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**‘Activation regimes’? German and British policy discourses compared**

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**Abstract:**

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

## 1. Introduction

In the 1990s a new form of dealing with unemployment established itself at the political level. This approach assumes that unemployment has structural causes that cannot be overcome by economic policy measures alone (Clasen and van Oorschot 2002). Its goal is therefore the so-called ‘activation’ of the unemployed, which was first propagated by the OECD and later also by the EU within the framework of its employment strategy (OECD 1994; EC 2001).<sup>1</sup> At the centre of this type of labour-market policy strategy is the unemployed individual, who is – according to whatever main policy accent has been set – either the subject of greater job-acceptability demands, or, of individually-tailored job promotion and continuing training measures (Lødemel and Trickey 2001; Dingeldey 2007).

In Europe to date no uniform strategy can be discerned among the policies realised on the basis of the new paradigm of activation: The policies differ as much in the degree of activation as in the instruments applied towards that end. The diversity of instruments chosen is particularly salient in the reform of social rights. In some countries existing social rights, e.g. the receipt of benefit transfer payments, have been subjected to greater conditionality (Clasen and Clegg 2007). Unemployment benefit receipt has been made dependent on [new] conditions, non-compliance with which is penalised by withdrawal of the payments, so called workfare (Lødemel 2004; Dingeldey 2007).<sup>2</sup> At the same time however, new social rights have been introduced: ‘Active labour-market policies’ (‘inclusive’ services supporting job-seekers), already long established in Scandinavia, have in other countries been strengthened in order to better promote the transition of the unemployed into gainful work, so called ‘enabling’ (Heinelt 2003; Dingeldey 2007). Out of this mix of instruments have developed complex policies, between which important differences are not discernable in categorical distinctions, such as expressed for example by regime typologies, but rather in multi-dimensional and gradual diversity (Aurich 2011). An integrated form of activation policy has developed mixing workfare and enabling instruments increasingly in order to be able to deal with the complex problems of labour market integration of disadvantaged groups. Thus the question arises how differences between such integrated policies are to be explained.

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

## 2. Activation regimes: State of the Art

In the literature various reasons are put forth for the differences among activation policies. The explanatory factors range from politics through economics to culture. Independent of the

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<sup>1</sup> On the differences and similarities, see Casey 2004

<sup>2</sup> Behavioural codes have been furthermore extended to individual aspects with individual action plans (called ‘contractualisation’ by Serrano Pascual 2007).

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

A fundamental criticism of institutionalist approaches is that they overstress the importance of continuity. This is because the explanatory factors chosen often exhibit a strong reference to the past which cannot always sufficiently relate to what is new in the new policy. This is most apparent in the theory on so-called 'unpopular reforms' (Vis and van Kersbergen 2007). These approaches describe how structures of established interests stand in the way of the transformation of the welfare state (Pierson 2001; Rueda 2007). The argument here is that a change in the distribution structures brings too high political costs. This is based on the assumption that particularly in welfare states with social security insurance, the so-called 'insiders' – those of the population who are relatively well insured by way of their participation in the labour market – have no interest in remodelling the social welfare system in a way that could diminish their claims on the system in favour of other risk groups (Clasen 2000). Against such a politically charged background, reforms in this view are only possible in exceptional circumstances, in a 'window of opportunity'<sup>3</sup>, when there are exceptional conditions for putting through reforms politically (Bonoli 2001; Lødemel and Trickey 2001; Börzel and Risse 2003; Clasen and Clegg 2006). Also this way of seeing things tendentiously excludes incremental reforms, although studies show how by means of various strategies of 'layering' (Streeck and Thelen 2005), 'drift' (Streeck and Thelen 2005), 'blame avoidance' (Pierson 2001) or 'framing' (Béland 2005; Stiller 2010) reforms can also be realised in situations of such interest configuration. It would be thus be more interesting to enquire about the contents of the reforms and the exact argumentation strategies, than to conclude that a political structure is not reformable. Further it is questionable whether the division between 'insiders' and 'outsiders' is analytically fruitful, since there are also areas where interests overlap (Emmenegger 2009).

Beside the above approaches dealing with the political economy of welfare-state reforms there are others that concern themselves more with the broader context of welfare state regimes. Among these are for example the studies of Amparo Serrano Pascual and Jean-Claude Barbier. Serrano Pascual arrives, after a larger comparative study, to the conclusion that there are 'hegemonic mode(s) of governance' that, beside the legal regulations and political power relations, also include values of the societal legitimation of policies (Serrano Pascual 2007). All these elements taken together result in a framework of social cohesion in each differently regulated welfare state, which is decisive for explaining differences in activation policies as well. Barbier, who can be considered a path-breaker in the typologisation of activation policies, argued similarly when he stated that systems of national social policy are founded on differing 'political cultures' which are relatively closed, by which they tend towards continuity rather than change (Barbier 2008). This means that, apart from political interest structures and expenditure systems, also values and logics of

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<sup>3</sup> As for example in the context of the job-placement scandal of 2002 in Germany, which resulted in the calling of the 'Hartz Commission' and corresponding legislation (Fleckenstein (2008)).

distribution play a role in ensuring social cohesion in welfare-state reform, in the context of which the result tends to be continuity rather than change.

Both approaches emphasise the impact of deeply rooted traditions and values beyond simple interest representation. By doing so, they offer a more complex approach to understanding welfare state policy. However, again it can be maintained that these approaches risk having a ‘conservative bias’ (Beyer 2006), since the importance of institutionalised structures in the sense of historical legacy are over-emphasised and newer developments tend to be ignored. For instance, both approaches assume that the previously more liberal welfare states, with less generously decommodifying welfare transfer payments, continue to be less generous in regard to activation as well (applying a strict workfare policy based on ‘sticks’ rather than ‘carrots’), whereas welfare states with higher expenditure and a tradition of more generously decommodifying welfare transfer payments continue to be more generous (applying more generous activation through the provision of comprehensive active labour market policies<sup>4</sup> and status preserving transfers).<sup>5</sup> Such analysis seems puzzling considering the amount of policy change over the last 20 years. Furthermore, the empirical reality of ‘mixed forms’ of activation (Dingeldey 2007; Aurich 2011) suggests that policy learning and the international exchange of policy ideas do play a significant role in policy-making (Seeleib-Kaiser and Fleckenstein 2007; Heidenreich and Bischoff 2008; Stiller 2010). The question thus is: How can we explain differences between activation policies without sacrificing the idea of policy change?

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

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

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

### **3. ‘Discursive institutionalism’ in the analysis of policy change**

In the following I develop more precisely the theoretical approach of the ‘discourses on activation reforms in the socio-cultural context of welfare-state-regime types’ as the analytical perspective. In order to do this, I outline the argumentative background to activation reforms, which represents the spectrum of argumentation available to the discourse. Then the different

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<sup>4</sup> Services to facilitate labour market access – in short: ALMP (Bonoli 2010).

<sup>5</sup> Decommodification means the degree to which a citizen can secure an [economic] existence independently of success on the labour market. This concept forms the basis of the regime-typology developed by Gösta Esping-Andersen (Esping-Andersen 1990).

institutional explanatory factors of policy stability are established, the importance of which remains despite differing emphasis having been set on discourses. Thus the article aims at bringing both literatures, that on policy stability and that on policy change, together rather than offering an alternative perspective on both.

#### *Variants of activation – ideas and arguments*

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

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

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

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

#### *Institutions and action – the socio-cultural context*

Discourses over activation policies contain, as shown, often normative valuations relating social groups to each other. This means, how the group of the unemployed is socially constructed and what support it finds in the majority society plays a role in justifications of activation policy reforms.<sup>6</sup> At the same time a problem-solving process is implicit, i.e. the question of how the societal problem of unemployment can best be solved and what role the state should play in it. For both questions the context framing the reform is of decisive importance: The previous welfare-state regulations are points of reference to issues of content, since they are the central objects of the reform. Reform intentions express themselves first in a *political* discourse, in which previous, possibly also culturally charged structures of policy are questioned. For example, do the unemployed display the values that the majority expects of benefit recipients? Have recent policies helped in integrating the unemployed into the labour market? What new instruments might be available and how could they be integrated into the given context of welfare policy regulation?

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

It should thus be examined what role discourses play in bringing ideas and interests into the social interactions of policy formation and how they differ in the contexts of social policy, social inequality, social praxis and cultural values.

#### **4. Study design**

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

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<sup>6</sup> In the research area on social attitudes a rich stream of literature has developed analysing in detail such questions of social relationships as they present themselves for example in deservingness assessments (van Oorschot 2006; Larsen 2008).

#### 4.1. Selection of cases

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

Germany and the UK were chosen as study countries – in the last 15 years both have significantly ‘activated’ their labour-market policies. The UK’s ‘New Deal’ reform of 1997 and Germany’s ‘Hartz reforms’ of 2002–2005 introduced activation policies in those countries. Interesting here is the fact that German politicians oriented themselves explicitly on the example of the UK, as well as that the politically social-democratic government heads Blair and Schröder at the end of the 1990s brought out together a paper presenting common lines of a new social-democratic labour-market and social policy (Blair and Schröder 1999). In this regard the question of regime differences is decidedly fundamental, for the two countries are usually classified as different regime types, namely, the UK as [(classical)] ‘liberal’ and Germany, ‘continental’ (Esping-Andersen 1990). Furthermore, both countries have very different political structures: The UK is ascribed more freedom of political manoeuvre based on its centralised government structures and majority voting rights, than is Germany with its federal structure and proportional voting system (Clasen 2005; Iversen and Soskice 2006). This means that, in a social security state like Germany – where the political costs of activation reform, according to insider hypotheses, should be considered high – the room for political manoeuvre should be slim, whereas British politics should be considerably more resilient since the UK is a welfare state with low levels of social security entitlements.

Consequently, the hypotheses based on the institutionalist thesis are:

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

The counter hypothesis to be tested is as follows:

- c) The understanding of activation depends on the problem definition in regard to the problem of unemployment on the one hand, and on the perception of the unemployed as a group on the other. These factors can be inversely affected by each welfare-state. In the UK the unemployed were already subject to greater

pressure from the relatively weakly decommodifying social security system, whereas unemployed people in Germany were comparatively secure.

The interpretation of the need for reform could be correspondingly different: In Germany a workfare variant, and in the UK an enabling variant would be expected.

## 4.2. Materials and methods

Since the intention was to make a country comparison, it was important to choose comparable sources for the discourse analysis. For both cases official documents were used that appeared around the period of each of the reforms – for the UK from the period 1996–2000 and for Germany, 2002–2006. These were legislation proposals, accompanying texts and written statements as well as the minutes of parliamentary sessions. Further, a media-content analysis was made. The data bank LexisNexis was employed to examine large German and UK daily papers for statements on the reforms’ adequacy to the problems and on perceptions regarding the unemployed. It could be expected from an overview of all these documents to be able to discover the structure of each interpretation of activation (Keller 2007). The texts were then suitably analysed to see in how far they give priority to the employment-incentive orientation or the social support orientation, and what character features were ascribed at the same time to unemployment-benefit recipients. The following questions were central:

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

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

## 5. Discourse analysis

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

### 5.1. The UK discourse

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

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

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

It is thus here, at least in the foreground, a matter of expanding welfare-state provision instead of reducing it. This was thought to be achievable by improving the life-chances of



individuals, and to create the preconditions for this should be the task of the welfare state. This strategy was considered a new historical phase in the development of the British welfare state. This so-called Fourth Phase distinguished itself from previous phases by its preventive and supportive character:

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

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

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

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

*We are providing opportunities and **support for education and training**, not just the **full-time option** but within the other options, and the effect will be that those who participate in the new deal will emerge from the experience with a **higher level of skills** than they otherwise would have done. (House of Commons, Session 199/-98, 1998, Parliamentary State Secretary for Education and Employment, Alan Howarth, Dep. for Social Security, emphasis not in original)*

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

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

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

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

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

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

## **5.2. The German discourse**

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

*The structure of our social welfare systems has remained practically unchanged for 50 years. In some aspects, such as the **burden of labour costs**, social security instruments lead today even to injustices. (...) The reform of the social welfare state and its renewal have become irrefutable. It is not a matter of dealing it a death blow, but only of conserving the **substance** of the social welfare state. (Bundestag 2003a: 2481; emphasis not original, author’s transl.)*

He argued thus that inefficiency and cost burdens threatened the social welfare state in its existence. These burdens were to be reduced, for one thing, by improving job-placement through the consolidation of support systems so that anyone could access from one source the help necessary for them to achieve labour-market integration (Clement in: Bundestag 2003b:

5115; Schröder in: Bundestag 2003a: 2485). At the same time however savings were to be achieved through cuts in benefit provision. Thus Chancellor Schröder further:

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

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

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

Similarly judged also the *Sachverständigenrat* ('Council of Experts') the situation in 2005 shortly after the introduction of the 'Hartz IV' reform. A central cause of the high unemployment was held to be the wrong incentives in the system of transfer payments, which came to be visible because the new statistics did not count participation in 'active ('inclusive') labour-market policy' as not unemployed (Sachverständigenrat 2005: 115). Instead of financing the unemployed through offers of activity in the social benefit provision system and to thereby 'dress up' the statistics, now new incentives should be created to going after existing real jobs outside of the system. According to Chancellor Schröder there were now to be offers of job-placement the refusal of which would result in penalties:

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

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

The foregoing analysis shows that in the German discourse mainly the question of incentives played a role: Benefit cuts and force were seen as the central means to reducing unemployment. This was based on the assumption of the unemployed person as a rational actor who also seemed well-qualified enough to make 'active (inclusive) labour-market support' not as highly necessary as before:<sup>7</sup> Social-welfare support was an important topic only in regard to improved job-placement through reorganisation of the inefficient system,

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<sup>7</sup> Up to the end of the 1990s there was in Germany an extensive 'qualification protection' regulation which was also maintained by means of job-creation, i.e. the creation of a co-financed job in the trained activity.

and less in regard to the approval or financing of ‘active (inclusive) labour-market policy’. Cuts to the social-welfare system of the Federal Republic and the return to the principle of conservation of the unemployed person’s economic status (living standard) – the usually dominant principle in continental welfare states – were now justified by a rather negative representation of benefit recipients as ‘lazy’.<sup>8</sup>

### **5.3. The discourses in comparison**

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

The discourses thereby also contradict the institutionalist theses by referring to the initial situation before the reform and distancing themselves from it: In the UK social assistance recipients were already before the reform, because of lower levels of [transfer] payments, subjected to a relatively strong pressure to take up work. This made the need for additional help to overcome unemployment seem a priority compared to increased negative incentives to receiving assistance. In Germany by contrast the principle of conservation of the unemployed’s living-standard seems to have encouraged the image of the ‘easy-going’ unemployed. Because ‘active (inclusive) labour-market support’ was already being provided, it was not thought necessary to invest more in it. The existing structure was to be simply optimised in its application. But also the expenditure structure seems to have played a role in the argumentation: In comparison to the UK, the high costs of the social-welfare system in Germany were interpreted as if they limited the room for political action. The argumentation in favour of an activation programme was thus contradictory to the accompanying context and thus supported a policy shift.

## **6. Summary**

The focus of this study was a retrospective consideration of the reforms in the area of activation reforms in labour market policy. The aim was to overcome a flaw in institutionalist explanatory approaches not fully capturing the new differences between welfare states in their interpretations of the necessity for activation because these go beyond the usual regime differences. This is due to these approaches’ comparatively strong orientation to the past, and their neglect of dynamic explanatory factors in policy change. This country study comparing the discourses in the UK and Germany shows that they differed in their understanding of activation policy in terms of the focus of its content as well as in reference to the historical

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<sup>8</sup> Now one could, in light of the protests at the time of the introduction of Hartz IV and the long discussion over it, possibly object that this justification was not particularly successful. However, the law was passed in this form, meaning a break with the previous principles of social security.

background of its emergence. The argumentation models dealing with the support services and incentive policies advocated in the reform processes were each so applied as to legitimate the proposed reforms while *contrasting* them to previously existing policies. While activation in Germany was understood as an instrument for saving on costs through the reorganisation of incentives, in the UK the neediness and social structure of the unemployed were central, which supported the argument of social services as enabling policies. The interpretation of activation reforms in Germany, as a classically more generous welfare state, argued in a more liberal direction, whereas the interpretation in the [classical] liberal case went into the direction of increasing welfare support. The policies were thus not interpreted as continuing the direction of the existing welfare systems, but precisely in delimitation to them. Even though old regime differences might still exist to a certain extent between the countries, it should be realised that the countries in their argumentation and direction of policies have still developed differently than expected against the background of their respective regime type. This shows that the usefulness of typologies such as the welfare regime typology depends decisively on the question being put: For the comparison of policy change a dynamic perspective over the different regime types is necessary in order not to fall for an institutionalist tautology.

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