

The Emergence of Local Welfare Landscapes

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1. Activation and the localization of welfare

New activating welfare policy programs increasingly experiment with so-called enabling, empowering and other activating approaches. In this perspective, modern citizens are considered morally obliged to actively deal with life-course related risks, and to take care for themselves and their neighbourhoods. Activation is the application of public policy in order to support the active life of citizens. Examples include re-employment services, lifelong learning programs and public interventions in life styles. It is typical to these service-oriented policies that these require strong institutional and professional presence in the daily living environment of people.

Place matters as it comes to activation. Local communities, families, civil society organisations, municipalities, local politicians and professional service providers are among the actors shaping the supportive landscapes in which people are activated to live as responsible citizens. The issue of activation might be settled in a grand institutional design for the localization of welfare, but in reality this is seldom the case. In a study on new welfare development in the Netherlands and some other countries, we observed the furthering of local experiment, rather than a fundamental political rethinking or redesign of welfare systems, in the light of globalization and de-nationalization. Policy goals, policy content and modes of governance are gradually deriving from what we label local 'crafting' practices. These emerge in the shape of slowly evolving landscapes rather than carefully designed institutions. Considering this development, it raises the highly relevant question whether and how the emerging praxis of local welfare produces distinct local welfare landscapes within (inter)national welfare regimes.

This paper is to an important extent based on a book titled *Crafting Local Welfare Landscapes* that will be published in early 2013 and which explores the characteristics and outcomes of this localized process of activating welfare policy making in The Netherlands (Bannink, Bosselaar and Trommel, 2013). The paper highlights the main aspects of the book.

In the book we speak of *crafting* practises, for this seems a good expression of what is most typical to the localization process: we see several actors, inspired both by professional

knowledge and an ideological drive for ‘the local’, trying very hard to model new policies and new governance arrangements. In the book, we define a research perspective that points to the ‘challenges’ activation policies pose to local welfare actors, the ‘space’ in which these actors move and the ‘tools’ they use or develop in order to respond to the challenges. In other words, we argue that the process of local crafting can be understood by focusing on three vital institutional elements, which together define the possibilities for action. What can be done (crafting space)? How can it be done (crafting tools)? What should be accomplished (crafting challenges)? We re-evaluated the extensive research literature on two Dutch cases of activating welfare policies (the Work and Social Assistance Act and the Social Support Act) in order to analyse the responses to these challenges in processes of local welfare crafting. Our re-evaluation was to a large extent based on two sources. Our re-analysis of the Work and Social Assistance Act was built upon our evaluation of the new Work and Social Assistance Act commissioned by Dutch Parliament (Bosselaar et al., 2007; Bannink et al., 2011). The re-analysis of the Social Support Act was built upon the evaluation of the Social Support Act conducted by the *Netherlands Institute for Social Research* (Sociaal en Cultureel Planbureau, SCP), to which one of our researchers contributed intensively (Van der Veer et al., 2010).

The policies and governance of new welfare are crafted on the work floor of local society. At the same time, however, national policy objectives remain important. The space in which the localized crafting of new welfare policies and governance occurs, affects to what extent policymaking is in fact localized. The main research question we pose in this paper concerns this issue: *does the local ‘crafting’ of a response to the challenges of new welfare lead to localized social policies, a shift from welfare state to welfare municipality?* Our answer is: not necessarily, and therefore only partially so. Nationally defined policy space does allow the emergence of localized policymaking *processes*, but it may block the emergence of local welfare policy *landscapes*.

After the introduction of the Dutch national regulatory context, we briefly discuss the conditions and ‘our’ four local challenges of activating welfare in section 3 and 4. Subsequently we present the local responses to the challenges posed by two Dutch case studies of activating welfare policies, the Work and Social Assistance Act and the Social Support Act. In the last sections, 6 and 7, we answer our research question and discuss the power of localization as a driver of welfare reform.

2. The national regulatory context of welfare localization

Understanding the dynamics of welfare localization starts with surveying the reasons national governments have for promoting it. During the 1990s, efficiency arguments were widespread. Localization, in the narrow meaning of decentralization, was considered a means to reduce state bureaucracy and to lower the costs of policy implementation. However, the current debate on the welfare state provides additional and relatively new arguments for localization. Today, it is widely believed that the classical welfare system is no longer capable of dealing with the risks that late-modern societies are facing (cf. Castells 1996; Esping-Andersen 1999; Taylor Gooby 2004; Pierson 2001). These risks come from different sources, such as the rapid

growth of informational technologies (devaluation of skills, instable job structures) and global competition (outsourcing of work, migration), but also demographic and socio-cultural changes (population ageing, work-life balance issues, individualization of life styles). In the light of this changing social realm, a broad political consensus has emerged on the importance of 'new welfare.' New welfare readdresses the personal responsibility for one's life (active citizenship), and promotes (labour) participation rather than protection of income. It wants to insure employment rather than unemployment, and to invest in 'preparing' rather than in 'repairing' devices.

Like other Western welfare states, the Netherlands witnessed such a shift of social policy paradigm away from protection towards activation. This shift implies a different role of the state towards citizens. As Gilbert (1993) argues, this goes along with the privatization of public services (multi-actor dimension) and the localization of solidarity between groups and communities (multi-level dimension). In the early 2000s, two instances of activation and localization have commenced in the Netherlands: the decentralization of income provision and re-employment in the Work and Social Assistance Act and the decentralization of social care in the Social Support Act. Both acts presented a shift away from an 'institutional conception' (Gilbert, 2002) of social assistance and support that depicts professional help as a taken-for-granted government service, towards a 'residual conception,' in which private initiative comes first.

The introduction of this residual conception was accompanied by a change in the structure of governance. Both acts reflected far-reaching devolution of responsibilities. Devolution required municipalities to command strong organizing, steering and deliberation capacities. Besides, the acts focused on the efficient cooperation with other public administrations, private service providers and client representatives. For this reason the Work and Social Assistance Act and the Social Support Act provided space to local actors to develop activating policies.

However the *space* for government action in both acts differed strongly. Space in the Work and Social Assistance Act was rather limited since the act required municipalities to direct policy intervention primarily towards re-employment. The adagio of the act is 'work precedes income.' This adagio reflected the provided space of municipalities in only three words. In the Social Support Act, on the other hand, there was a range of alternatives for residual public social care and policy interventions that may be directed to a broader set of local objectives accordingly. The act stressed the so-called 'compensation principle' that implied that needy citizens could no longer automatically claim social provisions. The local government was not obliged to offer provision but instead was obliged to ensure that private initiative was enabled to provide the social care citizens need, or – if proven unsuccessful – that citizens were compensated for a lack of social care.

The difference in space was materialized by the way national government provided budgets to municipalities to fulfil their responsibilities. Under the Work and Social Assistance Act, Municipalities received a budget based on the re-employment results they are expected to

achieve: insufficient performance with respect to re-employment and the prevention of benefit dependency directly determined the financial condition of a municipality. Under the Social Support Act, the budget targeted at cost containment indeed, but municipalities could apply numerous methods to achieve that, including the efficient purchase of services and self-support or private support of citizens. Therefore, it is not necessarily the decrease of public provision that affects the financial condition of a municipality.

Summarizing the national regulatory context, we distinguished new decentralized legislation that provided space to foster local actors to develop and implement specific local policies. However the Social Support Act created more space for localized crafting than the Work and Social Assistance Act. The Social Support Act established the principle of ‘horizontal steering,’ which gave local crafting actors the space to establish local policy variations through experiments and innovation. It was up to local actors to craft new policies, governance and provision in the several ‘performance fields’ the new act defined. The Work and Social Assistance Act on the other hand provided less space and directed policy-making and implementation explicitly towards the adagio that ‘work precedes income.’

3. Conditions for localized crafting of welfare

New welfare is not necessarily identical to local welfare. Nonetheless, the two seem currently developing in a kind of co-evolutionary process (Finn 2000; Künzel 2012). To understand the logic behind this, two aspects are crucial. First, given the strong emphasis on the importance of participation in gainful employment, regional differences in work and life chances matter more and more. Consequently, regional variety in welfare institutions seems desirable and requisite in the new welfare approach. Second, new welfare favours both integral and non-standard approaches, close to the heart of the social problems at stake. In this respect, localization is a means to strengthen the involvement of distinct disciplinary angles and actors, and to promote a client-centred mode of policy implementation.

Proclaiming localization as the way to go, does not guarantee its actual realization, though. Both at the level of policies and governance systems, radical renewals need to be designed, implemented and made effective. Although one might expect local government to play a dominant role in this process, empirical evidence, at least in the Netherlands, shows that many other organisations, with distinct histories and identities, are strongly involved in developing policies, provisions and modes of governance. Examples include the local labour unions, employer associations, housing corporations, schooling institutions, labour exchange agencies, health care providers, and reemployment agencies. The central objective of our study therefore was to explain the practises that these actors employ, as well as the impact of these practises on the process of welfare localization. Thus, the focus is on a) the nature of practises aiming at welfare localization, b) their consequences for the actual growth of local welfare landscapes (institutional results) and c) the question to what extent these landscapes contribute to the new welfare policy ambitions (institutional functionality).

The fact that welfare localization comes in the shape of a dynamic search process is consistent with the latest insights in the way institutions evolve. In general, new institutional forms are seldom the result of deliberate design. Politicians and policy makers may do their utmost best at the drawing table to invent new approaches to policy or administration, what counts, though, is how these ideas work out in social reality, how actors transform them in viable ways of life and how these eventually crystallize in more or less durable landscapes. Underestimating these dynamic and social aspects of institutions is one of the failures of the (still dominant) ‘new public management’ school (NPM) in public administration. NPM wrongly suggests that institutional systems – performance management, market-based service delivery, decentralized government – will function according to their initial design, and if not, this should be ascribed to poor designing.

Opposite these ideas, stands the institutional school of thought, which stresses the importance of spontaneous processes of growth and flowering (Powell and Dimaggio 1991). Institutional landscapes evolve over time, in real life interactions (Thelen 2004). However, (political) actors may want to strive for controlling this process, for instance by regulating the available space for experiment, innovation and change. Actually, this practice of ‘controlled decontrolling’ refers to a core idea in the recent literature on the shift ‘from government to governance’. In our highly complex societies, the argument goes, public policy development is (preferably) an act of networked cooperation between political, professional, institutional and societal actors (Rhodes 1997). As such, our study is relevant to the emerging field of ‘new public governance’ (Osborne 2006) by focusing on the ways in which the opening up of institutional policy space does (or does not) lead to viable crafting practices.

However, whereas the policy network literature tends to focus on interest constellations and resource dependencies between actors, we deviate from this approach by employing a specific (sociological) interest in the improvising character of social behavior in networks. As Boutellier (2011) argues, social improvisation is inherent to the evolving network society. And although improvisation may run into chaos if practiced by inexperienced or insufficiently trained ‘musicians,’ this is not necessarily so. Improvisation requires clear identities and, so we assume, well-developed craftsmanship, which can provide the tools for thoughtful action. Indeed, in the local social context one can observe skillful actors – well educated service providers, managers, institutional experts, professional politicians and third sector representatives – each inspired by a particular, ‘knowledge-based’ idea on what is required in the local welfare context. As Sennett (2008) points out, crafting refers to the artisan way of fabricating things. It involves purposive action, but process and outcome are not entirely planned. The craftsman is aware of the adventurous nature of his journey. He will reflexively use his skilled intuition and rich experience to solve unexpected problems that may come across his way. Imagination and careful testing belong to the artisan *habitus*. Furthermore, in general craftsmen do respect the skills of colleague craftsmen who work on other parts of a common puzzle.

Craftsmen need space to do their work, and tools to do it well. Space refers to political empowerment: which room do actors have for modeling welfare policies and governance? Tools refer to both technical resources (e.g. money, staff, skills) as well as institutional and/or

symbolic ones (e.g. legitimacy, support, ideas). Above all, however, craftsmen need to be challenged by a complex puzzle.

4. Challenges of localized crafting of welfare

In our book, we distinguish between four ‘challenges’ that local actors face when searching for modes of localized welfare. These challenges all relate to the overarching ambition of creating ‘new welfare’. Two of them especially concern the construction of new institutional structures, challenges of *implementation*; two others touch upon the policy content, i.e. the activating working of those structures challenges of *definition*. That is, building local welfare firstly requires that actors are able a) to escape from institutional heritages (or so-called path dependencies) and create new policy paths that deviate from the national welfare logic, and b) to make something that is actually ‘governable.’ Secondly, building local welfare also requires that actors a) can shape intervention strategies that are really activating (instead of merely manipulative or disciplining) and b) can actually ‘manage for success.’ Let us focus a little more on the particularities of these four challenges.

A challenge of implementation: breaking away from paths. The first one is well known from the debate on welfare state reform and is particularly put forward by so-called ‘path-dependency’ scholars (Pierson 2000, Page 2006). They argue that (fundamental) institutional change or reform is unlikely, due to positive feedback loops, lock in effects, and other self-preserving mechanisms inherent to successful institutions. Once a set of viable policy paths has developed into a durable landscape, change will only be marginal or gradual. Therefore, according to some scholars, the path-breaking ideas on new welfare may sound exciting, but practice will show that these are doomed to fail. Policy change poses a challenge of breaking path dependencies. Yet, other scholars argue that small-step changes and innovations, which are frequently observed in micro-level studies of institutional life, can bring about fundamental policy change on the longer run (Hacker 2004; Mahoney and Thelen 2007). From this point of view, one might argue that the localization of welfare is a potential path-breaking political project, because it leaves considerable space for experiments, the development of new tools of intervention, at the work floor of the welfare state.

A challenge of implementation: building governing capacities. Our second challenge concerns the ‘governability’ of the evolving institutional landscape. In the case of corporatism, well-established partnerships between unions and employer’s associations have always been highly influential in the area of welfare governance. However, in the new welfare context, a large variety of regional players enter the field, such as municipalities, schools, health care institutions, commercial reemployment providers, civic organizations and so on. This defines the space of local crafting processes. Fruitful cooperation between these actors presumes the establishment of new tools, new behavioral routines, coordination of different interests and policy beliefs, negotiations about resources, and so on. From inter-organizational studies we know, however, that the governance of such horizontal networks is highly complex and full of pitfalls (cf Provan and Kenis 2008). Our study focuses on the ways actors deal with these pitfalls.

A challenge of definition: the paradox of autonomy. The third challenge that we distinguish is of a more functional nature and concerns the success and failures of new welfare interventions. These interventions seem to involve a fundamental ‘paradox of autonomy’. The main challenge of activating welfare is to enhance individual or group responsibility for welfare without bypassing or even undermining the social right to self-determination. Some authors stress that new welfare is in essence a paternalistic project of ‘responsabilization’ (Garland 1996). Yet, from a more dynamic perspective, one could also argue that raising people towards individual autonomy necessarily involves periods of paternalism and domination. As Gerald Dworkin (2005) argues, paternalism is justified if it enhances a person’s ability to make decisions later on. Anyway, understanding local welfare must involve a thorough understanding of the ways in which actors (professionals, policy makers) define their space of action and struggle with this paradox of autonomy and eventually craft viable tools to deal with it.

A challenge of definition: managing for success. The fourth and final challenge that we consider crucial, concerns the ways in which local organizations can ‘manage for success.’ Localization of welfare creates a managerial challenge. Localization implies an increase of the demands posed upon the managerial task, and often these are conflicting demands too, stemming from such various expectations as national output requirements, preferences of local politicians, professional work standards, and the growing voice of clients. These views need to be coordinated. Managers need to define, and attain, implementation success. How managers respond to this challenge and create managerial space in order to craft workable tools coordinating different logics of expectation is an important question that directly affects the future successes of local welfare governance.

5. Local welfare crafting in two social policy domains

Welfare localization poses challenges to the policy actors at the local level of the welfare state. These actors need to craft tools within the confines of the policy space they have in order to break paths, build governing capacity, define a consistent policy frame and coordinate conflicting views. These challenges do not appear naturally, though. They are structured by a national policy system that creates incentives aimed at local actors and legally defines the limits and minimum requirements to local policy implementation. Recently, two of such localization challenges have been made in the Dutch welfare domain.

5.1 The domain of social assistance

In the first decade of the millennium a new ‘golden rule’ entered the local welfare landscape. Participation in work is the best guarantee for income protection, this rule posed. In this vein, social provisions became ‘social investments’ in the abilities and employability of citizens. In short: work precedes income. The introduction of the new social assistance act in 2004 was a direct consequence of this new welfare paradigm. The act stressed that from now on municipalities were capable of developing their own local policies to activate social assistance recipients. The act offered municipalities the space to develop new tools of interventions in

order to respond to the challenge of increased re-employment and improved prevention of benefit dependency the act posed.

Right after the introduction of the social assistance act, an increase of local activities occurred because of the financial incentive the act established (defining the challenge), combined with an extensive re-employment budget and broad municipal discretion (offering the space). Particularly municipal social services started looking for new opportunities and utilized the space for local experimentation. The act was initially highly successful in disseminating a new attitude towards work and social assistance and the governance involved. In short time and across Dutch municipalities, the golden rule – work precedes income – became self-evident. This change of culture includes the belief that more responsiveness regarding client characteristics and local labour market needs is vital.

Remarkably, over time the innovative spirit of municipalities faded away. Social services copied the successful approaches of other social services. Considered successful are those approaches that resulted in high performance, with performance being defined in terms of the nationally defined policy objective of reduction of the number of beneficiaries. The exchange of best practices was supported by national government and by the Netherlands' Association of Municipalities, which disseminated these in various publications. The trend of homogenizing was also the consequence of the budgeting system since municipalities received a budget to pay the benefits based on the development of the volume of beneficiaries compared to similar municipalities. Therefore they were very eager to recognize and copy the successful prevention and outflux activities other municipalities developed.

The entire process in the domain of social assistance may be seen as the partial, incomplete, decentralization of policies and governance. The act as such implemented a decentralized policy and governance arrangement, while at the same time it imposed a specific prioritization of policy goals and policy arrangements – that is: a prioritization specified by national policy actors. The decentralization of responsibilities was accompanied by additional incentives that in fact controlled the action of municipal governments in the new decentralized structure. The challenge of municipalities was designed in such way that localized processes unfolded in a rather limited space. Local actors were stimulated to design new tools of intervention, but the incentives implied in the act caused that localized processes designed new tools in order to come up to national objectives. The subsequent adoption of the more successful tools (as defined in terms of the national policy objective) by most municipalities further blocked the emergence of localized landscapes of work and social assistance.

5.2 The domain of social support

In 2007, the Social Support Act was implemented. The act aims at self-reliance of people with disabilities and at the encouragement of a culture of social cohesion and active citizenship. It covers support to activities of daily life of elderly and disabled, like running a household, living in and around the dwelling or meeting other people. The support concerns often long-term needs and focuses on helping (“care”) rather than healing (“cure”), and it is more social than medical in nature.

The act proposed a far-reaching reform of social care provision, to be fine-tuned in municipalities. However, the act lacked a clear, nationally imposed view on policy measures and objectives. The challenge posed to municipalities was to craft new tools of intervention in the social care domain in a legal context that offered ample space to do so. In other words, the act appeared to be a ‘window of opportunity’ for local government to reform local social policy, without giving the cold shoulder to existing actor-constellations and policy programs.

A case study on the implementation of the act has shown different crafting processes. These processes differed because the challenge of implementing the national policy objectives of the act was taken up in different contexts, allowing different policy space. So to say, the act has generated pressure upon municipalities to craft processes to *reform* local social care arrangements. Crafting, however, took place *within* the existing local framework of traditions and habits. The operational form of the instruments and most modes of reform of social support reflected cities’ *couleur locale*.

5.3 Local welfare crafting in social assistance and social care

With the introduction of the Work and Social Assistance Act and the Social Support Act local actors had been given space to shape policy, governance and provision based on their knowledge of local conditions. The difference in budgeting however highly affected the way local actors crafted a response. The financial incentive in the Work and Social Assistance Act implied in the budgeting method induced immediate local focus. It gave the crafting process a flying start in the early years, but localized crafting processes were limited and oriented towards the objective of reducing the number of beneficiaries. Since the budgeting method in the Social Support Act did not imply a specific focus it took more time to start the process to craft a response to the allocated policy space, but localized processes showed a broader range of substantial objectives and the processes still develop.

The method of budgeting appeared to affect the nature of crafting processes. It is remarkable that politicians were often absent in the process of crafting, in particular in the domain of work and social assistance. The managers of social services jumped into the political vacuum that emerged here. Although localized crafting processes occurred, managers took centre stage and a managerial, performance-driven approach to work and social assistance emerged, because of the emphasis in the budgeting method on policy outputs, measured in terms of benefit dependency reduction and associated costs.

In the domain of social support, the space was broader, allowing other kinds of entrepreneurs to engage in the crafting process, relying on their position and expertise in the local community. The crafting of a response to the challenges in the domain of social support on the other hand, can both be considered a localized crafting process and resulted in localized welfare landscapes. Step by step municipalities developed new policies in which the local culture and traditions are incorporated and provide a fundament to build local practice.

All in all we observed the emergence of two types of landscapes. On the one hand, the

landscapes in the domain of social support, which have the form of varied settlements in which the ensemble of policy, governance and provisions is different in each municipality. On the other hand, the landscapes in the domain of activating social assistance have the form of homogenous parcels, showing mainly uniformity across municipalities. The openness of the social assistance act appeared a re-centralization of policy objectives in disguise rather than the localization of the work and social assistance domain. The narrow space of the act – especially the budgeting method – hindered the building of localized welfare landscapes. Localized crafting processes built a nationally defined landscape strongly oriented to re-employment. Interestingly, the homogeneous landscapes in the domain of social assistance and the rather heterogeneous landscapes in the domain of social support exist in the same set of municipalities.

As such, we observed ‘localized processes’ of policy implementation, indeed, but these localized processes did not support the emergence of localized landscapes of work and social assistance policies, while they did support the emergence of localized landscaped in the domain of social support.

6. Conclusion: do local welfare landscapes emerge?

From our case studies into Dutch projects of welfare localization, we draw the following conclusions. First, it appears that localization is promoted by national legislative projects, which shift welfare responsibilities to the municipal level. Second, in distinct policy sectors different amounts of local space become available. That is, the work and social assistance case shows features of a classical decentralization project, opening up *operational space* for local actors. The social support case not only involves extra room for making operational choices, but also *strategic space*, enabling local actors to work on (tailor-made) policies. Third, this amount of space matters, first of all with respect to crafting tools and practices. In the social assistance case the emphasis is on money and organisation, while the social support case particularly leans on the use of local knowledge and the involvement of new parties and multi-actor cooperation. This variation is mirrored in the challenges that characterize the emerging crafting practises. Whereas the search for effectiveness and efficiency dominates the work and social assistance case, the social support case is much stronger under the spell of finding innovative, path-breaking policies and new modes of governability. Fourth, on their turn these variations in terms of space, tools and challenges do matter with respect to outcomes. That is, the social support case revealed a greater diversity in newly developed welfare policies than the social assistance case did. Yet, it must also be noted that in due course this diversity is mitigated by a tendency towards isomorphism, caused by (financial) uncertainties. Thus, tendencies towards local variation in welfare landscapes remain small, after all. Therefore, our final conclusion is that only a mild *couleur locale* has occurred, thus far.

Explaining these outcomes first of all requires a deeper reflection on the new welfare doctrine, which says that policy content must follow problem characteristics and, consequently, that policies must be tailored to the particular needs that stand out at

community and/or individual level. One may seriously doubt, though, whether municipalities are equipped to develop such a sophisticated approach to welfare policy. What they actually do, is building general frameworks for activating policies and governance, appoint responsibilities to other parties in the region – and especially to professionals and managers on work floors – and thus shift the challenge of a tailor made approach to others. Or, in other words, this challenge is depoliticized and moved to different circles of crafting actors. It is on these sub-political levels (cf. Beck 1994) that eventual innovations in policy and governance develop. Future studies must focus on these deeper levels of welfare crafting, in order to unravel in greater detail the emerging varieties in policy and governance.

Another perspective on the limited prevalence of local welfare landscapes deals with the lack of socio-political support. Although the political rhetoric at the national level stresses the need for local approaches, every now and then the Dutch government also makes clear that localization serves one overarching goal: to be tough on participation in paid labour. This political ‘greed’ concerning the desired outcomes (cf. Trommel 2009) certainly does not breed a local political spirit for searching new, enabling and empowering approaches to welfare. If being tough on employment is the main objective, why bother about finding out what the local and/or individual needs actually look like, and why bother about local policies? This way, new welfare remains too closely in the shadow of old welfare, reducing municipalities to the gatekeepers of the national welfare system. If this is actually the case – and it is part of the story indeed – then we would have to consider the emerging crafting activities not as a practise that can make the difference, but more as a ritual dance around the holy tree of new welfare. It would mean that the crowd of crafters is merely there to make us believe that something significant is happening at the local level, while the actual reality of service delivery is just a continuation of old welfare, albeit with an even stronger emphasis on work duties. This points at a process that some scholars have characterized as the ‘decoupling of normative and operational procedures’ (cf. Meyer and Rowan 1977; Tooley and Guthrie 2003).

Finally, there is also the possibility that local landscapes do not come to blooming due to external constraints. We distinguish between financial constraints, legal restrictions and collective action problems. Financial issues are omnipresent. New welfare implies investment in people and this is a very costly business without immediate returns. Recently, under the spell of the current financial crises, further financial cutbacks in the public sector have been implemented in the Netherlands, including a strong reduction of the financial means for activating policies. Subsequently, the possibilities for new welfare policies at the local level crumble away. Next to that, one must be aware of the fact that legal principles like equality for the law and legal security limit the opportunities for policy differentials between municipalities. Judges may find it illegal if social benefit regimes substantially differ from place to place. Yet, even if municipalities take the risk, and for instance implement local rules for social assistance, another mechanism may come in operation that opposes the evolution of inter-local variety. As long as municipalities are part of a unitary nation state in which citizens are free to settle themselves wherever they want, the policy of one municipality can have immediate effects for the development of social problems elsewhere. This involves a logic of

collective action that enforces local authorities to join in common arrangements to which they equally contribute. This logic, as it is institutionalized within the framework of *national* welfare, mitigates the problems of free-riding, problems that surely will return when the inter-local variety becomes larger. In brief, external constraints do matter and may blockade the road to local welfare.

Thus, we have explained the mildly local character of local welfare in its present shape. Welfare differences between regions are emerging, but slowly, moderately, and companioned by an isomorphic tendency of equalising emerging differences. However, this explanation also illuminated the strong presence of local crafting in two diverging ways. First, it is the motor that makes local things going, after all. The fact that results are not essentially local does not mean that nothing has been achieved. From the local crafting practises, welfare change is developing. Second, in a more latent fashion, it can also be that crafting represents a ‘rational myth’ (Meyer and Rowan 1977), suggesting that something wonderfully new is in the making, but actually covering-up the continuation of business as usual. Although this latter interpretation holds an element of truth, we stress that local crafting refers to a vital new element in welfare state development, and as much might even be considered the main achievement of the localization trend.

7. Discussion: the reform power of localization

Reform is a contested phenomenon. As Paul Pierson (1994) has argued in his seminal work on welfare state retrenchment, welfare institutions are hard to reform, due to several self-reinforcing mechanisms and lock-in effects. For instance, once a particular pension plan is established, it will determine people’s social security interests and life-course orientations for many decades, thus locking-in a firm barrier to reform. Several scholars have adhered to this ‘immobility thesis’, for instance by stressing that welfare states are ‘frozen’ and inherently resistant to change (Esping-Andersen 1990). Pierson’s argument is also known as the path dependence theorem, which explains how and why historical paths limit or pre-shape future options for (institutional) conduct. Path dependency does not necessarily mean that change is impossible, but it emphasizes that change will always be gradual and closely linked to historically grown values, preferences and institutional paths.

Nevertheless, the last ten years a revival of optimism regarding the possibilities of welfare reform emerged, both among academics and politicians, as studies began to indicate that activating policies and policy ideas did make their appearance in the majority of European welfare states (Esping -Andersen 2002; Taylor Gooby 2004; Eichorst & Konle-Seidl 2008). A new welfare state was announced, suggesting that path-breaking reforms were possible after all, and currently in the making. However, it needs some theoretical trickery to explain why reforms would no longer be path dependent but instead have path-generating potentials. The trick is to assume *external* shocks. Path dependencies might be breached in times of severe crisis, when changing external conditions become increasingly pressing and begin to open up ‘windows of opportunity’ that can generate new paths (cf. Kondon 1995; Kuipers 2004). This reference to external shocks not only looks a little weak, theoretically – more precisely, it is a ‘deus ex machina’ argument – one must also doubt its empirical accuracy, given the poor

evidence for radical reform in contemporary welfare states (Bannink and Hoogenboom 2007). Governments are still struggling to realize small reforms in their old welfare arrangements, such as pension plans (age of retirement) and unemployment schemes (benefit levels, eligibility criteria). Sure, the new welfare agenda has been added, sometimes accompanied by policy innovations like investments in child-care and re-employment programs. Nonetheless, it is unsure if the emerging mixes of old and new welfare reflect fundamental (paradigmatic) change.

Our argument here is threefold. First, we state that new welfare actually develops ‘from within’ and ‘from beneath’; its true content does not show in national regulations, but arises out of the crafting labour at work-floor levels within welfare institutions. Second, precisely because this is so, one cannot tell beforehand how radical new welfare will be; it can take different forms and serve different political agendas. It is only by scrutinizing the emerging crafting practices that the actual nature and scope of reforms can be revealed. Third, if things are like that, the conclusion must be that new welfare might be considered a rather intelligent way of politically dealing with institutional immobility. By shifting policy-making powers to the local level, national governments hope to mobilize institutional forces that can make a (path-breaking) difference, while passing the buck for unpopular reforms to others (i.e. municipalities and their partnerships). This perspective on the dynamics of welfare change is consistent with the ideas of scholars like Thelen (2004) and Hacker (2004), who emphasize that fundamental reform may follow from gradual changes in the institutional structure and operational logic of welfare arrangements. For instance, by adding a strong, activating apparatus to the existing social assistance scheme, the latter can lose its original function of social protection and still remain in place, at least formally, as a core provision. Such a practice of institutional ‘layering’ (Thelen 2004) is typical to the local crafting processes that we have identified in our study.

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