

No welfare without workfare? Revisiting minimum income typologies in active inclusion times (2008-2022)

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Over the last fifteen years, the European Commission has been acutely concerned with the efficiency of anti-poverty policies, setting policy priorities to member states and acting as a ‘social-policy advocate’ (Jessoula and Madama, 2018). Within this context, the Lisbon agenda laid the groundwork to promote a new social policy scenario, strengthening the relationship between employment and social policy. In this light, the European Commission sought to enhance people’s ability to work to face new social risks, activating not only the unemployed, but also the most disadvantaged groups. In the field of minimum income policies, which have constituted a building block in the European strategy to fight poverty, the European Commission launched in 2008 a Policy Recommendation on Active Inclusion. This movement explicitly endorsed a policy framework for member states that emphasized on the need to strengthen three policy strands in national and subnational reforms: income adequacy levels, inclusive labour markets – training, public employment services, job-search assistance – and access to quality services – such as childcare or long-term-care –.

This article asks whether this paradigm shift promoted by the European Commission in the field of minimum income has been consolidated across national policy reforms, and to what extent these countries have prioritised workfare reforms above the entrenchment of income protection and enabling activation. To do so, it measures and interprets the evolution of minimum income systems across six European countries – Denmark, Germany, Italy, Spain, Estonia and Hungary – over the last fifteen years, employing Natili’s (2019) proposed typology of worlds of minimum income schemes in Europe (WoM) as a conceptual foundation. WoM are measured by considering the three policy dimensions of active inclusion: income protection, enabling activation and workfare activation.

Methodologically, we apply a comparative temporal analysis (2008-2022) using a quantitative technique called Principal Component Analysis (PCA). To the best of my knowledge, this is the first time PCA has been applied to the study of minimum income. This method has the potential to capture the multi-dimensionality and complexity of policy change, as well as the capacity to compare country-clusters over time (Ferragina, 2022; Ferragina and Filetti, 2022). The dataset used contains seven indicators, two of them own elaborated. Income protection is measured based on the

common practice to take minimum income protection relative to 60 percent of national median income (OECD data). Enabling activation includes public expenditure on Public Employment Services and training (% GDP; OECD stats); formal childcare (EU-SILC) and an indicator related to the policy design. Workfare activation is also measured relying on the policy design.

The empirical analysis contributes to the literature in two ways. On the one hand, it shows that the WoM proposed by Natili (2019) have undergone substantial movements between and within clusters, and that these trajectories – which are not always path dependent – depend on the emphasis EU countries place on the different policy dimensions. On the other hand, the article illustrates that these movements between and within clusters are partly the result of (1) a stagnation in investment in income protection and enabling activation and (2) specific and gradual workfare reforms, such as the tightening the definition of adequate job offer or the strengthening of sanctions for non-compliance. The PCA also shows that enabling activation is often engaged concurrently with the use of coercive (workfare) tools which only aim at promoting the quick return of MI recipients to the labour market, since we find a positive correlation between these two indicators over time. These results have important policy implications, as we prove that the “minimum income contract” or, in other words, the basic right to minimum income, might be threatened by the leeway of interpretation that leaves the Policy Recommendation on Active Inclusion, which embedded contradictory policy priorities. In line with previous studies, we demonstrate that policy coordination based on soft-law mechanisms is often ineffective in some policy fields.