively under the *Ausgleichszulage*).

Older permanent recipients of social assistance in Vienna may receive their benefit by bank transfer. In Linz the benefit can only be made by postal remittance. This is of course a problem for older persons facing health problems. Another differences has to do with the controlling procedures. The life circumstances of permanent recipients in Vienna are controlled every two years, in Linz every year.

6.4.3 Activation measures

Persons of working age and classified as ‘fit for work’ receive a lower social assistance benefit (as compared to permanent recipients) and are expected to actively search for a job and participate in activation programmes.

The average monthly social assistance benefit paid to a single recipient of working age in Linz and Vienna amounts to around €707. A couple is entitled to a €994 monthly payment in Linz as compared to €920 in Vienna – the only instance where the Viennese benefits are lower than those in Linz. In both cities, the social assistance payments to temporary recipients are below the poverty rate (estimated at €785 for a single household and €1,178 for a couple in 2003).

Social assistance recipients considered as ‘fit for work’ are expected to register with the local employment office as in search for a job. This also implies that like the unemployed they are expected to keep regular employments with the AMS and participate in training programmes. Failure to keep to appointments or participate in training programmes may lead to a reduction of the social assistance benefit – progressively from 20 to 50 per cent.

In Vienna we find two activation measures targeting specifically social assistance recipients. The first concerns so-called socio-economic enterprises established as associations and engaged in subsidized public or social work. Long-term

unemployed or persons facing special problems in terms of integrating into the labour market will be supported through work at these enterprises. This programme is called 'Integration through work' (*Integration durch Arbeit*). The second activation programme targeting social assistance benefit recipients is that of the Viennese Employees' Promotion Fund (*Wiener ArbeitnehmerInnen Förderungsfonds WAFF*) called 'Job Chance'. 'Job Chance' mediates work to persons receiving social assistance, usually on a short-term or part-time basis. If the recipient is successful in maintaining a job or a series of job for a period of 12 months, then they are entitled to receipt of unemployment benefit in case they again become unemployed. 'Job Chance' works mainly with younger people who have had no former training and no past employment experience.

In Linz, social assistance recipients are encouraged to take up a job with the local community, again mostly on a part-time (usually around 25 hours per week). However, several smaller communities are hesitant to make jobs available to social assistance recipients. Consequently, its success has been limited: between 1999 and 2001 only around 250 persons obtained some work experience through this means (Dorfbauer 2001). Like in Vienna, this programme mainly targets young persons with no past employment experience and low skills.

6.5 **Discussion**

The social assistance systems in Vienna and Linz differ quite significantly.

In Linz, the overarching goal is to deter claimants and keep the period of eligibility low. This especially applies to those of working age and classified as 'fit for work'. The reasons are twofold: on the one hand, the city's social budget is restricted; on the other hand, this approach is motivated by ideological considerations – social assistance is primarily considered the means to support older persons or persons with severe health problems and with (limited) pension or insurance entitlements.

This approach is implemented in various ways. To reiterate, this includes strategies such as the following: Claimants are often simply rejected, even when their income is below the standard reference rate; their claim can often only be processed with the support of an intervening non-governmental organization. While the application of a claimant is processed, he or she will often be granted only partial benefit with no possibility of full payment at a later stage. Claimants are obliged to constantly prove their 'willingness to work' – up to ten applications per month are often demanded in order to justify renewal of benefit. The duty of recourse is implemented quite strictly, clearly also as a means to deter social assistance claims over a long period of time.

In theory, social assistance in Vienna is governed by similar regulations regarding the processing of applications, means-testing, the duty of replacement or job placement and activation. However, in practice, the situation is rather different.

This is not least because the procedures in Vienna have been largely standardized and professionalized following the 2001 reforms. This has significantly reduced the power of discretion of case workers which in the past often worked to the detriment of the claimant. The aim of the social assistance system in Vienna is less to reduce the amount of recipients and keep the costs down but more, or rather primarily, to assist persons in need. Today, the approach of the Viennese administration is to provide sustainable assistance for every applicant, incorporating counselling by a social worker for all adults. The biggest challenge facing the social assistance system in Vienna today is the increasing number of persons at-risk-of-poverty and the declining labour market demand.

The differences between the two systems are also shown in the variation of the benefits. With the exception of the average benefits paid to temporary recipients (and excluding supplementary benefits), the social assistance benefits paid in Vienna are higher than those paid in Linz. However, overall – and this should be underlined – the social assistance system in both cities operates at the lower end of providing a minimum income for persons or families in need.

In conclusion, the comparison of the social systems in Vienna and Linz shows the existence of a significant variation in terms of institutional practices despite the commonality of approach at the strategic level and also in terms of legislation. This is undoubtedly the result, at least in part, of a longer social liberal policy and welfare tradition in Vienna as the capital of Austria with a left political orientation. More generally, these results suggest that the decentralization of social policy – a broader trend supported explicitly by the European social agenda – may re-create welfare-regime like differences at the national level.

The acceptability of this has still to be judged and debated. However, assuming that social citizenship represents a bundle of rights of equal application within a political community, their variable interpretation should not be brushed aside as merely a neutral side-effect of institutional path dependency.

Such differences may lead to unintended processes like internal migration motivated by the search for better welfare services; this, in turn, increases the rural-urban gap with regard to social / public services leading eventually to a deterioration of living conditions and social standards. What the EU fears it faces as a result of enlargement and multi-level governance, nation-states already face at the sub-national level as a result of the decentralization of social policy.

7 Conclusions and Policy Implications

This was a study of the impact of Europeanization on national welfare regimes. To reiterate, we set out to find out whether there is any convergence of national welfare regimes in terms of ideologies as well as at the level of policy practice, and to explore how this may be related to the processes associated with Europeanization, more specifically policy coordination and the project of EU political integration.

Our results can be summarized as follows:

1. There is as of yet no consensus at the political level as to what constitutes the European social model. The majority of political elites claim that the European way on social policy is distinct from (and better than) the American way and consider that social values and social citizenship is a central component of the European political system (and its Constitution). However, they disagree on fundamental questions such as the role of the state in social policy (strong vs. weak), the division of competencies between EU supra-national institutions and Member States as well as the coordination (strong vs. weak) between macro-economic and social policy. At the normative level, the welfare regime typology is still quite alive and ticking. Different opinions are largely consistent with political cleavages, i.e. it is still possible to talk about a liberal, conservative and social-democratic approach to social policy and the welfare state. That this debate has now moved to the European stage – first through the European Convention and as of recently through the rejection of the Constitutional Treaty by the French and Dutch publics – must be judged positively. A common European social policy is probably impossible without democratic legitimacy and deliberation is a key prerequisite for the latter.
2. The situation at the level of policy / institutional practice is quite different than that at the normative ideological level. At this level the convergence of national welfare regimes represents already a reality. The differences have also certainly been over-estimated in the past; currently, the similarities are striking. Contemporary unemployment policy in Austria is not that different from that in the U.K., France or Norway. This is as true at the level of management as it is with regard to income replacement (retrenchment), job placement (activation) and conditionality (restrictive). Interestingly enough, differences are more likely to be found in the newest sub-policy domain, namely activation – here strategies range from the extreme individualistic (U.K., Austria), to the system-oriented (Norway). To a certain extent one may talk of the ‘revival’ of welfare regime ideology within the activation policy paradigm in parallel with its ‘fading away’ in the more traditional areas of welfare state intervention.
3. The decentralization of social policy – another characteristic of the European social policy agenda – supports the shift of management responsibility for welfare services to the regions or local communities. This is not always

accompanied by equivalent shifts in decision-power (and related financial resources). At the sub-national level we find quite significant variation in social policy practice. This is evidenced by the evolution of social assistance systems in Austria, which continue to operate quite differently across the nine states despite the gradual harmonization of related legislation during the last decade. These different modes of operation reflect in part different normative considerations but are also the result of the uneven distribution of institutional / financial capacity at the regional level. In the medium- to long-term these differences may endanger the concept of equality underlying social citizenship within a political community. As such they represent problematic developments for contemporary social policy.

With reference to our original question and point of departure, we may conclude that welfare regime convergence has been occurring along the institutional path and with regard to policy but has only begun to be considered at the normative level with regard to fundamental questions with implications for the direction of the welfare state and political organization. At the same time, the ongoing decentralization of social policy is giving rise to new forms of regional inequalities in terms of the provision of social and welfare services.

To conclude, the European social policy agenda finds itself at the crossroads. Till now it was possible to progress on the path of European integration by concentrating on the economic aspects of this project and supporting policy learning in all other fields. However, not least as a result of the success of this economic integration (but not alone), the socio-economic differences within the Union but also within Member States have been increasing.

The biggest challenge for the European Union in the next couple of decades will be that of redressing the balance between economic growth, social cohesion and social justice. To do this it is important to re-consider the role of the (welfare) state at the national and trans-national level. The remedies implied in the old welfare regime typology might in part be out-dated, however they are not irrelevant. They provide a starting point to think through the future challenges for social citizenship in that they continue to inform the perceptions and propositions of political representatives.

8 References

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9 Annex

9.1 Composition of Working Group 'Social Europe'

Chair: Mr Giorgos KATIFORIS (Representative of the Greek Government, alternate – PASOK, “**Party of European Socialists**”)

ABITBOL, William (Representative of European Parliament, France, alternate – “**Group for a Europe of Democracies and Diversities**”, Rassemblement pour la France)

ANDREANI, Pascale (Representative of the French Government, alternate – Groupe de l'Union pour un Mouvement Populaire, “**Group of the European People's Party (Christian Democrats)**”)

ANDRIUKAITIS, Vytenis Povilas (Representative of the Lithuanian National Parliament, member - Socialdemokratinės koalicijos, “**Party of European Socialists**”)

AZEVEDO, Eduarda (Representative of the Portuguese National Parliament, member - GRUPO PARLAMENTAR DO PARTIDO SOCIAL DEMOCRATA, “**Group of the European People's Party (Christian Democrats)**”)

BASILE, Filadelfio (Representative of the Italian National Parliament, alternate – Forza Italia, “**Group of the European People's Party (Christian Democrats)**”)

BELOHORSKÁ, Irena (Representative of the Slovakian National Parliament, member – Movement for a Democratic Slovakia (HZDS), “**Group of the European People's Party (Christian Democrats)**”)

BERES, Pervenche (Representative of European Parliament, France, alternate – “**Party of European Socialists**”, Parti socialiste)

BERGER, Maria (Representative of European Parliament, Austria, alternate – “**Party of European Socialists**”, SPÖ)

BONDE, Jens-Peter (Representative of European Parliament, Denmark, member – “**Group for a Europe of Democracies and Diversities**”, Juni Beraeglsen)

BORRELL, Josep (Representative of the Spanish National Parliament, member - G.P. SOCIALISTA, “**Party of European Socialists**”)

BRIESCH, Roger (Observer ECOSOC)

BRUTON, John (Representative of the Irish National Parliament, member – Fine Gael, “**Group of the European People's Party (Christian Democrats)**”)

BURY, Hans Martin (Representative of the German Government, alternate – SPD, “**Party of European Socialists**”)

CARNERO, Carlos (Representative of the European Parliament, Spain, alternate – “**Party of European Socialists**”, Partido Socialista)

COSTA, Alberto (Representative of the Portuguese National Parliament, member - GRUPO PARLAMENTAR DO PARTIDO SOCIALISTA, “**Party of European Socialists**”)

CRAVINHO, Joao (Observer European Social Partner)

DASTIS, Alfonso (Representative of the Spanish Government, member – Partido Popular, “**Group of the European People's Party (Christian Democrats)**”)

DE ROSSA, Proinsias (Representative of the European Parliament, Ireland, member – “**Party of European Socialists**”)

DYBKJAER, Lone (Representative of European Parliament, Denmark, alternate – “**Group of European Liberals, Democrat and Reform Party**”, Det Radikale Venstre)

EINEM, Caspar (Representative of the Austrian National Parliament, member – SPÖ, “**Party of European Socialists**”)

FARNLEITNER, Hannes (Representative of the Austrian Government, member – ÖVP, “**European People's Party (Christian Democrats)**”)

FAYOT, Ben (Representative of the Luxembourg National Parliament, member – LSAP, “**Party of European Socialists**”)

FLOCH, Jacques (Representative of the French National Parliament, alternate – Groupe Socialiste, “**Party of European Socialists**”)

GABAGLIO, Emilio (Observer, European Social Partner)

GIANNAKOU, Marietta (Representative of the Greek National Parliament, member – ND, “**Group of the European People's Party (Christian Democrats)**”)

GRABOWSKA, Genowefa (Representative of the Polish National Parliament, alternate - Democratic Left Alliance, “**Party of European Socialists**”)

GRANRUT, Claude du (Observer Committee of the Regions)

HAIN, Peter (Representative of the UK Government, member – Labour Party, “**Party of European Socialists**”)

HELLE, Esko (Representative of the Finnish National Parliament, alternate – Left Alliance, “**Confederal Group of the European United Left/Nordic Green Left**”)

HOLOLEI, Henrik (Representative of the Estonian Government, alternate – Res Publica, “**Group of European People’s Party (Christian Democrats)**”)

JACOBS, Georges (Observer European Social Partner)

KAUFMANN, Sylvia-Yvonne (Representative of European Parliament, Germany, member – “**Confederal Group of the European United Left/Nordic Green Left**”, Partei des Demokratischen Sozialismus)

KAUPPI, Piia-Nora (Representative of European Parliament, Finland, alternate – “**Group of European People’s Party (Christian Democrats)**”, Kansallinen Kokoomus)

KOHOUT, Jan (Representative of the Czech Government, member – Czech Social Democratic Party, “**Party of European Socialists**”)

KONSTANTOPOULOS, Nikolaos (Representative of the Greek National Parliament, alternate – PASOK, “**Party of European Socialists**”)

KORHONEN Riitta-Liisa (Representative of the Finnish National Parliament, alternate – National Coalition Party, “**Group of European People’s Party (Christian Democrats)**”)

KOVACS-ECKSTEIN, Peter (Representative of the Romanian National Parliament, alternate – The Democratic Alliance of Hungarians in Romania, “**Group of European People’s Party (Christian Democrats)**”)

KRISTENSEN dam, Henrik (Representative of the Danish National Parliament, member – Socialdemokratiet, “**Party of European Socialists**”)

LEKBERG, Sören (Representative of the Swedish National Parliament, member – Socialdemokratiska arbetarepartiet, “**Party of European Socialists**”)

LENNMARKER, Göran (Representative of the Swedish National Parliament, member – The Moderate Party, “**Group of the European People’s Party (Christian Democrats)**”)

LICHTENBERGER, Evelin (Representative of the Austrian National Parliament, alternate – Die Grünen, “**Group of the Greens/European Free Alliance**”)

MARINHO, Luis (Representative of European Parliament, Portugal, member – “**Party of European Socialists**”, partido socialista)

MARTINAKOVA, Zuzana (Representative of the Slovakian National Parliament, alternate – Slovak Democratic and Christian Union, “**Group of the European People’s Party (Christian Democrats)**”)

MAVROU, Eleni (Representative of the Cypriot National Parliament, member – Progressive Party of the Working People, “**Confederal Group of the European United Left/Nordic Green Left**”)

McAVAN, Linda (Representative of European Parliament, UK, member – “**Party of European Socialists**”, Labour Party)

MEYER, Jürgen (Representative of the German National Parliament, member – SPD, “**Party of European Socialists**”)

MICHEL, Louis (Representative of the Belgian Government, member – PRL, “**Group of the European Liberal, Democrat and Reform Party**”)

MUSCARDINI, Cristiana (Representative of the European Parliament, Italy, member – “**Union for Europe of the Nations**”, Alleanza Nazionale)

NAGY, Marie (Representative of the Belgian National Parliament, alternate – ECOLO, “**Group of the Greens/European Free Alliance**”)

OLEKSY, Jozef (Representative of the Polish National Parliament, member – Democratic Left Alliance, “**Party of European Socialists**”)

O' SULLIVAN, David (Representative of the European Commission, alternate)

PETERLE, Alojz (Representative of the Slovenian National Parliament, member – New Slovenia – Christian People’s Party, “**Group of European People’s Party (Christian Democrats)**”)

PIETERS, Danny (Representative of the Belgian National Parliament, alternate - Nieuw-Vlaamse Alliantie, “**Not Attached**”)

ROCHE, Dick (Representative of the Irish Government, member – Fianna Fail Party, “**Union for Europe of the Nations Group**”)

SEVERIN, Adrian (Representative of the Romanian National Parliament, alternate – Social Democratic Party, “**Party of European Socialists**”)

SIGMUND, Anne-Marie (Observer ECOSOC)

SPINI, Valdo (Representative of the Italian National Parliament, alternate - DEMOCRATICI DI SINISTRA-L'ULIVO, “**Party of European Socialists**”)

STOCKTON, The Earl of (Representative of European Parliament, UK, alternate – “**European People’s Party (Christian Democrats)**”, Conservative and Unionist Party)

TÄRNO, Ülo (Representative of the Estonian National Parliament, alternate – Estonian Centre Party, “**Group of the European Liberal, Democrat and Reform Party**”)

THORNING-SCHMIDT, Helle (Representative of European Parliament, Denmark, alternate – “**Party of European Socialists**”, Socialdemokratiet)

van DIJK, Jan Jacob (Representative of the Dutch National Parliament, alternate – Christian Democratic Appeal, “**European People’s Party (Christian Democrats)**”)

VAN LANCKER, Anne (Representative of European Parliament, Belgium, member – “**Party of European Socialists**”, Socialistische Partij)

VASSILIOU, Androula (Representative of the Cypriot National Parliament, alternate – United Democrats, “**Group of the European Liberal, Democrat and Reform Party**”)

VASTAGH, Pál (Representative of Hungarian National Parliament, member – Hungarian Socialist Party, “**Party of European Socialists**”)

VOGGENHUBER, Johannes (Representative of European Parliament, Austria, member – “**Group of the Greens/European Free Alliance**”, Die Grünen)

WUERMELING, Joachim (Representative of European Parliament, Germany, alternate – “**European People’s Party (Christian Democrats)**” CSU)

ZILE Roberts (Representative of the Latvian Government, alternate - For Fatherland and Freedom LNNK, “**Union for Europe of the Nations Group**”)

9.2 Expert interviews on questions relevant to ‘Social Europe’

In order to enlarge our frame of reference on the debates on Europeanization, national welfare regimes and social values as input to our discourse analysis of the Working Group ‘Social Europe’, a number of expert interviews were carried out during the first stage of the project.

The list of interview partners included the following persons (in alphabetical order; successful interviews are indicated with an asterisk):

- Bernhard ACHITZ, ÖGB Sozialpolitik
- Gudrun BIFFL, Senior Researcher Social / Employment Policy, WIFO (*)
- Michael CHALUPKA, Diakonie Austria (*)
- Caspar EINEM, MP SPOE and member of Working Group ‘Social Europe’
- Hannes FARNLEITNER, Austrian government representative in Working Group ‘Social Europe’ (*)
- Alois GUGER, Senior Researcher Social Policy, WIFO
- Harald KASZANITS, Wirtschaftskammer Austria (*)
- Mattia MAKOVEC, Researcher European Centre (*)
- Johanna MARTE, Caritas Austria (*)
- Barbara PRAMMER, SPOE
- Hans STEINER, Ministry of Social Affairs (*)
- Emmerich TALOS, University of Vienna
- Walter TANCSITS, OEVP Austria (*)
- Johannes VOGENHUBER, MEP and member of the Working Group ‘Social Europe’
- Josef WÖSS, Arbeiterkammer (*)
- Lukas WURZ, Sozialreferent, Die Gruenen (*)

The above experts were interviewed in accordance with the following interview guidelines (questions are listed in English and German):

1. What should the key purposes of a welfare system be what are its main normative orientations? Whom should the welfare system primarily protect? Against what?

*Was sollte der Zweck eines Wohlfahrtsystems sein [z.B. Gewährleistung sozialer Rechte]?
Wen sollte das Wohlfahrtsystem berücksichtigen bzw. beschützen?*

2. Who in your opinion ought to hold primary responsibility for welfare in society and, by extension, the welfare system [state, private insurance companies, family]? Consider both financing and management aspects.

Wer sollte für die Erhaltung des Wohlfahrtsystems die Hauptverantwortung tragen [Staat, private Versicherungsunternehmen, Familie]?

3. How would you assess the coordination of social policy and economic policy at national level?

Wie beurteilen Sie die Koordinierung der Sozialpolitik und der Wirtschaftspolitik auf nationaler Ebene?

4. What in your view are the main differences between European welfare systems? How do they differ from one another?

Wie würden Sie die Unterschiede zwischen den europäischen Wohlfahrtsstaaten beschreiben? Was macht diese Unterschiede aus?

5. How would you rate the different national welfare systems?

Wie würden Sie die einzelnen Wohlfahrtsysteme bewerten?

6. Do you think that the various national welfare systems have diverged or are they increasingly converging? How do you regard this development?

Glauben Sie, dass sich die verschiedenen Wohlfahrtsysteme auseinander entwickelt haben oder haben sie sich immer mehr angeglichen? Wie bewerten Sie diese Entwicklung?

7. Would a convergence/harmonisation of the national welfare systems be desirable in your opinion? What is the probability for such a development ?

Wäre eine Angleichung/Harmonisierung der verschiedenen wohlfahrtsstaatlichen Systeme aus ihrer Sicht wünschenswert und wie schätzen Sie die Wahrscheinlichkeit dieser Entwicklung ein?

8. What role does the EU play in this development, or what role *ought* the EU play?

Welche Rolle spielt die EU in dieser Entwicklung bzw. welche Rolle sollte sie spielen?

9. In your perception: How has EU competence progressed in the area of social policy in the last several years?

Wie haben sich aus ihrer Sicht die Kompetenzen der EU in der Sozialpolitik in den letzten Jahren entwickelt?

10. How would you evaluate this development?

Wie haben Sie persönlich diesen Prozess wahrgenommen bzw. wie würden sie diese Entwicklung bewerten?

11. In your view, what should the EU's role in social policy be?

Was sollte Ihrer Meinung nach die Rolle der EU in der Sozialpolitik sein?

12. How should national and European competences be divided in the area of social policy?

Wie sollten nationale und europäische Kompetenzen im Bereich Sozialpolitik aufgliedert werden?

13. How should decision-making be carried out in the area of social policy at European level?

Wie sollte es im Bereich Sozialpolitik auf europäischer Ebene zu einer Entscheidungsfindung kommen?

14. How would you describe the relationship that has evolved between the coordination of economic and social policy in the EU? How could this relationship look like in the future? How should the coordination between economic and social policy be configured at European level?

Wie würden Sie die Entwicklung der Beziehung zwischen der Koordinierung von Wirtschafts- und Sozialpolitik in der EU beschreiben? Wie könnte diese Beziehung in Zukunft aussehen? Wie sollte Ihrer Meinung nach die Koordinierung zwischen Wirtschafts- und Sozialpolitik konstruiert werden?

15. Do you agree that a “European Social Model” exists, or that one will exist in the future?

Stimmen Sie der Aussage zu, dass es ein „Europäisches Sozialmodell“ gibt, bzw. in Zukunft geben wird?

16. If the answer is “Yes”: How would you describe the European social model? What should it include, i.e., how should it be structured? Do you think that the “European Social Model” also includes or perhaps even pre-supposes (at some point in time) the harmonisation of national welfare systems? If there ever were to be a “European Welfare System”, which of the existing national systems (Anglo-Saxon liberal; Continental corporatist; Nordic social-democratic; Southern family-based or other) would it most likely resemble?

Wenn die Antwort „Ja“ lautet: Wie würden Sie dieses Europäische Sozialmodell beschreiben? Was sollte es beinhalten und wie sollte es gestaltet sein? Glauben Sie, dass das europäische Sozialmodell die Harmonisierung der nationalen wohlfahrtstaatlichen Systeme einschließt oder sogar erfordert? Sollte es jemals so etwas wie ein „Europäisches Wohlfahrtssystem“ geben, welchem gegenwärtig existierenden nationalen Wohlfahrtssystem oder Systemtyp würde es am ehesten entsprechen?

17. If the answer is No: Why do you think it is not possible to speak of a “European Social Model”, neither now nor in the future? What speaks against a “European Social Model”? Is your opposition to the notion empirical or normative, i.e. are there serious arguments against a “European Social Model” in your opinion, and if so, which ones?

Wenn die Antwort „Nein“ lautet: Wieso kann es weder gegenwärtig noch in der Zukunft ein „Europäisches Sozialmodell“ geben? Was spricht gegen die Entwicklung eines „Europäischen Sozialmodells“? Hat Ihre ablehnende Haltung einen empirischen oder

normativen Hintergrund, bzw. gibt es Ihrer Ansicht nach grundlegende Argumente gegen ein „Europäisches Sozialmodell“ und wenn ja, welche?

9.3 **Expert interviews with AMS officers**

The following officials of the Austrian Labour Market Service (AMS) – districts 5th, 10th, 11th and 22nd – were interviewed in the course of our NODE project:

AMS 1050 Wien

- Frau Leotoldis, Counselling zone
- Frau Fink, AMS 1050 Wien

AMS 1100 Wien

- Frau Hinter, AMS 1100 Wien, Counselling zone

AMS 1110 Wien

- Herr Kainz, AMS 1110 Wien

AMS 1220 Wien

- Herr Lunardi, AMS 1220 Wien, Controlling
- Frau Mörtel, AMS 1220 Wien, Ausländerbeschäftigung
- Frau Schüberl, AMS 1220 Wien, Abteilungsleiterin, Arbeitslosenversicherung
- Herr Detzer, AMS 1220, Counselling zone
- Herr Haluschek, AMS 1220, Counselling zone

AMS Service fuer Unternehmen (SFU)

- Herr Hofbauer, Abteilungsleiter SFU

The AMS officers were interviewed using the following interview guidelines (in English and German):

1. What main goals, tools and target groups of contemporary labour market policy?

Wie würden Sie die derzeitige Arbeitsmarktpolitik beschreiben hinsichtlich der vorrangig verfolgten Ziele? Mit welchen Mitteln werden diese Ziele verfolgt? Welche Zielgruppen werden erfasst bzw. welche nicht?

2. What have been the main changes in this regard during the last ten years?

Hat sich gegenüber der Vergangenheit diesbezüglich (arbeitsmarktpolitische Gruppen, Ziele, Mittel etc.) etwas verändert, und wenn ja: in welchen Bereichen und weshalb? Was waren ihrer Meinung nach die entscheidenden Veränderungen der österreichischen Arbeitsmarktpolitik in den letzten 10 Jahren?

3. How did these trends influence the work of the AMS?

Wie hat das die Arbeit des AMS verändert bzw. beeinflusst bzw. welche Rolle hat das AMS bei diesen Veränderungen gespielt??

4. What is the role / impact of the EU on Austrian labour market policy?

Welche Rolle spielt die Integration Österreichs in die EU für die österreichische Arbeitsmarktpolitik (europäische Beschäftigungsstrategie, Lissabon-Ziele, etc.)? Welche Rolle hat die EU für die Veränderung der Arbeitsmarktpolitik?

5. How do you think the Austrian labour market policy will be changing in the future? Do you expect future developments to be positive or negative?

Wie glauben Sie wird sich die österreichische Arbeitsmarktpolitik verändern? Und wie bewerten Sie diese Entwicklung?

6. Turning now to your own work. How would you describe your function here at the AMS?

Wie würden Sie ihre Tätigkeit hier am AMS beschreiben?

7. Please describe the typical counselling interview here at the AMS. What questions do you pose to your clients? What information do you provide them with? How are subsequent procedures decided upon?

Wie würden Sie die Gesprächssituation eines typischen Betreuungsbzw. Beratungsgesprächs beschreiben? Welche Fragen stellen Sie an die KlientInnen? Welche Informationen geben Sie den KlientInnen? Wie entscheidet sich das weitere Vorgehen?

8. What is your role during the counselling session?

Wie würden Sie ihre Rolle in diesem Betreuungsgespräch beschreiben?

9. What are typical problems with regard to communication with clients?

Wo gibt es aus ihrer Sicht typischerweise Probleme in der Kommunikation mit KlientInnen?

10. Let us turn to the issue of financial assistance. How would you assess the current system of financial assistance provided to the unemployed (in terms of level, scope, length etc.)

Wie würden Sie das derzeitige System der finanziellen Unterstützung Arbeitsloser bewerten – hinsichtlich der Höhe der Leistungen, Dauer des Anspruchs, ALG/NH, etc.

11. What have been the main changes with regard to the estimation method of the unemployment benefit? What have been the impacts of these changes? Why were these changes undertaken?

Welche Änderungen bei der Berechnung des Anspruchs hat es gegeben? Welche Auswirkungen hatten diese Änderungen? Weshalb wurden diese Änderungen durchgeführt?

12. Please tell us about the conditions attached to the granting of unemployment benefit and how these have changed over time.

Gab es Veränderungen hinsichtlich der Anspruchsbedingungen für finanzielle Leistungen? Wenn ja: Welche? Weshalb?

13. What type of documentation must recipients of unemployment benefits provide? How is this documentation controlled? What have been the changes in this regard?

Welche Art von Dokumenten werden von LeistungsbezieherInnen verlangt? Wie werden diese kontrolliert? Haben sich diese Anforderungen an die LeistungsbezieherInnen verändert?

14. What domains of the unemployment insurance legislation deserve to be reformed in your opinion?

Welche Bereiche des AIVG/AMSG wären ihrer Meinung nach änderungsbedürftig und warum?

15. What changes do you expect in the future with regard to unemployment benefits? How would you evaluate these changes?

Wie wird sich das System der finanziellen Unterstützung in den nächsten Jahren ihrer Meinung nach verändern? Und wie bewerten Sie diese mögliche Entwicklung?

16. How would you evaluate the conditions attached to the claiming of unemployment benefits? Is there any variation in the interpretation of these conditions?

Wie würden Sie die Zumutbarkeitsbestimmungen für die Beanspruchung von Leistungen bewerten? Gibt es einen Interpretationsspielraum bei diesen Bestimmungen und wenn ja, wie wird damit umgegangen?

17. How do you evaluate the expected changes in the AMRG 2004?

Im Falle: Wie bewerten Sie die (erwartbaren: AMRG 2004) Veränderungen der Zumutbarkeitsbestimmungen?

18. In your opinion, what should these conditions be and how should they be framed?

Wie wären die Zumutbarkeitsbestimmungen ihrer Meinung nach idealerweise zu gestalten?

19. How important are activation measures for the Austrian labour market policy? What are the latter's target groups? What is their overall objective? Have they changed over time and if so, how?

Wie wichtig sind Aktivierungsmaßnahmen für die österreichische Arbeitsmarktpolitik? Wie hat sich deren Rolle in den letzten Jahren verändert? Auf welche Gruppen zielen diese Maßnahmen im speziellen ab? Was ist das Ziel dieser Maßnahmen?

20. How would you describe the organization /management of the Austrian labour market policy? (important actors, structures etc.)

*Wie würden Sie die Organisation der österreichischen Arbeitsmarktpolitik beschreiben?
(Wichtigste Player, Strukturen, etc.)*

21. Who are the most important actors of Austrian labour market policy?

Wer sind die Hauptakteure der österreichischen Arbeitsmarktpolitik?

22. Please describe and evaluate the implementation of labour market policy through the AMS

Wie würden Sie die Implementierung der Arbeitsmarktpolitik durch das AMS beschreiben, also den Weg von der Politikformulierung bis zur Implementierung?

23. What is the role of the social partners in Austrian labour market policy?

Wie würden Sie die Rolle der Sozialpartner in der österreichischen Arbeitsmarktpolitik beschreiben? Und wie würden Sie diese Rolle bewerten?

9.4 **Expert interviews with labour market policy actors**

Expert interviews were carried out with the following experts representing key policy institutions for the Austrian labour market policy:

- Richard Gauss, Bundesministerium für Finanzen (BMF; Ministry of Finances), Leiter Abteilung II/5
- Rudolf Moser, Arbeiterkammer (Chamber of Commerce) Oberösterreich, Mitglied des Landesdirektion AMS Oberösterreich
- Roland Sauer, Bundeministerium für Wirtschaft und Arbeit (BMWA; Ministry of Economic Affairs and Labour), Leiter der Abteilung II/1
- Günther Steinbach, Arbeitsmarktservice BGS, Vorstand Verwaltungsrates
- Claudia Finster, Arbeitsmarktservice, Leiterin der LGS Wien
- Günther Leitner, Arbeitermarktservice BGS, Leiter der Abteilung ALV
- Hans Aigner, Industriellenvereinigung Oberösterreich, Mitglied Landesdirektion AMS Oberösterreich
- Rudolf Kaske, ÖGB (Austrian Trade Union Association) HGPD Präsident
- Josef Wallner, Arbeiterkammer Wien, Leiter der Abt. Arbeitsmarkt
- Roland Löffler, Researcher, SYNTHESIS

The above policy actors were interviewed using the following interview guidelines (in English and German):

1. How would you describe the Austrian contemporary labour market policy?

Wie würden Sie die derzeitige Arbeitsmarktpolitik beschreiben (hinsichtlich der vorrangig verfolgten Ziele? Mit welchen Mitteln werden diese Ziele verfolgt? Welche Zielgruppen werden erfasst bzw. welche nicht?)

2. How would you assess the contemporary Austrian labour market policy

Wie würden Sie diese Politik bewerten?

3. What were in your opinion the key changes regarding Austrian labour market policy during the last 10 to 15 years?

Was waren Ihrer Meinung nach die wichtigsten Veränderungen der österreichischen Arbeitsmarktpolitik in den letzten 10-15 Jahren?

4. How do you envisage the future of Austrian labour market policy?

Wie würden Sie die Zukunft der österreichischen Arbeitsmarktpolitik beschreiben?

5. How would you assess the current system of financial assistance provided to the unemployed (in terms of level, scope, length etc.)

Wie würden Sie das derzeitige System der finanziellen Unterstützung Arbeitsloser bewerten – hinsichtlich der Höhe der Leistungen, Dauer des Anspruchs, ALG/NH, etc.

6. In this respect, which domains should, in your opinion, be reformed?

Welche Bereiche wären Ihrer Meinung nach änderungsbedürftig und warum?

7. How would you describe the relation of the unemployment insurance system to that of other social welfare systems?

Wie würden Sie das Verhältnis des Systems der finanziellen Unterstützung Arbeitsloser zu anderen sozialstaatlichen Sicherungssystemen beschreiben?

8. How do you expect the income replacement function of the unemployment insurance to change in the next years?

Wie wird sich das System der finanziellen Unterstützung in den nächsten Jahren ihrer Meinung nach verändern?

9. In your opinion, what would be the ideal set up for this system?

Wie wäre das System der finanziellen Unterstützung ihrer Meinung nach idealerweise zu gestalten?

10. How do you assess the eligibility criteria / conditions attached to the receipt of unemployment benefit?

Wie würden Sie die Zumutbarkeitsbestimmungen für die Beanspruchung von Leistungen bewerten?

11. How do you expect these eligibility criteria / conditions to change in the next years?

Wie denken Sie werden sich diese Zumutbarkeitsbestimmungen in den nächsten Jahren verändern? (Novelle AIVG)

12. What is the ideal formulation of these eligibility criteria / conditions in your opinion?

Wie wären die Zumutbarkeitsbestimmungen ihrer Meinung nach idealerweise zu gestalten?

13. How would you describe the organization /management of the Austrian labour market policy? (important actors, structures etc.)

Wie würden Sie die Organisation der österreichischen Arbeitsmarktpolitik beschreiben? (Wichtigste Player, Strukturen, etc.)

14. Who are the most important actors of Austrian labour market policy?

Wer sind die Hauptakteure der österreichischen Arbeitsmarktpolitik?

15. Please describe and evaluate the implementation of labour market policy through the AMS

Wie würden Sie die Implementierung der Arbeitsmarktpolitik durch das AMS beschreiben, also den Weg von der Politikformulierung bis zur Implementierung?

16. What is the role of the social partners in Austrian labour market policy?

Wie würden Sie die Rolle der Sozialpartner in der österreichischen Arbeitsmarktpolitik beschreiben? Und wie würden Sie diese Rolle bewerten?

9.5 **Expert interviews with social assistance policy actors**

The goal of our research regarding social assistance was to interview all major experts on the provision of services in the field of social assistance, poverty and social assistance policy, the welfare state and its organizations. The sampling and selection was done with reference to the state-of-the-art literature and internet research. As Vienna is both, a province and a local authority, the number of interviews is smaller compared to Upper Austria, where politicians of the province and of the city Linz were interviewed. Unfortunately it was not possible to interview the head of the welfare department for Vienna – she declined because of being new on the job.

- Josef Ackerl, Head of the welfare department for Oberösterreich (Upper Austria)
- Ingrid Holzhammer, Head of department for social issues in Linz
- Walter Pfeil, University of Salzburg, legal expert on social assistance
- Nikolaus Dimmel, University of Salzburg, legal expert on social assistance
- Eva Forster, Caritas Upper Austria and anti-poverty network
- Martina Kargl, Caritas Vienna and anti-poverty network
- Martin Litschauer, Caritas Vienna and social counsellor
- Martin Schenk, Protestant Academy and member of anti-poverty network
- Iris Woltran, Volkshilfe Austria and member of anti-poverty network

The heads of the welfare departments were interviewed with regard actual and future reforms and the procedures underlying the implementation of the legislative framework. The interviews with the scientists provided insight into the operation of the social assistance system, its strengths and weaknesses. Finally the interviews with the NGOs concentrated on their knowledge about how the social assistance system works in practice and how it is perceived by the recipients and intermediate organizations.

9.6 **Expert interviews with social assistance officials and case workers**

In addition to the above expert interviews, the research team interviewed officials and case workers engaged in the implementation of social assistance. The names of case workers will not be released – in total five case / social workers were interviewed. The officials interviewed included:

- Roller Alfred, Interim Head of the social department of Upper Austria
- Günther Bauer, former Head of department of social affairs in Linz
- Erika Bayer, Head of division for assistance to work
- Michael Wall, legal expert of Upper Austrian government
- Peter Stanzl, Head of department for social assistance and social work
- Sepp Schmidt, former Head of department of social assistance and social work
- Peter Hacker, Head of Fund Social Vienna
- Ernst Mayerl, Head of JobChance, Vienna
- Erwin Brandstetter, Head of social centre, Vienna, 12th district

The interviews with the officials and case workers dealt with questions on the level and scope of benefits paid by social assistance, the eligibility criteria and their operationalization in day-to-day work, the procedures for applying and obtaining social assistance and the success of activation measures.

9.7 In-depth interviews with unemployed

RECIPIENTS UNEMPLOYMENT BENEFITS	
3.1	40 yrs., male, group 1
3.2	30 yrs., female, group 1
3.3	63 yrs., female, group 2
3.4	37 yrs., female, group 4
3.5	30 yrs., female, group 1
3.6	56 yrs., female, group 2
3.7	43 yrs., female, group 4
3.8	28 yrs., female, group 4
3.9	40 yrs., male, group 4
3.10	47 yrs., male, group 2
3.11	49 yrs., female, group 2
3.12	49 yrs., male, group 2
3.13	22 yrs., female, group 3
3.14	23 yrs., female, group 1
3.15	23 yrs., male, group 3
3.16	18 yrs., female, group 3
3.17	49 yrs., male, group 2
3.18	22 yrs., male, group 3
3.19	40 yrs., female, group 1
3.20	23 yrs., female, group 3
3.21	44 yrs., male, group 4
3.22	35 yrs., male, group 4
3.23	25 yrs., male, group 3
3.24	60 yrs., male, group 2
3.25	40 yrs., male, group 4
3.26	44 yrs., male, group 4
3.27	25 yrs., female, group 3
3.28	46 yrs., female, group 2
3.29	38 yrs., male, group 4
3.30	35 yrs., female, group 1
3.31	25 yrs., female, group 3

¹ Group definitions for beneficiaries: Group 1: Unemployed with childcare duties; Group 2: Unemployed, older than 45 yrs, longer spell of unemployment or repeatedly unemployed; Group 3: Unemployed 25 yrs and younger; Group 4: Other unemployed, longer spell of unemployment or repeatedly unemployed.

The main issues raised by the in-depth interviews with unemployed are as follows:

On the procedures and background information:

Most of the beneficiaries stated that they had no problems with the formal procedures required by the AMS and that the administration of the application works fine. Citizens with longer or frequent experiences with the employment service identified major improvements in this sector as compared to former days.

Nearly all interviewed AMS clients reported to be poorly informed about their entitlements, about how their benefits are estimated and about the eligibility criteria. This is despite the fact that this forms part of the standard consultation procedure (first interview) and is also available in leaflets provided by the AMS to each client. The perceived lack of knowledge suggests either selective memory or that the information provided is not user-friendly.

On the amount of the benefit:

There were different assessments regarding the amount of unemployment benefit. A majority is not satisfied, indicating that it is not enough to make ends meet. This is especially true for single parents, mostly women.

It's hard to live from that – just enough to buy a rope (Interview 3.9)

Catastrophic – a pure debts-pitfall (Interview 3.31)

The amounts continuously decreased over the years. Putting all experiences together, all the 20 years with the AMS, the amounts definitely decreased, and most of the people who receive benefits are already at the lower end of the distribution and for these people it is really tough (Interview 3.25)

Those who evaluated the benefit as adequate mostly reported that even it represents the absolute minimum to make one's living it is fair from a societal perspective. This view anticipates the increased unemployment of recent years and accounts for the limits of societal solidarity:

Sure it is moderate – but I think my prior wage was not much above the minimum defined in the collective agreement and so it is clear that the unemployment benefit is not much. It is not exactly brilliant but I am thinking different, more general, and when I think about all the unemployed and assuming that the benefits would be higher it would be a heavy burden. Accordingly, one has to get by with that (Interview 3.17)

On the means-tested conditions attached to unemployment assistance:

Problems occur with unemployed women receiving unemployment assistance and whose partners earn adequately – these clients often face a reduction of their benefit. However, the assumption that partners automatically care for each other does not always correspond to reality.

And I had a bad experience in 1999. Well, I gave up my apartment and she gave up hers and we rented a flat [...] and the people of the AMS said that she as a teacher is earning too much even though this definition is questionable enough. And my benefits got cancelled even my social assistance, everything. This was a terrible experience for me which changed my attitude toward society and politics completely. I really felt through the cracks. Yes. And I think this is completely unjustified, because if my girl friend would settle in my apartment and would get unemployed how do I get there to pay for subsistence? (Interview 3.22).

Clients who choose to circumvent this regulation by registering somewhere else or by lying about their living conditions feel driven into illegality – though most of these clients seem to adapt to the situation

I have a wife and a child – I cannot live with them because I think this may not look good [...] And so I am registered at a friend's apartment. (Interview 3.9)

So my partner has no income. My girl friend is a student. She works occasionally in private employments. I was asked about my living conditions. I said I am living with my girl friend. And so they told me that this is a cohabitation and I have to declare this. And my counsellor gave me a form which has to be filled-in by my girl friend about her income. But actually she just worked for three days, she just assisted a little bit. But finally it worked out. Next time I did not bring the form and declared that I am single. When I would live in a flat share community I would not have to declare all 5 women living there, or would I? I do not have to declare this as a cohabitation. So it finally worked out. (Interview 3.23)

On job placement:

Without any exception, all interviewed unemployed are very dissatisfied with the job placement performance of the AMS. Most of them went to the AMS with the notion that the AMS will provide them with a job. Accordingly, the reality looked quite different. Only very few interviewees got a job via the AMS in their employment career.

So, the AMS is not the institution where you can say I will go there and I will get an adequate job. This is impossible. These times are over. (Interview 3.22)

I never have worked on a job placed by the AMS – I always found the jobs by myself – and I was unemployed a few times. Most of the jobs are found through friends. (Interview 3.9)

Half of the interviewed unemployed reported that they never got any job offers at all from the AMS. Particularly clients that are difficult to place on the labour market (because of various reasons like liabilities, age, health conditions, rare or uncommon occupations) feel left alone in their struggle to re-enter the labour market. Some of these difficult cases were outsourced to other institutions like the WAFF (a fund of the municipality of Vienna which works in close cooperation with the AMS) or institutions on the secondary labour market like WienWork after a longer period of unsuccessful job search. Others, who got a job offer from the AMS raised complaints about the selection of these jobs. Most of the jobs were reported as being inadequate for the qualification of the client:

And what I know is that many companies do not notify the AMS about job offers anymore [...] because apparently the AMS was not able to suggest qualified people. I know that from other unemployed; they were sent to job interviews although they were absolutely unqualified for the jobs. And naturally this frustrates the companies when only 'losers' come from the AMS. Conversely, it was frustrating for the unemployed, too. I mean it is awkward and embarrassing when you go there and apply and maybe the AMS got it wrong or is using the wrong job descriptions (Interview 3.8)

As this was an example for the mismatch of qualification and job description of the job offer, other unemployed complain about the mismatch between job offer and job preferences as well as career plans:

But I would like to do something meaningful. They can offer me thirty jobs as a waiter. I will apply there in a way that I do not get the job. This is easy, it is an easy task – it is not the objective of the whole thing that I got pressed in a job when I say »I won't do it« in advance (Interview 3.21)

Corresponding to this, some beneficiaries complained that they were not asked about job preferences, but simply provided with job offers according to their qualification, work experiences and chances to get employed. Hence, the changes to reorient the employment career are relatively low when one is relying on the AMS exclusively. Clients also missed counselling regarding their individual career developments. Last but not least, the interviewed beneficiaries criticised the quality of jobs offered by the AMS, accusing the AMS for not being interested in placing their clients in stable occupations. These beneficiaries blame the AMS for simply trying to get them into the labour market as quickly as possible.

Because the main interest is the fast placement of jobs and if this is sustainable or not ... there is the interest that they [the unemployed] were transferred to companies where the AMS already knows that this is not reasonable because after two months the people are unemployed again (Interview 3.25)

From the perspective of the AMS this is however not a problem. Its aim is to ensure that the duration of unemployment is not longer than absolutely necessary and this often implies that the client has to take short-term jobs even if not meeting his / her qualifications or career plans. There is here a clear incongruence between the expectations of unemployed persons and the labour market office.

Several of the respondents stated that they expect the AMS to provide more information about the structure and demand of the labour market and how it is developing in the future.

On sanctions:

Several of the respondents complained about the various sanctions that can be applied in order to 'motivate' unemployed clients to look for job or as a disincentive for applying for unemployment benefit. These complaints also exemplify some of the problematic aspects of counselling as currently practiced:

My former counsellor cancelled my benefits for six weeks – because I failed to apply for a suggested job offer. Mostly I get three offers and for one of these I did not apply. But I applied for seven other jobs [...] and so I appealed against the sanction and they told me that it does not matter that I applied for seven other jobs if I fail to apply for the jobs offered by the AMS (Interview 3.9)

Closely related to the placement service of the AMS is the duty for the unemployed to attend regular appointments and report sickness (because then the health insurance is paying the benefits instead of the unemployment insurance), going abroad (then the payment of unemployment is cancelled during the time abroad) or changes of their place of living. These obligations as well as the appointments are perceived as heavy controls and penetrations of the private sphere. Particularly the reported inflexibility and rigorous sanctioning of missed control appointments results in anger on the side of the unemployed:

Then I got back with the tramway and I was a little bit late and she [the AMS counsellor] bitched at me. I could not talk I just cried and I went home. Afterwards she called and told me »You cannot register for unemployment when you are sick. You are simply depressive.« And I said »No but you are also just a woman, I did not expect that from you because maybe you have children, too.« She said »Come again with your sick certificate because you cannot register for unemployment« (Interview 3.30).

I had a lot of phone calls to do and at 12:00 I noticed that I missed the appointment at the AMS. On Friday afternoon I do not need to go to the AMS anymore. When you get there you get hit so that you will not do this anymore. And so I went there on Monday in the morning and explained what happened. Additionally I explained my accident in written form. Then I summated this letter. Today I got the notification from the AMS »Your benefits are cancelled until the next appointment«. This means that until the 5th of October I will not get anything from the AMS. Not from the AMS, not from the social assistance office, not from anywhere. This raises the question: how can I make ends meet? Where is my help? Where is my support? [...] When a man fails to come to an appointment he should not get punished like that. (Interview 3.29)

Sanctions are regulated in the AIVG. As a result of the clarification of expectations towards the clients in the counselling contracts the possibility of sanctioning has increased. However, how these regulations are applied rests, to a great extent, with the counsellor. Counsellors adopt different strategies as shown by the following quotation from an interview with an AMS official:

To talk about a tightening ... in contrast I would even speak about a simplification. I would guess that the reasonability criteria in recent years were applied more strictly but because of the clarification of the arrangement with the client. Finally, it depends heavily on the counsellor. Here in house we have still counsellors with a social conscience who will try and try and try and will sanction not until the third or fourth fault of the unemployed. But there are also counsellors which would sanction right after the first fault. We as managers provide the counsellors with this discretionary and sphere of self responsibility. The journey is the reward and the reward is the integration into the labour market. And there are counsellors who succeed with this strategy and other counsellors succeed with the other strategy. (Interview 2.8)

Additionally, it seems as if each regional agency (RGS) and each state (LGS) develops an independent culture of sanctioning. For instance, asked for regional differences (referring to the state level of the AMS) most of the interviewed experts referred to upper Austria as an example where the regulations on sanctions are applied stricter than in for instance Vienna. And even within Vienna, the practices of sanctioning depend on the regional agency.

On counselling:

The counselling situation, the interaction between the counsellors and the beneficiaries was differently evaluated by the respondents, showing a broad range of experiences accompanied by a bulge of expectations and related suggestions for change. A small group of questioned AMS clients (about 7 out of 31) reported that their counsellors are very nice, polite and committed.

“Well my counsellor is very polite. I can talk about anything with him. He asked me for example, if I would like to make a computer course, and he has written down what I would like to do. Whether I would like to go back to secretary work, for how many hours a day. I really have to say that he took into account that I have a little daughter, that I can’t sit till seven in the evening in the office.” (Interview 3.14).

These experiences stand in opposition with those of all other participants who assessed the counselling negatively. Several of the respondents stated that there is in fact no counselling, no dialogue taking place. They criticized the counsellors as un-responsive, non-committed and as prejudiced (judging the unemployed in principle as lazy).

“When they get the feeling that they can do with you whatever they want, than they will do it. That’s what I mend with arrogant. Actually, presumptuous. You already have to fight to make your living. Some lose their jobs and get a ‘cracked soul’ from that already, and then you come to someone who assumes from the outset that you do not want to work” (Interview 3.28)

Many feel simply administered, having the impression that the counsellors want to get rid of them as quickly as possible:

“I have always the impression that they have no time to explain something. If you want to know something, they simply print out a note and there is everything on it. Well, one gets the feeling that they want to get rid of you as quickly as possible” (Interview 3.20).

“I have one in the (XX-gasse) who do not like me, and I don’t like him either. And that is why, if he counsels me, it is not for good. But, the Miss (XXX), I can only praise her, she is really personally committed. I’ am talking with her like I’ am talking with you now. She knows me. I also tell her private things (Interview 3.21)

Many of the respondents are nevertheless aware that the problems faced with the counsellors are often structural in nature. They report that the counsellors have many clients and little time, hence it is no surprise that they cannot take their counselling job seriously. This confirms also reports by counsellors we talked to who additionally note that it is often difficult to build a trust relationship with a

client given that their role is not only to provide support and assistance but also to sanction if necessary. The difficult psychological situation of unemployed persons demands for more time, yet this is not available.

On activation measures:

Who receives training or participates in an activation measure is a decision that rests with the AMS. This decision has to take into account the definition of target groups as specified by the labour market policy objectives of the BMWA. These are older workers, younger workers, women in general (and particularly lone mothers) and handicapped. Not targeted are male unemployed aged between 25 and 45.

This, however, does not imply that everyone who meets the target group definitions is automatically qualified to take part in an activation measure. Participation in training and activation measures is restricted and the ultimate decision rests with the counsellors and their assessment of the client's background qualifications and 'job readiness'. If the counsellor comes to the conclusion that the client is job ready, the counselling plan may foresee an activation measure (mainly the so-called job coaching course). When the client is assessed as not job ready, the counselling plan foresees participation in training or qualification courses.

The courses provided by the AMS are not conducted by the AMS itself but from a large network of institutions. This network consists traditionally of 2 main players and a variety of other, mainly smaller institutions. The main player are the WIFI which is connected to the chamber of economy WKO and the BFI which is connected to the chamber of labour AK and the federation of trade unions ÖGB. But overall, about 660 institutions offer training courses and further education for unemployed in Austria and thereof about 220 in Vienna.

The activation and training performance of the AMS received a quite mixed evaluation in the interviews with AMS clients. About one third of the questioned beneficiaries reported that they never got the offer to attend a course whatsoever or another kind of measure. Especially those respondents that were older than 45 reported feeling treated as not worthy of support – despite the fact that this is a group that is supposedly targeted by activation measures:

INTERVIEWER: Has the AMS offered you a course? INTERVIEWEE: No, not all. I wanted to make a computer course but they told me because of my age this is wasted money – »because you will never use this in a job« (Interview 3.3)

According to our respondents, the most promising way to get a qualification or training measure is actively demanding them from the AMS employees. But of course, not every demand is fulfilled. Particularly expensive trainings were not paid, and particularly not for male unemployed in the age group 25 to 45 years:

[And they told me] »o.k. we have to look for something for you, actually you have spent a long time in unemployment, we will find a training course for you« and I replied this is promising for

me I would like to do something with electricity to receive a certificate, at the WIFI or something like that and they told me »we surely cannot offer you a technical training but you will get a training course, you will see; for the time being go to the application interview, this is a training course on computer« But a PC I have at home. (Interview 3.9)

Being 'blindly' allocated to courses that might not make sense was the biggest problem of the AMS active labour policy according to our respondents. This shift towards a short-term orientation was also confirmed by our interviews with AMS officials. This is in part the intended result of policy; in part it is however the result of shrinking resources relative to the increasing number of unemployed. This impacts on the type of training provided: an occupational training is more expensive than a general qualification training (language course, basic computer skills trainings) or the job coaching courses. Another problem is the strategic allocation of applicants to sources. Courses are often more likely to be offered to persons who have been unemployed for longer than six months, not only because they are judged as in need of them but because in this way their entitlement for a benefit is secured and in addition the numbers of long-term unemployed are reduced (as persons in training are not counted as long-term unemployed).

They should not distribute the unemployed blindly to the trainings just because there are some places left. But they should take into account the occupation of the unemployed and the background of the unemployed. I mean, everyone is telling his/her story 5 to 6 times to the AMS, they should know. I do not know how to express this – partly it was just annoying because you get the feeling they are stealing your time. It is not as if one had not something better to do. But whether the training is meaningful seems to be irrelevant, I guess. I mean all these measures cost money and others would like to get the place in the training if they would get the possibility. But they haven't because I am sitting there but I am just annoyed - and I was telling the people there that they should know that this training is not suitable for me. And then it goes »You are right but what should we do, if you don't attend you will lose your benefit« I mean that's really tough. (Interview 3.18)

Our respondents evaluated occupation-specific courses and further education courses as most helpful. They were least satisfied with job coaching and generic training courses. Computer skill courses were especially assessed as out-dated, crowded and held by unqualified and unmotivated trainers.

The most prominent activation measure, the job-coaching courses, received a mixed evaluation. The majority found these courses not helpful. Those reporting satisfaction were happy less about the contents of the course but about the opportunity they provided to meet other persons and discuss common problems.

You mean the job coaching courses? Yes, these courses are absolutely useless. Absolutely, these courses, all the money spent which could be saved. The point is if the AMS would not work only with regard to its statistics and to its objectives – that 40 people have to go and make such a job coaching because it is mandatory – yes it would be interesting to have a look at the persons CV and decide which course is suitable to cause any positive effect, because the counsellor as well does not profit if he or she puts an unemployed in such a course for a half a year (Interview 3.22)

Several of the AMS officials we interviewed were aware of these difficulties. However, they stressed the general educational role of the courses on offer and their social-psychological function in terms of providing unemployed clients with a structure for their day. There is however a lack of consensus as which courses are most suitable for what group of unemployed persons.

9.8 In-depth interviews with social assistance recipients

BENEFICIARIES OF SOCIAL ASSISTANCE	
L1	Male, 52 yrs. recipient of supplementary benefit
L2	Male, 60yrs. recipient of full standard reference rate
L3	Female, 57 yrs., recipient of supplementary benefit
L4	Male, 61yrs, full standard reference rate
L5	Female, 72yrs., recipient of permanent supplementary benefit
L6	Male, 59yrs., recipient of full standard reference rate, permanent
L7	Female, 68yrs., recipient of full standard reference rate, permanent
L8	Female, 62yrs., recipient of full standard reference rate, permanent
L9	Female, 71yrs., recipient of full standard reference rate, permanent
L10	Female, 74yrs., recipient of full standard reference rate, permanent
L11	Female, 81yrs., recipient of heating assistance
L12	Female, 78yrs., former recipient, now disability pension
L13	Male, 44yrs., temporary recipient
L14	Female, 34yrs., recipient of supplementary benefit
L15	Male, 55yrs., recipient of full standard reference rate
L16	Male, 44yrs., recipient of supplementary benefit
L17	Female, 62yrs., recipient of full standard reference rate, permanent
L18	Female, 76yrs., recipient of full standard reference rate, permanent
L19	Female, 83yrs., recipient of full standard reference rate, permanent
L20	Male, 63yrs., recipient of full standard reference rate, permanent
L21	Female, 60yrs., recipient of full standard reference rate
L22	Female, 70yrs., recipient of full standard reference rate, permanent
V1	Male, 49yrs., recipient of supplementary benefit
V2	Male, 34yrs. recipient of full standard reference rate, temporary
V3	Female, 36yrs., recipient of supplementary benefit and rent assistance
V4	Female, 34yrs., recipient of full standard reference rate
V5	Female, 47yrs., recipient of rent subsidy
V6	Male, 50yrs., recipient of supplementary benefit
V7	Female, 53yrs., recipient of special benefit following eviction

The interviews with social assistance recipients addressed the following themes:

The first part sketches the basic personal data of a person: gender (male or female), age, fit for work according to social assistance legislation, the state of health, their level of education and the status of their partner.

The second part comprises all information about benefits and entitlements from the social department and other sources. In addition, the claimants are asked what they do when a hot-water tank or something similarly expensive breaks down.

The third part covers the experiences made by the beneficiary with the social assistance office and includes assessments of available information, waiting

periods, the role and discretionary power of the case worker, the monitoring and control procedures, support provided with regard to finding a job etc. In addition respondents were asked to report on their degree of satisfaction with the social assistance system.

Overall, four groups of recipients in the social assistance system can be distinguished. The first group comprises people who are unfit for work and do not have a pension entitlement either because they never worked or only worked for a limited period of time. This group includes people such as:

- Persons following a divorce without entitlement for maintenance from their former spouse – these are mainly elderly females have not acquired enough years of employment for their own pension entitlement; consequently, they are not entitled to access pension benefits and health benefits acquired by their partners or by themselves.
- Persons with an interrupted/precarious employment history (long periods of unemployment without benefits, illegal employment, underemployment without contribution to the social insurance, etc.) have not acquired enough years of employment for an own pension.
- Some chronically ill or disabled persons have no employment history or one marked by interruptions; this group has not acquired a pension entitlement due to their long history of illness. In addition, an accident can force people to exit the labour market after too short a period of insurance. In such cases the person is legally entitled to an invalidity or work accident pension, if they have the minimum contribution period.

This specific group of persons is significantly lower compared to the beginning of the 70s. First, most women have a stable employment history now. The typical 'housewife' is still an ideal of the male breadwinner ideology in Austria; however, most women prefer to work at least part time. In addition, the pension system now facilitates insurance also for persons with interrupted or limited employment history. Periods of receiving unemployment insurance or childcare increase the fictitiously acquired periods and ease access to entitlement. As soon as a person is entitled to a pension, they at least receive a benefit at the equalisation reference rate or a minimum pension respectively. In 2004, the last pension reform introduced a further lower threshold everyone under the age of 50 in the year 2004. This group can obtain a pension with only seven years of employment compared to 15 years previously. However, for the group of above 50, the old regulation with a minimum of 15 years is still in effect (BMSG, 2004a, p.53). The increased activation and health policies for chronically ill persons and disabled persons also reduce the number of permanent recipients. In Vienna, approximately 3,900 persons receive the higher standard reference rate as compared to 6,000 in the late 60s.

This group includes people above the legal age to be declared unfit for work – 60 years in Linz and 60 for women and 65 for men in Vienna or declared unfit for

work based on a serious state of health or handicap – who receive social assistance without access to a pension. This type of recipient is mostly female. Only one person is skilled – a trained body painter has been supported by social assistance for over 30 years now following an accident. Another woman is disabled after a stroke and has therefore received social assistance for over forty years. One man has been supported by his parents for years, as he is manic-depressive and cannot work. After the parents' death, social assistance pays a benefit (interviews # L-6, L-18 and L-20). The other group comprises divorced women without a right to receive alimony payments from their former husbands and women with a widow's pension, who do not have enough pension years for their own entitlement. They have taken care of their offspring and do not have long periods of legal employment. Two women are part of an ethnic minority (interviews # L-7, L-8, L-9, L-19 and L-22). One woman is divorced and has received an alimony payment below the reference rate for social assistance; for this reason she has received a supplement from the welfare office for a long time. After her former husband's death, she was entitled to the minimum pension. During the application process, the welfare office supported her (interview # L-20). Another sub-type is a man – 61 years old – entitled to social assistance after a heart attack. He has not reached the fifteen years limit to gain access to a pension due to long periods of illegal employment (interview # L-4). Furthermore, a woman (63) lived for a long time in Argentina and moved back to Austria after the death of her husband without entitlement for an Austrian pension. Her Argentinean pension is too low; hence, she obtains a supplement from the social assistance office (interview # L-5).

The second group includes people in a transitional period. These are persons who have to wait until their application is processed to receive benefits from social insurance and do not have means of their own to cover their needs during the waiting period.

- The application process at different institutions (pension, unemployment and health insurance) can be lengthy for people with an interrupted/precarious employment history and the entitlement is not secured.
- The unemployment benefits of social assistance claimants might be frozen, as they do not fulfil the requirements (e.g. appearance at the office or are unwilling to work) of the local unemployment advisory centre.
- Persons might have to reconcile a period to gain access to pension benefits and are not entitled to unemployment benefits or unemployment assistance due to a precarious employment history.

The welfare office has to assist people without assets or income in such cases. However, especially persons with a ban from unemployment assistance might be unable to acquire any benefits, because they are not willing to work, at least for the public employment service. The welfare office has to take into account other criteria such as care of a close relative. In addition, although the public employment service can cut all the benefits, the social assistance law states that

the maintenance of children and partner still has to be paid. In Vienna, one person received social assistance until she started her training (# V-3). Another Viennese recipient accessed the social insurance pension. While her application was processed, the social centre assisted her with a benefit (# V-7).

The third group includes persons accessing special types of benefits such as for specific purchases or for covering heating or rent costs. These are usually

- persons with a pension that is below the minimum rate
- persons with a low unemployment benefit/assistance
- persons with low income

Such benefits are mainly discretionary ones. Legally, the welfare office can provide them but does not have to. Mainly budgetary restrictions can lead to a reduction for the individual amount of support or to a full stop of such payments. Persons with an income below the standard reference rate can access assistance based on an entitlement, as the legislation enables extra payments to buy household items, etc. Furthermore, the municipalities grant specific benefits for pensioners at the equalisation supplement reference rate or persons with an income at approximately the same level.

In Linz, three elderly women stay in contact with the social service centres of the social assistance department. Some elderly people receiving the minimum pension apply for additional funding to cover the heating costs. Two women from the sample receive a minimum pension; therefore, they are entitled to the yearly heating cost allowance of the social assistance scheme (# L-11 & L-12). The other woman has a pension 40 € above the level of the minimum pension and does not receive that benefit (# L-10). All of them are in need of the personal social services and the assistance of the social service centre; because they cannot manage their daily live without help (interviews # L-10, L-11 and L-12). Additionally, in Vienna people receiving the minimum pension can apply for further assistance. They are entitled to a rent and heating subsidy. In addition, people at or above the minimum pension can apply for assistance in particular circumstances at the social centres if they are in financial trouble (www.wien.gv.at). Two respondents are entitled to a minimum pension. A 47-year-old former sales assistant gained access to an invalidity pension due to serious asthma; she has trouble with her knees after a long-running treatment with cortisone. Because of a foster-child, she regularly applies for heating and rent subsidy (# V-5). After an operation on the cervical spine, a 53-year-old woman gets a minimum pension until 2006, because she still has a paralysed hand. She worked as an unskilled worker in the hotel and restaurant industry (# V-7).

The fourth group includes persons who are still of working age and in principle 'fit for work' but who have no job and/or receive low unemployment insurance or assistance benefits. They therefore require assistance in the form of supplementary benefits.

In Linz, six respondents aged 44 to 60 are fit for work and receive support from the social assistance office. Three of them have at least some skills similar to an apprenticeship. One female interviewee in this group has acquired no formal skills at all and works mostly as a cleaning person (# L-3). Another female former recipient from a neighbouring area received social assistance until her pension application was approved (# L-21). The other professions are: one professional soldier with a subsequent career as technical-industrial operator (# L-1), two unskilled workers (# L-2 & L-13), one travel agency assistant (# L-16), and one trained shipping commission agent. The commission agent worked freelance for a long time and is therefore not entitled to receive unemployment assistance (# L-15). The unskilled worker is homeless and does not receive unemployment assistance either (# L-13). The five others all receive unemployment assistance below the reference rate of social assistance (# L-1, L-2, L-3, L-16 & L-21). However, only one person of the group declared as fit for work describes himself as able bodied and healthy (# L-15). All others mention their poor state of health and a lot of them try to gain access to invalidity pension or are requested by the public employment service or social department to apply regularly (interviews # L-1, L-2, L-3, L-13 and L-21). One unskilled worker is over 60. As a result, he is not obliged to work due to the age limit of 60 in the social assistance law. In contrast, the statutory retirement age in the public pension insurance states 65 years for men. Therefore, he does not have to be willing to work for the social assistance office, but he must be willing to work for the public employment office (# L-2). One 34-year old woman without any acquired formal professional qualifications receives social assistance due to the low unemployment assistance benefit of her husband (# L-14).

Five Viennese respondents receive social assistance while overall healthy, hence 'fit for work'. Therefore, they still have to be willing to work. Two of the respondents have a university degree. A female 34-year-old biologist-ecologist worked for a while delivering flyers without any entitlement to unemployment benefits (# V-4), and a male 50-year-old media studies and comparative literary specialist who worked as an editor for a publishing house receives unemployment benefits that are too low (# V-6). Two have finished an apprenticeship – a 49-year-old trained plumber and 36-year-old waiter. The six-year long unemployed plumber argues that he does not have a driving license and therefore cannot find a job (# V-1). Two years ago, the waiter started a training course for office administration, since she could not work in her former job due to a slipped disc. Since finishing the programme, she has been trying to find a job (#-V-3). Both receive a supplement to the standard rate from the social centre because of their low unemployment benefits. Finally, one 34-year-old male interviewee acquired no formal professional skills and worked as a security guard; he receives only social assistance (# V-2).

9.9 Europeanization and the Welfare State – An Expert Consultation

The questionnaire for this expert consultation opened with the following introductory remarks:

This survey is undertaken in the context of the project ‘Governance, Territoriality and Europeanization – Whither Welfare Regimes?’ supported by the NODE research programme ‘New Orientations in Democracy and Europeanization’ (www.node-research.at). Our project had as overall aim to cross-nationally compare the institutional development of the unemployment insurance as well as social assistance regimes and explore the extent to which these developments are linked to the process of European integration. Such an analysis provides insights into the future of social citizenship and the welfare state in the European Union. The debates on this theme in the context of the European Convention (Working Group ‘Social Europe’) were also considered. In what follows you will be presented with a list of policy statements. These were distilled from our empirical analysis as representing specific views or summarizing general trends. We invite you to carefully consider these statements and indicate in the space provided: first, whether you find the goal expressed by this statement desirable and second, whether you agree with the trend described. Your responses will help us validate our findings and provide the basis for setting an agenda for a policy workshop in June 2005 for discussing contemporary developments and advance policy recommendations. We appreciate your time for completing this questionnaire. Your data as well as information provided will be treated with the outmost confidentiality.

Diese Befragung wird im Rahmen des Projektes ‘Governance, Territorialität und Europäisierung – Wobin entwickeln sich die Wohlfahrtsregime?’ des NODE – Forschungsprogramms ‘New Orientations in Europe’ durchgeführt (<http://www.node-research.at>). Das Ziel unseres Projektes ist der Vergleich der institutionellen Entwicklung der Arbeitslosenversicherungssysteme und der Sozialhilfesysteme zwischen europäischen Ländern im Kontext der Entwicklung der europäischen Integration. Diese Analyse dient der Erforschung der Frage nach der Zukunft sozialer StaatsbürgerInnenrechte und sozialstaatlicher Entwicklung innerhalb der Europäischen Union. Die Debatte dieses Themas in der Arbeitsgruppe ‘Soziales Europa’ des Europäischen Konvents wurden dabei gleichfalls berücksichtigt. Im Folgenden werden Ihnen einige Aussagen zur (sozial-)politischen Entwicklung präsentiert. Diese wurden aus unserer empirischen Analyse entwickelt und fassen entweder allgemeine Trends zusammen oder repräsentieren bestimmte Sichtweisen auf die jeweilige Entwicklung. Wir würden Sie nun gerne dazu einladen sich diese Aussagen aufmerksam durchzulesen und anzugeben ob erstens die beschriebene Entwicklung ihrer Einschätzung nach zu trifft oder nicht und zweitens ob die beschriebene Entwicklung wünschenswert ist oder nicht. Ihre Antworten helfen uns einerseits dabei unsere Ergebnisse zu validieren und andererseits bei der Vorbereitung eines Policy-Workshops im Juni 2005 bei dem kurrente sozialpolitische Entwicklungen und Vorschläge diskutiert werden sollen. Wir danken Ihnen sehr herzlich für die Zeit, die Sie für die Beantwortung dieser Fragen aufwenden. Zugleich möchten wir Ihnen versichern, dass Ihre Antworten mit der größtmöglichen Vertraulichkeit behandelt und nicht an Dritte weitergegeben werden.

The questions and policy statements are reproduced below in English and information is provided on the feedback provided. The respondents answered the German version of the questionnaire, English is below used for the purpose of consistency with the report’s overall language.

A. Personal Coordinates	
A1. Name:	_____
A2. Organization:	_____
A3. Position:	_____
A4. Address:	_____

A5. Telephone:	_____
A6. Fax:	_____
A7. Email:	_____

B. Personal Background	
B1. We would like to know how you got engaged in this field of work relating unemployment policies and/or social assistance.	

B2. What has been the most important role / function you have had personally in this policy area?	

The coordinates of the respondents are known to the research team but, as previously agreed with the respondents, will not be released. The respondents included labour market experts holding governmental positions or working for the Labour Market Office as well as persons holding political office and representing different parties.

C. Unemployment Welfare Regime
Please consider the following statements and tell us whether (a) you agree that this development is indeed taking place and (b) you approve / would approve of this development.

C1. Eligibility for unemployment benefit is bound to previous employment history. The present trend is for a stricter linkage of unemployment benefit to the conditions or length of the previous employment. This results to less persons being able to claim generous amounts of unemployment benefit for a longer period of time.

Do you agree that this development is taking place ...

	Agree absolutely	Agree	Disagree	Disagree entirely
C11 ... in Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C12 ... across the EU?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you / Would you approve of this development ... ?

	Approve very much	Approve	Disapprove	Disapprove very much
C13 ... for Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C14 ... for other EU countries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C15 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments ...

C16

Two thirds of the respondents agreed that the development described by the above statement – both in Austria and across the EU. However only a small minority – two respondents out of 15 – also approved of it.

Moreover, with one exception, all respondents considered that the stricter linkage of eligibility for unemployment benefits to previous employment history should not be adopted as a guiding principle for EU-wide welfare policy. This was justified with reference to the growth of atypical forms of employment (occasional work, part-time) as a result of the flexibilization of the labour market. The latter is positively evaluated as leading to the increase of labour market demand. However, it also aggravates the insecurity of the labour market and is often associated with higher levels of unemployment.

C2. Eligibility for unemployment benefit is increasingly linked to ‘willingness to work’. Willingness to work is judged on the basis of job search undertaken by the unemployed person or participation in training / activation measures. Failure to show ‘willingness to work’ can lead to sanctions, including the discontinuation of the unemployment benefit.

Do you agree that this development is taking place ...

	Agree absolutely	Agree	Disagree	Disagree entirely
C21 ... in Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C22 ... across the EU?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you / Would you approve of this development ... ?

	Approve very much	Approve	Disapprove	Disapprove very much
C23 ... for Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C24 ... for other EU countries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C25 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments ...

C26

On the subject of growing significance of ‘willingness to work’ as a defining element of the unemployment welfare regime the results, practically all respondents (with one exception) thought that this was both taking place and a ‘good’ thing. Only one third did not approve of this development either for Austria, for other EU countries or as a guiding principle for EU-wide welfare policy.

Indicative of the ideological divisions in this regard are two arguments offered for the justification / rejection of the ‘workfare’ approach respectively. The majority arguing in favour of the ‘workfare’ approach thought that the unemployment insurance regime can only survive if based on ‘solidarity’; hence unemployed persons are correctly expected to commit themselves to look for a job or improve their qualifications. The counter-argument was that no person should be forced to work or participate in training following the ‘sanctions’ principle.

C3. As a result of the restriction of the eligibility criteria for unemployment benefits in conjunction with stagnating labour market demand, the aggregate coverage of the unemployment insurance schemes was significantly reduced. This means, there are more people who are working or unemployed that are not covered by the unemployment insurance.

Do you agree that this development is taking place ...

	Agree absolutely	Agree	Disagree	Disagree entirely
C31 ... in Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C32 ... across the EU?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you / Would you approve of this development ... ?

	Approve very much	Approve	Disapprove	Disapprove very much
C33 ... for Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C34 ... for other EU countries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C35 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments ...

C36

The feedback to this policy statement was similar to that for the first. Two thirds of the respondents agreed that the number of persons that are not covered by the unemployment insurance is increasing and that this also has to do with the restriction of the eligibility criteria attached to the receipt of unemployment benefit. However only two out of 15 respondents approved of this development. However, several noted that such a development is intrinsic to the insurance principle government the unemployment welfare system and, therefore, additional policy responses need to be sought.

C4. Job placement has gained in significance in contemporary labour market policy. Among others, this has led to the liberalization of employment services. Public and private employment services compete today in terms of job placement. This is thought to have resulted in a shift towards more short-term, less secure jobs.

Do you agree that this development is taking place ...

	Agree absolutely	Agree	Disagree	Disagree entirely
C41 ... in Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C42 ... across the EU?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you / Would you approve of this development ... ?

	Approve very much	Approve	Disapprove	Disapprove very much
C43 ... for Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C44 ... for other EU countries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C45 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments ...

C46

Only one third of the respondents agreed with this statement, i.e. that there is a linkage between the privatization of the job placement function of the labour market office. None of the respondents approved of this development if it were to be taking place. One respondent noted that this is inevitable and more related to the flexibilization of the labour market than the outsourcing of functions by the AMS.

C5. Despite the increase of significance of both the job placement function of unemployment insurance and of activation measures, counselling services offered by public employment agencies are judged as poor or only helpful for a small section of the unemployed population.

Do you agree that this development is taking place ...

	Agree absolutely	Agree	Disagree	Disagree entirely
C51 ... in Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C52 ... across the EU?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you / Would you approve of this development ... ?

	Approve very much	Approve	Disapprove	Disapprove very much
C53 ... for Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C54 ... for other EU countries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C55 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments ...

C56

Nearly all of the respondents – 12 out of 15 – agreed with this policy statement. This is in line with the results of our survey of and interviews with unemployed persons reported in a previous section. Counselling services are poor and this needs to be changed, this is the general line. The bad quality of counselling services was attributed to various factors: the growing complexity of the labour market which necessitates improved knowledge base for counsellors; the increase of the number of unemployed in conjunction with the stagnating number of personnel at the AMS; the general stagnation of financial resources allocated to counselling and job placement; but also the lack of trust and commitment on the part of the unemployed.

C6. In order to improve the effectiveness of the job placement / activation measures but also the motivation of unemployed persons to search for jobs, it is proposed that unemployed persons sign a so-called ‘employment contract’ or ‘development plan’ that commits them to search for a job and participate in training or counselling.

Do you agree that this development is taking place ...

	Agree absolutely	Agree	Disagree	Disagree entirely
C61 ... in Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C62 ... across the EU?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you / Would you approve of this development ... ?

	Approve very much	Approve	Disapprove	Disapprove very much
C63 ... for Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C64 ... for other EU countries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C65 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments ...

C66

All respondents agreed with this development. Furthermore, all but one approved of it – for Austria, for other EU countries as well as a guiding principle for EU-wide welfare policy.

C7. Activation measures are important but ineffective if they only target the individual unemployed persons through counselling or training (even assuming that enough funds are allocated to this purpose). Greater attention is now given to a combination of such measures with investments in education and urban re-vitalization as well as macro-economic measures aiming at job creation.

Do you agree that this development is taking place ...

	Agree absolutely	Agree	Disagree	Disagree entirely
C71 ... in Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C72 ... across the EU?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you / Would you approve of this development ... ?

	Approve very much	Approve	Disapprove	Disapprove very much
C73 ... for Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C74 ... for other EU countries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C75 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments ...

C76

There was overall agreement that the combination of ‘activation’ measures targeting individuals with structural measures targeting the education system or urban regeneration is, in principle, a good thing. Respondents disagreed as to whether this specific policy packaging is indeed taking place in Austria. Two thirds thought this to be the case. One third disagreed.

D. Social Assistance

Please consider the following statements and tell us whether (a) you agree that this development is indeed taking place and (b) you approve / would approve of this development.

D1. Social assistance represents a residual welfare system that aims to provide minimum income provision to those mostly in need and not covered by other means. Here also we can observe the emergence of further restrictions both with regard to eligibility and with regard to means-testing. Local communities are keen to restrict the boundaries of social assistance in order to control the related expenditures. This leads to a declining overall coverage of the system.

Do you agree that this development is taking place ...

	Agree absolutely	Agree	Disagree	Disagree entirely
D11 ... in Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D12 ... across the EU?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you / Would you approve of this development ... ?

	Approve very much	Approve	Disapprove	Disapprove very much
D13 ... for Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D14 ... for other EU countries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D15 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments ...

D16

Two thirds of the respondents agreed that the coverage of the social assistance system is declining as a result of increasing restriction attached to its receipt. Only two of the 15 respondents approved of this development – for Austria or more generally.

D2. One line of possible policy reform is to integrate the social assistance and unemployment assistance welfare regimes. This, it is argued, will increase the efficiency and effectiveness of either system and improve transparency.

Do you agree that this development is taking place ...

	Agree absolutely	Agree	Disagree	Disagree entirely
D21 ... in Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D22 ... across the EU?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you / Would you approve of this development ... ?

	Approve very much	Approve	Disapprove	Disapprove very much
D23 ... for Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D24 ... for other EU countries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D25 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments ...

D26

Opinions are divided on the subject of merging the unemployment and social assistance systems. This concerns both the assessments of whether this is happening and the approval rates. Many respondents noted that whether this is a good idea will depend on how it is implemented. Some noted that it is a bad idea primarily at the 'symbolic' level due to the stigmatization associated with social assistance. In this connection, one respondent wrote that such a merger is sensible from the administrative perspective as a rationalizing measure, but it is important to keep the two systems separate at the symbolic level.

E. Social Europe
 The following statements are based on the analysis of the deliberations of the Working Group ‘Social Europe’ of the European Convention. Please tell us whether you approve of these propositions.

E1. A ‘social market economy’ forms part of the EU social objectives.
 Do you / would you approve of such a development?

	Approve very much	Approve	Disapprove	Disapprove very much
E11 ... for Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E12 ... for other EU countries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E13 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments ...
 E14

All but one of the respondents agree with the above proposition – for Austria, for other EU countries as well as a guiding principle for EU-wide welfare policy. Some respondents however noted that the term ‘social market economy’ is today used in a rather undifferentiated manner and can mean different things to different people.

E2. Full employment rather than ‘high employment’ should be aimed at within the European Union and the Member States
 Do you / would you approve of such a development?

	Approve very much	Approve	Disapprove	Disapprove very much
E21 ... for Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E22 ... for other EU countries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E23 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments ...
 E24

13 out of 15 respondents agreed that full employment should be the aim of Austrian and European-wide social / labour market policy. However some noted

that this is unrealistic under the present conditions of low economic growth and high labour market participation rates.

E3. The Union's competences in the social field should be extended to cover the areas of pay, right of association and the right to strike.				
Do you / would you approve of such a development?				
	Approve very much	Approve	Disapprove	Disapprove very much
E31 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments ...				
E32				

One third of the respondents is in favour of the extension of the EU competences, the majority is however against. This is consistent with the discussions at the level of the Working Group 'Social Europe' of the European Convention. Those against the extension of the EU competences argue that this would lead to a reduction of social standards, i.e. they assume that the resulting harmonization would be according to the lowest common denominator. Those in favour of the extension of EU competences likewise think this will lead to gradual harmonization, however disagree on the direction of change. Especially because of enlargement, one respondent argued, it would be important to extend EU competences in the above fields.

E4. The Union's competences in the social field should be extended towards a harmonization of the principles of social protection systems.				
Do you / would you approve of such a development?				
	Approve very much	Approve	Disapprove	Disapprove very much
E41 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments ...				
E42				

The answers to this question are divided: half of the respondents approve of an extension of the Union's competences towards a harmonization of the social protection systems, half are against. The reasons given are the same as for the previous question.

E5. Social and economic policies need to be coordinated at the macro-level.				
Do you / would you approve of such a development?				
	Approve very much	Approve	Disapprove	Disapprove very much
E51 ... for Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E52 ... for other EU countries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E53 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments ...				
E54				

None of our respondents disagreed with the above statement.

E6. Social dialogue is an important component of labour market and employment policy				
Do you / would you approve of such a development?				
	Approve very much	Approve	Disapprove	Disapprove very much
E61 ... for Austria?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E62 ... for other EU countries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E63 ... as a guiding principle for EU-wide welfare policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments ...				
E64				

Again, none of our respondents disagrees with the above statement.

Finally respondents were asked to indicate what they thought are the main challenges of social policy in the short- and long-term. The majority of the respondents mentioned the fight of poverty and social exclusion through the setting of minimum standards and the introduction of a basic income. Other challenges mentioned included dealing with youth unemployment and securing the financial basis of the welfare systems.

The concluding section of the questionnaire inquired summary information regarding the educational background and occupational history of the respondent and asked respondents to indicate their political orientation using the left-right 1 to 10 scale. The majority of the respondents identified themselves as on the middle between left and right with some tending more to the left.

9.10 **Consultation document**

The following consultation document entitled '*Contemporary Unemployment Policy and the European Social Agenda – Whither Welfare Regimes?*' (authors Liana Giorgi and Richard Heuberger) can be read in German and English at www.iccr-international.org/node/consultation

A shorter version of this was published in *Kontraste*, No. 7 / August 2005

Three main characteristics of unemployment policy in the EU

Contemporary unemployment policy in EU Member States displays several similarities. The general trend is towards active unemployment policy or workfare. This new policy paradigm has three main components: The first concerns the management of unemployment insurance – reforms point towards further decentralization and outsourcing.

BOX 1.

THE MANAGEMENT OF UNEMPLOYMENT INSURANCE IN COMPARATIVE PERSPECTIVE

The **Austrian** AMS displays a federalized structure. Next to the central agency there are nine regional and 94 local / municipal agencies. The central agency displays a tripartite management organization and is in charge of policy formulation. The regional and local agencies are in charge of implementation. Private job agencies are frequently commissioned to identify short-term jobs for unemployed and/or organize training courses.

The **French** unemployment insurance is managed by the National Employment Association UNEDIC and its local agencies ASSEDIC. The management of UNEDIC is bipartite. The ASSEDIC are in charge of income replacement. Job placement is the task of the National Employment Agency ANPE. Since 1998 ANPE can only offer jobs to recipients of unemployment benefits. Recent reforms announced last year foresee the possibility of outsourcing job placement functions in collaboration with ASSEDIC and ANPE.

The **German** Labour Office BA consists of 10 regional employment offices, 180 local employment offices and 660 employment agencies. The recently enacted Hartz I law enables the establishment of personnel-service agencies as private companies for hiring unemployed persons for other companies. The Hartz II law extends the scope of activities of the BA to include vocational training.

In **Norway**, the Public Employment Service or AETAT is in charge of labour market policy. The AETAT comprises a main office and several local offices or *Arbeidskondor*. In 2000, the public monopoly of AETAT on job placement was abolished. Since that time private agencies may also run job placement and recruitment services.

In **Spain** the national public employment service INEM is mainly in charge of policy formulation and monitoring. The setup and running of public employment offices is the responsibility of regions.

The second has to do with the further **curbing of the income replacement function** of the unemployment insurance. This is achieved through the continuous restriction of the eligibility criteria for and conditions attached to the receipt of unemployment benefit. In conjunction with

the increase of unemployment, especially among risk groups such as the young, this has in many countries led to a decrease of the overall coverage of the unemployment insurance.

BOX 2

CONDITIONALITY OF UNEMPLOYMENT BENEFIT

In order to receive unemployment benefit, unemployed persons in Austria must be entitled to work, willing to work, able to work and jobless. 'Willingness to work' is defined with reference to several conditions and linked to training and activation measures. Failure to take up a job or attend a training seminar may lead to the temporary or definite loss of unemployment benefit.

The entitlement to the unemployment benefit is bound to the number of months previously worked and for which social security contributions were paid. Young unemployed with less than six months previous work experience are not eligible to receive unemployment benefits. The eligibility criteria in most European countries are very similar to those in Austria. In Norway the eligibility to unemployment benefit is bound to the income from work prior to unemployment rather than the duration of previous employment.

BOX 3

ELIGIBILITY CRITERIA FOR UNEMPLOYMENT ASSISTANCE – GERMANY

Eligibility criteria for unemployment assistance (or equivalent) are also progressively restricted. This is exemplified by the 'unemployment benefit II' introduced as of January 2005 in Germany. Besides being markedly means-tested, requiring that property assets are controlled for or first consumed, it makes obligatory the uptake of low-paying community jobs with a training element. In the UK emphasis is also placed on fighting fraud: citizens are encouraged to report anonymously suspicions of fraud they might have encountered among unemployed neighbours or acquaintances.

BOX 4

LEVELS OF UNEMPLOYMENT BENEFIT & ELIGIBILITY PERIOD

The levels of unemployment benefit are estimated with reference to previous wage. Supplementary payments are made for the support of family dependents but are limited.

The estimation methods for the base amounts are complex and linked to the previous income from work by income classes. The resulting amounts do not differ significantly. In Austria, the net base amount for the unemployment benefit ranges between 643 and 1,150 EUR; in Norway between 357 and 1,710 EUR. In France the minimum amount of unemployment benefit amounts to 743 EUR and there is no maximum amount. Unemployment benefits in the UK are based on a flat rate and are, therefore, lower.

The eligibility period tends to vary according to the age, hence previous work experience, of the unemployed person. Persons with extensive previous work experience (and typically over 50) can claim unemployment benefit for up to 2 years in Norway, Germany and Spain, 3 years in Austria and 5 years in France. However these eligibility periods are becoming exceptional. Typically unemployed persons receive unemployment benefit for not more than four to five months. Subsequently and if they are still unemployed they are entitled to receive unemployment assistance. This is oriented to the provisions of social assistance, i.e. it is conceptualized as a minimum income and is means-tested.

The third component is the **strong emphasis on job placement and activation measures**. Willingness to work and/or participate in training is additionally used to legitimate receipt of unemployment benefit.

BOX 5**THE HIERARCHY OF NEED FOR ACTIVATION**

A hierarchical concept guides job placement at the AMS as in several other countries. During the first three months, the unemployed person is expected to be self-reliant. Subsequently counselling is offered. If also this does not help, activation measures are offered and the unemployed is expected to sign a 'plan' or 'contract' that outlines objectives and performance measures with regard to job-seeking. In France this is the so-called PARE. In the UK this is the so-called 'Jobseeker's Agreement'.

The strategy of the public employment agencies changed significantly over the last decade. Earlier the emphasis was placed on the sustainable re-integration of unemployed persons in the labour market. Today short-term and part-time employments are equally valued. This is accentuated by the cooperation and/or competition with private job placement agencies that work mainly as recruitment services seeking to fulfil the short-term needs of the labour market.

BOX 6**THE ACTIVATION 'IS GOOD' PHILOSOPHY – THE UK PROTOTYPE**

The activation philosophy is well exemplified in the UK. The first activation measures were introduced by the conservative government in the mid-1980s and linked to eligibility for unemployment benefit. They included re-start interviews after six months of unemployment, mandatory 're-motivation' programmes and voluntary work experience programmes. Building on this, the new Labour government that came to power in 1997 launched the 'welfare to work' and 'making work pay' programmes, each comprising several components targeting different groups. In addition to being very targeted, this new activation programme was also 'dressed' up in a positive language: all the sub-programmes, conceptualized as projects, bore the title 'new deal' – for instance the 'new deal for the young', the 'new deal for the over 25s', the 'new deal for lone parents', the 'new deal for partners of the unemployed' etc.

The consolidation of a new policy paradigm

The above reforms have come about gradually. The three components did not emerge at the same time, nor were they linked with each other from the outset. Today, however, they together build a consistent welfare policy paradigm regarding unemployment. The latest development in this connection concerns the possible fusion of unemployment assistance and social assistance.

BOX 7**BENCHMARKING AGAINST SOCIAL ASSISTANCE**

Social assistance represents a means-tested form of guaranteed minimum income granted to individuals in need. The social assistance systems are regulated at the regional or municipality level. Standard or so-called 'reasonable' rates (as referred to in Norway) are used in most regions to define this form of minimum income. Despite some variation, these rates are overall comparable. This is also evidenced by the average amounts spent on recipients of social assistance across different countries. Over the last years, receipt of social assistance has come to be linked stronger to 'willingness to work' or working for social services or municipalities, especially for those of young age and able to work.

The fusion of the unemployment and social assistance systems was recently implemented in Germany under Hartz IV. It is also under discussion in Austria. Such a fusion would imply changes in the allocation of competences between the federal and regional levels with regard to the income replacement function of social assistance as well as activation measures. It would in any case represent a further step towards decentralization.

The role of the European Employment Strategy

The symbolic impact of the European Employment Strategy (EES) on national unemployment policy is impressive. The terms social inclusion, integration, mainstreaming, flexibility, activation that dominate EU policy documentation have replaced terms such as social protection, solidarity, equal opportunity or social justice. The change of terminology does not represent a value-free modernization process. There is today clearly lesser emphasis on social protection and on the role of the welfare state. Modern welfare agencies operating as modern corporations, i.e. managed by objectives and oriented to profit-making (or at least to not making losses), are expected to assist 'clients' to integrate back into the labour market. Flexibility is not considered a systemic problem but rather a virtue, income replacement is thought of not as an obligation of the welfare state but, instead, as a reluctant reimbursement for activation.

BOX 8

THE NATIONAL EMPLOYMENT ACTION PLANS

The National Employment Action Plans have been the principal way of implementation of the European Employment Strategy (EES) launched by the Luxembourg Jobs Summit in 1997. That same summit established the open method of coordination (OMC) as a benchmarking framework for reaching agreement on objectives rather than on specific measures. This method is used in employment policy as well as other social policy areas in which the Union has limited competences, such as pensions or social exclusion.

The first series of National Employment Action Plans were published in 1998 and since then yearly. As of 2000, the plans have been conceptualized primarily as progress reports on the achievement of the various guidelines for more and better jobs. The four pillars that underpin the Employment NAPs are: improving employability; developing entrepreneurship; encouraging adaptability of businesses and employees; and strengthening equal opportunities for women and men.

The emergence of the European Employment Strategy (EES) in the mid-1990s supported the dissemination of the workfare ideology to accompany financial and management reforms of the unemployment insurance. However, the EES is not at the origin of these reforms. Rather the EES and the reforms of the unemployment insurance schemes at the national level are the results of the same driving forces. They represent answers to the slow growth of the labour market demand, the knowledge society and the burden of increasing expenditures. However, they have had only limited success in terms of re-invigorating the labour market or coping with social exclusion. It is no longer obvious that this can be entirely attributed to the slow economic growth of the last few years. The question is, rather, whether micro-level measures targeting individuals suffice for bringing about sustainable positive outcomes.

BOX 9**A NEW ORIENTATION FOR THE EUROPEAN EMPLOYMENT STRATEGY?**

Overall, the emphasis of the EES is on *incremental changes at the micro-level of labour market policies* rather than on macro-level structural reforms concerning the labour market or the social protection systems. The problem, of course, with this approach is that measurable effects will often vary across countries and not only because of the variation of external conditions but also because of the variation of policy framework conditions, not all of which are equally conducive to the success of specific measures at the micro-level. The impact evaluation report of the EES recognizes this when it notes, with reference to the success of specific policies targeting the needs of disadvantaged groups, that ‘an active personalized approach is effective to the extent that it is accompanied by a broader set of measures towards re-integration’. In this connection the ‘mainstreaming’ of employment into other related areas is of primary importance towards the long-term achievement of structural improvements on the labour market.

A recent communication entitled *The future of the European Employment Strategy: A Strategy for Full Employment and Better Jobs for All* (EC 2003/6) takes a step further and proposes a revision of the Union’s employment strategy, in particular, a closer coordination between the EES and the Broad Economic Policy Guidelines (BEPGs). The Communication further recommends the simplification of the EES guidelines and suggests three overarching objectives, namely, *full employment, quality and productivity at work* and *cohesion for an inclusive labour market*.

The impact of workfare policies

Workfare policies support flexibilization but also precariousness: occasional, short-term, low-paying jobs are often the outcome. Workfare policies, alone, are often ineffective even if efficient in terms of the numbers of clients reached.

BOX 10

THE VIEW OF THE UNEMPLOYED

The majority of the unemployment benefit recipients we interviewed in Austria evaluate the change of the AMS strategy towards more flexibilization negatively and complain about the frequent mismatch between qualifications and jobs offered as well as about the job quality. Only a small minority of our respondents reported finding a job through the AMS.

Part of the problem lies with the quality of the counselling provided. Counsellors are often judged as having little time to devote to unemployed clients and for only having a very general and superficial knowledge of the labour market demand. They also enjoy a high degree of discretion with regard to the specification of performance measures and/or the imposition of sanctions.

Of the 30 unemployment benefit recipients interviewed in Austria for this study two thirds, i.e. the majority, had been offered participation in some or other activation measure. The majority was not satisfied with the training offered. Those below 25 years of age complained that they were only granted access to job coaching measures but not to further qualification measures; those attending training sessions tended to be more satisfied but complained that these were either too short or too generic. Job coaching courses received by far the worst evaluations as not imparting any new knowledge. Even though the budget allocated to activation measures within the AMS tripled since 1990, it did not keep pace with the growth of unemployment.

Even though activation measures target more people than they used to, their impact leaves much to be desired. They are also not very effective. An internal evaluation of the job coaching programme showed that 50 per cent of those who had attended a course found a job as compared to 48 per cent of those who did not – in other words there was no significant difference between the two groups. Evaluations in Norway suggest that activation measures there are more successful, but again the effects are not great. Scientific studies further suggest that a certain bias is involved in the selection of candidates for coaching or training, i.e. those are selected that are more likely to find a job anyway.

Workfare policies are more effective when embedded in the framework of longer-term reforms targeting urban regeneration and education.

BOX 11

CONTEXT MATTERS

Cross-national differences begin to emerge with regard to active unemployment policy. Over the next five to ten years, these differences might turn out to be strong explanatory factors with regard to the successful management of unemployment. Whereas in Austria the individual unemployed person is the main target of workfare measures, in France the individual enterprise is also targeted quite extensively through subsidies while in Norway the educational and health systems are equally the focus of labour-market related policies. The public and not-for-profit sectors are also being re-discovered as loci for training and apprenticeship but also for the creation of new jobs.

Whither Welfare Regimes?

Unemployment insurance represents a key element of national welfare systems. The fact that relevant reforms follow similar pathways in different European countries questions the applicability of the welfare state regime theory. According to the latter we find four welfare state regime ‘models’ in contemporary Europe – the Nordic model emphasizing state involvement for the achievement of full employment and generous universal benefits; the Continental model emphasizing insurance-based benefits; the British liberal model viewing the welfare system as a residual system for the purpose of short-term, low-level protection and the Mediterranean model relying on the family for shielding against socio-economic risk.

How plausible is this typology still, considering the harmonization trends in the field of unemployment and labour market policy but also in other fields such as pensions and the fight against poverty and social exclusion? Our research suggests that this typology is still relevant up to a certain extent but not as it may have been in the past. Not only have the over-arching ideas guiding social policy and welfare reform changed; the similarities are, in fact, even more striking with regard to institutional practices.

BOX 12

IDEOLOGIES VS. INSTITUTIONAL PRACTICES

The distinction between ideologies and institutional practices is key to the research design of our NODE-GOTERGLO project. Welfare ideologies include normative standards, e.g. of social justice, normative ideals concerning the responsibility of various social agents, empirical beliefs about the world and the opportunities and risks it offers as well as preferences for certain institutions and policies over others. A welfare system is, however, not alone made up by ideologies. It is additionally composed by several policies that are, in turn, managed by several organizations at different levels and with different degrees of coordination. Such policies and management procedures represent institutions in themselves. How these institutions function in real-life is what we refer to as institutional practices.

In the heuristic ‘ideal’ case, institutional practices are consistent with ideologies. However, in real life this is often not the case or rather convergence is itself a process that must be explored or critically assessed. This is especially true when exploring change over time and especially the impact of ‘external’ factors like Europeanization on welfare regime change.

The similarity of policy discourses and institutional practices throws a different light on the ongoing debate regarding the European ‘social model’. Members of the European political class have for a long time been objecting against an extension of the competencies of the European supra-national institutions, cautious about losing national sovereignty and with the argument that only thus they can protect their ‘own’ social protection systems from a levelling down tendency. Yet the study of reforms regarding unemployment insurance suggests that such a levelling down is already taking place. Moreover neither the European nor the national social models have proved resilient to this.

Is there a European social model OR What way forward?

The inconsistencies inherent in the contemporary narratives on the European 'social model' are well exemplified by the debate that took place in the framework of the Working Group 'Social Europe' of the European Convention.

BOX 13

WORKING GROUP 'SOCIAL EUROPE'

Members of the working group agreed that social values have a legitimate place in the Constitution: the European Union is seen as upholding equality, solidarity and justice next to freedom, democracy, the rule of law and the protection of minorities. However on most other issues, members of the Working Group opted for the maintenance of the status-quo. Hence, there was widespread agreement that shared competences in the formulation and implementation of social policy should not only respect national differences with regard to welfare and social protection systems but also not be extended. Left-wing politicians were more likely than right-wing politicians to argue in favour of the closer coordination between social and economic policies as well as for a greater role for the European Parliament and social partners, however national cleavages blurred this pattern.

Overall, the outcome of the debate was rather thin. Besides agreeing on the inclusion of social values in Article 2 and social objectives in Article 3, not much else is different in the Constitutional Treaty as compared to the Nice Treaty.

Finding a way outside of this dilemma will necessitate developing strategies at different levels albeit in a coordinated and consistent way. The following four areas appear to us of particular relevance:

- Fighting unemployment is closely linked with the creation of employment.

Traditionally the growth of the labour market is seen to be closely linked with economic growth. The stagnation of the European labour markets at present is, therefore, attributed to the low levels of economic growth.

This might be true in the short-term but it would be short-sighted to see the solution of the problem alone in economic growth. Longer-term trends rather speak for a gradual de-coupling of labour market growth from economic growth. Over the last couple of decades, the labour market has been growing slower than the economy. Hence in the medium-term the key challenge is formulating responses to this process of de-coupling.

Questions:

What are suitable strategies to stimulate the economy and the labour market in the short-term?

How to address the trend of de-coupling between economic and labour market growth?

- The active unemployment policy paradigm and related institutional practices point towards the disengagement of the state from social and welfare policy.

This approach has been successful in bringing about a flexibilization of the labour market but much less in terms of containing expenditures and least with regard to fighting social exclusion. The role of the state in social policy needs to be re-considered.

Key in this respect is the relation between economic and social policies also at the macro-level.

Questions:

What should be the role of the state in the social policy of the 21st century?

How is the modern social market economy to be defined?

What type of coordination is required between economic and social policies?

- The growing inter-dependences between states and economies speaks in favour of trans-national cooperation also in the social policy field.

Within the European Union, the key questions are the division or sharing of competences between Member States, hence subsidiarity, as well as the division of competences between supra-national European institutions, hence accountability.

Questions:

How should competences be shared between Member States on matters of social policy?

How should competences be shared between European institutions?

Is there any meaning to the notion of a European welfare state from an institutional perspective?

- Unemployment is a structural characteristic of modern societies. This has been known for some time. What is new is perhaps the persistence and growth of long-term unemployment and in parallel to this the 'chronic' patterns of under-employment.

Unemployment policy has still an income replacement function to fulfil. The effectiveness of ever-restrictive eligibility criteria must be questioned. Their impact on poverty and social exclusion must also be taken into account.

There is a necessity to re-think the effectiveness of workfare policies as currently practiced, i.e. not accompanied by more systemic or structural reforms.

Questions:

For what groups are workfare policies particularly of relevance and in what format / institutional setting?

What should training and life-long learning measures developed in the framework of workfare policies aim to impart upon targeted population?

How to best deal with long-term unemployed?

Is the merging of unemployment and social assistance – either in contents or in form – the right approach to the problem of marginalization;

What is an appropriate institutional / management model for an active unemployment policy?

Identifying comprehensive and consistent answers to the above questions represents an important milestone for the positive development of the national and European social agendas.

9.11 Glossary

<i>AK</i>	Arbeiterkammer / Chamber of Labour
<i>AVG</i>	Arbeitslosenversicherungsgesetz / unemployment insurance law
<i>AMFG</i>	Arbeitsmarktförderungsgesetz / labour market promotion law
<i>AMP-FG</i>	Arbeitsmarktpolitik-Finanzierungsgesetz / law on the financing of labour market policy
<i>AMRG</i>	Arbeitsmarktreformgesetz / law on the reform of the labour market
<i>AMS</i>	Arbeitsmarktservice / Austrian Employment Centres
<i>AMSG</i>	Arbeitsmarktservice-Gesetz / law on the labour market service
<i>AMV</i>	Arbeitsmarktverwaltung / Labour Market Administration
<i>AschG</i>	ArbeitnehmerInnenschutzgesetz / law on occupational safety
<i>ASEP</i>	Austrian Senior Experts Pool
<i>ASVG</i>	Allgemeines Sozialversicherungsgesetz / General Social Insurance Law
<i>AuslBG</i>	Ausländerbeschäftigungsgesetz / law on the employment of foreign workers
<i>AVRAG</i>	Arbeitsvertragsrechts-Anpassungsgesetz / Law on the adaption of the labour contract law
<i>BAK</i>	Bundesarbeiterkammer / Federal Chamber of Labour
<i>BEB</i>	Betriebliche Eingliederungsbeihilfe / Company Integration Subsidy
<i>BGS</i>	Bundesgeschäftsstelle (AMS) / national agency (AMS)
<i>BMF</i>	Bundesministerium für Finanzen / Federal Ministry of Finance
<i>BMSGK</i>	Bundesministerium für soziale Sicherung, Generationen und Konsumentenschutz / Federal Ministry of Social Security, Generations and Consumerism
<i>BMWA</i>	Bundesministerium für Wirtschaft und Arbeit / Federal Ministry of Economy and Labour
<i>BRZ</i>	Bundesrechenzentrum / national computing centre
<i>B-VG / BVG</i>	Bundesverfassungsgesetz / constitutional law
<i>EEO</i>	Europäisches Beschäftigungsobservatorium / European Employment Observatory
<i>ESF</i>	Europäischer Sozialfond / European Social Fonds
<i>EUSPUG</i>	Europäisches Service für Personalvermittlung und Unternehmensgründung / European Service for job placement and business creation
<i>FPÖ</i>	Freiheitliche Partei Österreichs / Austria Freedom Party
<i>FrG</i>	Fremdengesetz / foreigners laws
<i>HSV</i>	Hauptverband der Sozialversicherungsträger / Association of social insurance carriers

<i>IV</i>	Industriellen Vereinigung / Federation of Austrian Industries
<i>KBGG</i>	Kinderbetreuungsgeldgesetz / law on the child care benefit
<i>LGS</i>	Landesgeschäftsstelle (AMS) / state agency (AMS)
<i>NAP</i>	Nationaler Aktionsplan für Beschäftigung / National Action Plan for Employment
<i>ÖBIG</i>	Österreichisches Bundesinstitut für Gesundheitswesen / Austrian Federal Institute for Community Health
<i>ÖGB</i>	Österreichischer Gewerkschaftsbund / Confederation of Austrian Trade Unions
<i>OGH</i>	Oberster Gerichtshof / Supreme Court
<i>ÖVP</i>	Österreichische Volkspartei / Austrian People's Party
<i>PVA</i>	Pensionsversicherungsanstalt / Pension Insurance Body
<i>RGS</i>	Regionale Geschäftsstelle (AMS) / regional agency (AMS)
<i>SFA</i>	Service für Arbeitssuchende / service for jobseekers
<i>SFU</i>	Service für Unternehmen / service for companies
<i>SPÖ</i>	Sozialdemokratische Partei Österreichs / Austrian Socialdemocratic Party
<i>VJGH</i>	Verfassungsgerichtshof / Constitutional Court
<i>VwGH</i>	Verwaltungsgerichtshof / Administrative Court
<i>WAFF</i>	Wiener ArbeitnehmerInnen Förderungsfond / Viennese employees promotion fund
<i>WKÖ/WKO</i>	Wirtschaftskammer Österreich / Austrian Federal Economic Chamber

Notes

- 1 We return to this research in a later chapter. Here suffice to note that Gallie and Paugam distinguish between four unemployment welfare regimes: the sub-protective regime (Southern Europe), the liberal / minimal regime (UK/Ireland), the employment-centred regime (Continental Europe), and the universalistic regime (Nordic countries). They subsequently contrast these with three so-called ‘family residence’ models – extended dependence, relative autonomy, advanced inter-generational autonomy – used to describe the role of the family in welfare provision. Through this combination they arrive at a three-fold typology of the relationship between unemployment and social exclusion, what they call the ‘social regulation of unemployment’. The three principal models of the social regulation of unemployment are the public individualist model (Nordic welfare systems allowing advanced inter-generational autonomy), the shared responsibility model (Continental and liberal welfare regimes enabling only relative autonomy) and the familistic model (sub-protective South European welfare regime with extended dependence on the family).
- 2 In order to guarantee anonymity no statements from the interviews are referred to in this report by name.
- 3 Government representatives in the Working Group ‘Social Europe’ came from Spain, Austria, UK, Belgium, Ireland and the Czech Republic (full members) as well as France, Germany, Finland and Latvia (alternate members). National parliament representatives came from Portugal, Ireland, Sweden, Austria, Luxembourg, Greece, Denmark and Germany (full members) as well as from Italy, Belgium, Finland, the Netherlands, Greece, France and Austria. Representatives of the national parliaments of Candidate States came from Lithuania, Slovakia, Cyprus, Slovenia, Hungary and Poland.
- 4 This followed the ‘Workers’ Compensation Act’ of 1897 which foresaw the granting of a compensation to workers no longer able to work and the ‘Old Age Pension Act’ of 1899 which was the first universal pension system – granting a flat-rate pension to all persons older than seventy (at the time still a small minority).
- 5 In 1966 the unemployment insurance system was integrated into the National Insurance System (*Folketrygden*) along with other specific insurance systems such as invalidity and pensions. The last reform of the National Insurance Act dates back to 1977.
- 6 Time series of unemployment show a significant fluctuation according to economic growth or stagnation. Hence in Spain, the unemployment rate was highest in the late 1970s and during the 1980s (around 20 per cent). In Poland, the 1990s were characterized by stronger economic growth and this tended to keep unemployment down. Since 2001, the unemployment has however risen quite dramatically. This said and despite the variation across time that can be observed for specific countries, it is also true that there is a certain pattern stability, with some countries displaying *comparative* lower unemployment rates even in difficult economic times and others displaying comparatively higher unemployment rates even in good economic times. Norway and Austria are examples of the former, Spain and Poland are examples of the latter.
- 7 In Austria two methods of calculation of the unemployment rate are used. According to the OECD / Eurostat method the unemployment rate ranges between 4 and 5 per cent, according to the method of calculation of the AMS it is between 6 and 7 per cent.
- 8 Early retirement or retirement due to invalidity is a more pressing, albeit related, problem in Norway.
- 9 The explicit objectives of the reform of the AMS were to decentralise decision-making authority, to include social partners into the management of labour market policy and to intensify cooperation with private employment services (European Employment Observatory 2002, Walwei 1994).
- 10 There are 52 regional ASSEDIC and 764 contact points at the local level. The four ASSEDIC for the Ile-de-France are working together under the GARP.
- 11 Additional benefits administered by the AMS in Austria include (a) an advance payment from the pension insurance for older unemployed, (b) further education assistance (Weiterbildungsgeld), (c) the partial retirement benefit (Altersteilzeitgeld) and (d) a transition benefit following the expiry of the partial retirement benefit. In France the ASSEDIC is also in charge of administering two pre-retirement benefits, the Allocation de Preretraite Licenciement (AS-FNE) and the Allocation de Preretraite Progressive (APP). All these benefits could be thought as ‘variations’ of unemployment benefits targeting specific groups (mainly older unemployed and young people). They are implemented in collaboration with the employers so that part-time employment or the right to return

Notes (continued ...)

- to employment is maintained upon condition that part of the salary is taken over by the unemployment insurance.
- 12 Here and in what follows reference is made to various Austrian laws that are relevant for the unemployment insurance. These are as follows: the labour market service law (Arbeitsmarktservicegesetz AMSG), the law on the financing of labour market policy (Arbeitsmarktpolitik-Förderungsgesetz AMPFG), the labour market promotion law (Arbeitsmarktförderungsgesetz AMFG), the unemployment insurance law (Arbeitslosenversicherungsgesetz AIVG) and the law on the employment of foreign workers (Ausländerbeschäftigungsgesetz AusIBG). By far the most important for the discussion in this section is the AIVG.
- 13 In German ‘Geringfügigkeitsgrenze’. The marginality limit amounts to € 316,19 and corresponds to jobs for which no employee social security contributions have to be paid.
- 14 These differences become somewhat less sharp when one considers the net-replacement rates (NRR), the estimation of which takes into account additional benefits that are available, primarily childcare benefits and housing allowances. The NRR describes the proportion of in-work income maintained by somebody becoming unemployed but is calculated at the household level. The NRR in Austria for a single person of an average income in the first month of unemployment is 55 per cent as compared to 71 per cent in France and 66 per cent in Norway. The NRR for a family with two children (where the spouse also works) is 81 per cent for Austria, 82 for France and 83 in Norway. For the long-term unemployed the situation is somewhat reversed: the NRR for a single long-term unemployed in Austria is 51 as compared to 41 and 42 in France and Norway respectively. The differences are much less sharp for the long-term unemployed, whereby the model runs are done for persons with previous long-term employment experience which is however not the typical profile of the long-term unemployed today.
- 15 The unemployment assistance in France comprises three types of benefits. The insertion allowance (AI) is reserved for persons not eligible for unemployment insurance due to exceptional circumstances (expatriates, ex-convicts, refugees and asylum-seekers); the specific solidarity allowance (ASS) is for persons who have exhausted their right to unemployment insurance benefits, i.e. the long-term unemployed; the equivalent retirement allowance (AER) is for the long-term unemployed who are approaching retirement. The benefits paid by each allowance differ with regard to the minimum amounts. These are lowest under AI (287 Euro) and highest under AER (890 Euro). The figures listed in the main text relate to the specific solidarity allowance (ASS) which concerns the main target group of the unemployment assistance.
- 16 In all three principal countries studied – Austria, France and Norway – the unemployed persons enjoy health insurance while unemployed. In Austria and France, the beneficiaries are not subject to social contribution payments, these are directly paid to the pension carriers by the unemployment insurance. In France, however, beneficiaries must make an additional generalized social contribution of 6.2 per cent and a contribution of 0.5 per cent for covering the repayment of the social debt (MISSOC 2002). In Norway the unemployment benefits are both taxable and subject to social contribution payments at the standard rate of 7.8 per cent.
- 17 The unemployment benefit is estimated in relation to previous earnings (between 60 and 70 per cent) but it may not exceed 170 to 220 per cent of the minimum wage depending on the number of dependent children. It is paid for four months to one year. It can be received for a longer period of time only if the unemployed person displays a long previous employment history (over 72 months).
- 18 The objective of the administration reform with regard to social policy was to increase the decision power of local social assistance offices and facilitate their work. New district centres for family assistance were created to support families and work preventively. However, their work was not sufficiently coordinated with the older social assistance offices that were in charge of the administration of benefits. However, by far the largest problem of the social assistance system in Poland is lack of funds. The regions / localities may have the power of decision but they do not have the funds to either implement existing policy or design new one.
- 19 The AMS computer database on job openings is the product of the work of the service department for companies of the AMS (Service für Unternehmen SFU). In addition the SFU is in charge of administering financial benefits paid to companies for the employment of persons with invalidity or persons on short-term jobs.
- 20 The full quotation was as follows: “Here in house we still have several counsellors with a social conscience who will try and try again to help the unemployed and avoid the imposition of sanctions.

Notes (continued ...)

- But there are also counsellors who proceed to impose sanctions already after the first mistake. As managers we intentionally provide counsellors with this discretion and autonomy. The journey is the reward and the reward is re-integration into the labour market. And there are counsellors who succeed with this strategy and others who succeed with the other strategy” (interview 2.8).
- 21 According to our interview partners there are also regional variations with regard to the application of sanctions. Upper Austria is a region where sanctions are applied more regularly and interpreted in a stricter manner as compared to Vienna. Official data released by the AMS showed that there were 71,800 instances of sanctions in 2003 as compared to 53,100 in 1999 which represents a percentage change of 35.
- 22 The AMS network of organisations providing training and job coaching comprises around 660 organisations around Austria. 220 of these are located in Vienna. By far the most important institutions are the vocational training institutes WIFI and BFI of the Chambers of Commerce and Labour respectively.
- 23 The access to work contract (CAE) is the CIE equivalent in the French overseas department.
- 24 The plan was drafted under the aegis of Jean-Louis Borloo, the Minister for Employment, Labour and Social Cohesion. Its details are currently under negotiation by the social partners. The plan builds on the recognition that fighting social exclusion demands a coordinated approach, especially with regard to employment, education and housing. The plan’s goal is ‘simultaneous action deploying all the political levers capable of breaking the current vicious circle and establishing a virtuous one of success and cohesion’. It is explicitly targeted at the ‘forgotten people of the French Republic, and those left outside the scope of equal opportunities’ and specifically the 1.5 million persons receiving social assistance (RMI) or unemployment assistance (ASS). One third of the latter are estimated as unlikely to find a job. It is expected that the plan will be granted a budget of EUR 12.757 billion over five years. We return to this plan in the discussion section.
- 25 This is the so-called called PACTE ‘access pathway’ (Parcours d’accès à la fonction publique territoriale, hospitalière et d’Etat). The PACTE will target especially young people from disadvantaged neighbourhoods and represent a special form of recruitment into civil service combining study and on-the-job training programmes.
- 26 According to a report of the Ministry of Modernization from 2001 there has been a dramatic increase of both these groups since 2000 – the inflow to disability pensions was 30,000, that to early-retirement 11,000.
- 27 Practical examples for instance show that the reimbursement liability for often ridiculously low amounts in the case of social assistance can justify neither the administrative expenses nor the burdens placed on the families and former clients. Since reimbursement liability ‘actually contributes very little to the reduction of funding problems’ (Tálos & Wörister, 1994, p.82) and the administrative expenses are high, reimbursement liability regulations must be seen mainly ‘in the context of benefit claims discouragement’ (Köppl & Steiner, 1989, p.50).
- 28 According to Minister Borloo, ‘the social elevator is out of order ... When you get on in a particular district, ethnic group, or even type of housing environment, the probability of you climbing is quite low. There are now two Frances living alongside one another. This is not our idea of how the Republic should be’. In response to this problem, the social cohesion plan proposes the creation of 750 ‘educational success teams’ (*équipes de réussite éducative*) to help the children most likely to leave education without qualifications in 900 educational priority zones and networks. To help disadvantaged schoolchildren in collèges (schools for those aged 11-15), 150 ‘educational success platforms’ (*plates-formes de réussite éducative*) linking social assistance services and child psychiatry centres will be opened, as well as around 30 ‘educational success boarding schools’ and centres of educational excellence in 150 collèges located in disadvantaged districts. The budget of the Urban Solidarity Fund (*dotation de solidarité urbaine*, DSU) will be more effectively distributed and increased by EUR 600 million over five years.
- 29 Among employers the reaction is overwhelming positive. The Movement of French Enterprises (*Mouvement des entreprises de France*, MEDEF) has said that the social cohesion plan is a step in the right direction, as it aims to put those in the worst situations back into employment. The Craftwork Employers’ Association (*Union professionnelle artisanale*, UPA) has welcomed the expansion of schemes where training alternates with work experience, but still thinks that the proposals relating to recipients of the RMI will not tackle unemployment at its roots.

Notes (continued ...)

- 30 In 'return' for the curbing of the reasonability criteria, the unemployed person should be offered a protection in terms of income, i.e. the unemployed may reject a job offer if this is significantly below the earnings of the last previous job. However this protection only applies during the first three months and is as such not very relevant for the AMS. The reader will recall that during the first three months the unemployed is not targeted for counselling but only 'allowed' into the information zone. One other provision of the ARMG which was however dropped half-way through the consultation procedure was the extension of the ARMG to include entrepreneurs and freelancers. Social partner disagreement is the official reason offered for this failure. However it would seem that an additional significant reason for taking this proposal back had to do with the insecurity of estimations regarding the financial implications of this extension.
- 31 The beginnings of social assistance in Austria can be traced in the 19th century and the introduction of the so-called 'home act' (Heimatgesetz) which foresaw the provision by the local community of in-kind financial support to the poor. Following the end of WWII, repeated attempts were made to introduce a national basic welfare act (Fürsorgegrundsatzgesetz) but all failed due to disagreements regarding the competencies and funding arrangements between the federal, regional and local levels of government and the eligibility criteria in relation to workfare. The Länder finally took the initiative between 1967 and 1971 for drafting their own proposals for a social assistance act on a provincial level (Drapalik 1974). Between 1971 and 1975 social assistance acts were enacted in all nine Austrian provinces (Melinz 1989). Even though the social assistance laws of the provincial governments were drawn up differently and differ with regard to their generosity and scope of benefits, at the same time they display common aims (Pfeil 1989). The principles of social assistance still in place are subsidiarity, individual assistance, family supportive aid, preventative and prolonged assistance, ability to self-help as well as assistance without application (ex officio) (Drapalik 1974, Stelzer-Orthofer 1997).
- 32 At the organizational level it is possible to distinguish between three types of social assistance. The *assistance for securing the life's requirements* includes all means of subsistence for a person's basic needs regarding food, accommodation, heating and clothing. Furthermore, need for (nursing) care, sick benefits (sick assistance), and assistance for pregnant women as well as assistance for education and gaining the capacity to earn a living (minors) are additional subsistence needs covered by social assistance. Accommodation in institutions or residential homes for the elderly and funerals are enclosed by social assistance. Such assistance can be paid in-cash or in-kind. *Assistance for particular circumstances* comprises benefits paid extraordinarily for extraordinary situations. Benefits might include assistance to build up a basis for life, for maintaining an accommodation, for families and preventative health care. The recipient is not legally entitled to those benefits (Pfeil 1989, pp.544-51). Finally, *social services or personal assistance* cover community and institutional services like counselling services, home care, or housekeeping assistance.
- 33 A note of caution regarding the numbers here reported. The registration system for extramural social assistance was for several years very bad and therefore the increase of recipients might in part be attributed to the better system employed since some years. Still today, however, the files are not ordered systematically. In some Tyrol offices, the caseworkers do not store the files on a computer (Schoibl & Dimmel, 2003). In addition, the social assistance institutions and their computer systems in Upper Austria are incompletely linked up and the claimant's social insurance number is not stored, therefore, the uniting of the various datasets is not possible (e-mail Tom Schmid, 13th of Jan. 2004). As a result, the collection on federal and provincial level relating to recipients is incomplete and can serve only as a guideline
- 34 The provincial government mirrors that of the federal level. Social policy is the responsibility of the welfare department which answers to the provincial counsellors (*Landesrat*) for social affairs and finances. The welfare department is in charge of the policy formulation as well as the allocation of funds in consultation with the provincial government, the association of municipalities (*Gemeindebund*) and the association of towns (*Städtebund*). The administration of social assistance rests with the district welfare associations. Their role in terms of policy formulation is limited.
- 35 In Burgenland the first social assistance act was enacted in 1975, the second in 2000; the dates for Carinthia are 1974 and 1996; for Lower Austria 1974 and 2000; for Upper Austria 1973 and 1998; for Salzburg 1975 and 2000; for Styria 1977 and 1998; for Tyrol 1973 and 1999; for Vorarlberg 1971 and 1998.

Notes (continued ...)

- 36 In Burgenland, Carinthia and Lower Austria this also includes persons with a disability as well as young persons. In the other provinces these two groups are not integrated in the social assistance schemes but treated separately. Most provinces have provincial youth welfare legislation as well as special legislation for persons with disabilities.
- 37 The only income categories excluded are family allowance and long-term care benefits such as invalidity benefits. Social assistance recipients who are institutionalized may withhold 10 per cent of their invalidity allowance. A certain amount of valuables or savings are also excluded from means-testing as well as property which can be argued as necessary for advancing towards gainful employment.
- 38 In Vienna it can be shortened by 50 per cent; in Styria, Tyrol and Vorarlberg it can be cut to an essential minimum; in Burgenland, Lower and Upper Austria as well as Salzburg, unwillingness to work can lead to a complete cut of the benefit. In four provinces the imposition of sanctions is up to the discretionary power of the caseworker (Pfeil, 2001).
- 39 Third parties are also liable for the reimbursement of social assistance benefits. Persons without any obligations receiving donations (assets) from the recipients five years before until three years after the emergency have to repay the welfare office, if they did not do anything in return for the donation. The heir/heirress as well as persons legally obliged to support the recipient (spouses, former spouses, parents for minors, children) have likewise the duty of replacement. In certain provinces the duty of replacement even extends to parents of adult persons (Pfeil, 2001, pp.311-32). The time limit for the assertion of replacement's duties differs from six months (seldom) to ten years; the median is three years (Pfeil, 2001, p.338).
- 40 Elderly persons have a higher probability of receiving permanent benefits, as they can not or do not have to take up work. Analyzing 1,665 files of the social assistance office in Linz only 2,2 % of all recipients have been granted benefits for more than 5 years. In contrast, 51,4 % of the recipients above 65 years old received benefits for at least five years (Stelzer-Orthofer, 1997, pp. 147; 153). Taking into account the number of single and main assisted persons in Austria in 2001 (55,368 persons, Statistik Austria, 2004, P. 199) and the figures provided by a study in Tyrol it can be roughly estimated that 5,500 recipients of extramural social assistance are above 60 years old and about 3,200 are above 65 years old.
- 41 The information sheet also contains details for distinct groups: Persons after release from custody have to hand in their custody confirmation and the amount of money received at release. Self-employed persons must suspend their concession for business. Foreign citizens need a valid residence permit and refugees under the Geneva Convention have to hand in their official confirmation of their status as refugees. Such information is viable for affected persons; however, others might ask themselves if they should really apply for social assistance. Finally, the claimants learn of the fact that social assistance controls not only their income, but also assets like car, real estate, and investments, and a partner has the same rights and duties as a spouse.
- 42 Moreover, the regulation concerning assets comprises as broad a diversity of cases as possible in the every day life of a social centre. For example, during the term of the contract leased cars are not an asset; of course, the social assistance cannot pay the cost of the monthly payment. Another crucial point is the value of a car. If a car is worth more than the monthly standard rate for a single person, it has to be sold after six months. Otherwise the social assistance benefit will be stopped. If the value is below the standard monthly amount for a single person – which the client has to prove - the car is even a non-deductible asset after the six-month grace period. Special cases also occur if somebody drops out of social assistance and accesses the benefit again within a two years period. In that case, the grace period of six months also includes the first period in the system; consequently, one might have to sell assets earlier (Wien Sozial, 2003, pp.68-70).