

The activation of minimum income recipients in eight
European nations:
A decade of reform and early impacts of the
economic crisis

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Introduction & Structure of Presentation

❑ Objective of the paper

- ❑ **To look at the governance of the activation of social assistance recipients**
- ❑ **Minimum income (MI) schemes** - Schemes that provide a financial safety-net for individuals whose personal/household income is below the national minimum.
- ❑ **Activation** - Policy of structuring benefit rules and employment/training services with the aim of moving unemployed income benefit recipients into work

❑ Structure of presentation

- ❑ **Two waves of activation reforms**
- ❑ **Main trends in second wave: strengthening the focus on work, and improving the delivery of services**
- ❑ **Mapping the governance of activation MI recipients in Europe**

Two waves of activation reforms

❑ First wave of activation reforms

- ❑ Last decade of the 20th century
- ❑ Introduction of activation requirements as an eligibility condition to minimum income benefits
- ❑ Introduction of activation programmes targeted at social assistance recipients

❑ Second wave of activation reforms

- ❑ First decade of the 21st century
- ❑ Strengthening of the importance of work as an obligation for minimum income recipients
 - ❑ Redesigning income protection by reference to ability to work (Arbeitslosengeld II, Germany)
 - ❑ Re-shaping of the objectives for the activation of MI recipients (RSA, France)
 - ❑ Regulating (or tightening) the type of jobs recipients can refuse (RSA, France)
 - ❑ Introduction/strengthening of financial incentives: Positive (Working Tax Credit, UK), Negative (ceiling on benefits after 6 months on social assistance, Denmark)

Two waves of activation reforms

- Improving the delivery of services in line with New Public Management thinking
 - Need to acknowledge development in NPM thinking
 - Old-Style NPM: Specialised, 'single-purpose' organisations; privatisation/outsourcing; decentralisation; customer focus
 - Post-NPM: vertical and horizontal coordination (integration of services, one-stop-shops)
 - Old-Style NPM reforms
 - Outsourcing of the delivery of employment services to private providers (SUWI Act, Netherlands)
 - Strengthening of customer focus (Personal Action Plans, Norway; dedicated case managers, France)
 - Post-NPM reforms
 - Vertical Coordination (Funding of activation in local authorities, Netherlands)
 - Horizontal Coordination ('Locations for Work and Income', Netherlands, ARGE consortia, Germany)

Mapping the governance of activation MI recipients in Europe

Table 2 - Models of Activation in Europe (Two-Step Cluster Analysis)

Aims	MI scheme	Model of benefit administration	Involvement of Private Providers	Country/ies
Suitable work	UA	Centralised	Market-Oriented	DE-2008; UK-2010
Work	SA	Decentralised - Strong central steering	Market-Oriented	DK-2010; NTH-2009
Social Insertion	SA	Centralised	Network-Oriented	PT-2008
Suitable work	SA	-	Market-Oriented	FR-2009; CZ-2009
Strengthening Employability	TARGETED	Decentralised - Strong central steering	Market-Oriented	NO-2009

Alternative responses to crisis

- Protection
 - Rationale: Avoid poverty, reduced prospect for jobs
 - MI: Entitlement; benefit levels
- Investment (in youth)
 - Rationale: Avoid lost generation
 - MI: More activation (with training, HRD)
- Curtailment
 - Rationale: Budget-crisis
 - MI: Cut activation; less(er) eligibility to benefits

Actual responses to crisis (examples)

- Protection
 - Only for insured (OECD 2011)
- Curtailment
 - Activation: Planned cuts in budgets for programs
 - GE, 25%, NE 50%
 - Benefits: No returning to 1990's entitlement
 - Activation/work-first has also changed access/generosity
 - Lower benefit for long-term/non-active (CZ)

Prospects

- Return to workfare?
 - Cheap programs; «keeps parks tidy»; effective on prevention
- New forms of curtailment: Workfare for working poor (FR); In-kind replaces cash benefits (with workfare added?)
- Ending on a positive note:
 - We see a great swing on pendulum: towards obligations
 - Historically such swings have resulted in new (forms of) entitlement.