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**The impact of activating labor market  
policies on labor market orientations  
and institutions**

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## Melanie Booth, Karin Scherschel: The impact of activating labor market policies on labor market orientations and institutions

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### *Abstract:*

The contribution focuses on the institutional implementation and the individual consequences of activation programs in Germany (often referred to as 'Hartz' reforms) implemented between 2003 and 2005. The new labor market policy is a highly contested topic. The ongoing protest against this policy promotes speculations for further reforms.

We approach the topic from the subjective perspective of the job seekers as well as the institutional side. On the basis of regional case studies developed from interviews with different regional experts of labor market policies we conducted a qualitative longitudinal survey of the group targeted by the most recent labor market reforms.

We put a particular emphasis on the interrelation between unemployed persons' labor market orientations as well as their strategies of dealing with their position in the labor market, and the "rights and responsibilities" they are given by the new labor market regulations. We can show that the new activation program doesn't reflect the different types of unemployed people. Instead its standardised procedures show lots of unintended effects such as stigmatisation and social exclusion.

### **1. Introduction**

In an international comparison, Germany has long been considered a "latecomer" in its establishment of activating labor market policies (Klammer/Leiber 2004). In countries like Denmark and Great Britain, the turnaround for activation programs was in the early 1990s. In Germany, this turnaround was carried out with the Hartz labor market reforms<sup>1</sup>. They constituted a crucial and (when compared to other countries) abrupt paradigm change, from a welfare-oriented to a workfare-oriented labor market (e.g. Koch et al. 2009, critical: Lenhart 2009, Oschmiansky et al. 2007). Since their implementation, Germany has been regarded as a model for activating labor market policies throughout Europe.

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<sup>1</sup> The labor market reform is named after Peter Hartz, a former member of the board of executives at Volkswagen (VW), one of the leading world-wide automobile companies. The Hartz Committee, which was named after him, compiled a catalogue of changes to be made to labor market policies. They were, however, only partially implemented. In 2007, he was convicted in a corruption scandal involving misappropriation of VW company money.

The fundamental change to German labor market and social policies began in 2002, when Gerhard Schröder, at that time Chancellor, implemented a committee under the direction of Peter Hartz, which compiled a catalogue of suggestions for lowering unemployment figures. With their slogan "activating one's own initiative - ensuring security" (Hartz et al. 2002: 45) the committee recommended a fundamental reform to German labor market policies. Substantial portions of the recommendations were anchored in the "Vier Gesetzen für moderne Dienstleistungen am Arbeitsmarkt" or "Four Acts for Modern Services in the Labor Market" (Hartz I-IV), which came into effect step-by-step starting in 2003. These Four Acts for Modern Services in the Labor Market (for short: Hartz IV) are considered to be the decisive turning point in German social and labor market policies. The program of "Fördern und Fordern" (support and demand), which is anchored in the Hartz-IV act, strives on the one hand to support people who are looking for work through special mentoring and measures, and on the other hand the individual is required to assume more self-responsibility (cf. Bothfeld et al. 2005).

Hartz IV has been criticized time and again, not only in research and evaluation literature, but rather in sociopolitical discussions as well (Dörre 2008, Ames 2008). The successes and failures of the new labor market policies have been controversially discussed.

The effects of the new legislation are the topic of scientific studies. In most cases, an evaluation of the efficiency of individual instruments in labor market reforms is given prominence within the analysis. Qualitative analyses, which examine the influence of an activating labor market from the perspective of the people affected, however, are still an exception. In the following paper, we want to assess this gap in research and present the findings from our ongoing research project. As such, we examine the influence that the new labor market policies have on the subjective labor market orientations of unemployed people as well as the precarious occupations, which should have been transformed into gainful employment through the principle of "providing support and challenges". We are interested in the viewpoints of the people addressed.

Our article is arranged in two parts. In the first part, we will discuss the central aspects of activating labor market policies, with the goal of arranging them into an expanded concept of reasonability. At the heart of the new labor market policies is the question, which work is reasonable for whom and under what conditions.

In the reform discussion, it becomes apparent that a result can be seen in the anchorage of the self-responsibility concept. Beyond that, the long lasting principle of securing one's status has changed to securing one's livelihood. As a result of our analysis, the new rules can be conveyed in an expanded concept of what is reasonable, which comprises six dimensions. In a second step, we will present the empirical findings from the first phase of data collection within our ongoing research.

Not surprisingly, our sample shows that the people addressed by the labor market policies in no way build a homogenous group. Rather, we come across people who are very different with regards to their educational and work-biographies. With the subjective processing patterns of unemployment and precarious occupations in mind, we make a distinction between three different types ("at any cost workers", "as if workers", and "non-workers"). The influence of reasonability on labor market orientations can be named by examples for every type. Our empirical findings show that the new labor market policies missed their intended effects. Nonetheless, they are not without effect, since consequences that were not intended have appeared instead.

## **2. Central aspects of the activating labor market policies in Germany**

In large, the new labor market policies are built upon the principle of self-responsibility. Strengthening of employability stands at the heart of the matter, in contrast to times prior to the labor market reforms. For this reason, unemployment will no longer be primarily attributed to structural factors, but rather to individual deficits (Bäcker et al. 2008). Since then, unemployed people are confronted more and more often with the implicit accusation of passivity (Urban 2004; Marquardsen: 2007). The main goal of the new reform is the termination, or likewise the reduction of benefits. Entitlement to "good work" takes a back seat to these demands – *"having (nearly) any job is better than having none at all"* (Streeck/Heinze 1999: 44).

Additionally, the reformation of labor market policies was accompanied by a reversal of the "social obligation" in Germany (Urban 2007: 469). Therefore, the link between receiving unemployment benefits and the expectations and explicitly formulated stipulations of a return service can also be considered new. A return service is understood in this context to be any efforts, which help to minimize the amount of benefits or to live completely without benefits. Since an insufficient willingness to work or concede can lead to a termination of benefits, recipients are faced with a reality of providing proof of their own willingness to work and their efforts to find a job. For this reason, a multitude of revisions makes up the control over the individual's activities and engagements. Generally, unemployed people work with their case manager, the labor market authorities responsible for them, in order to come to an agreement about their activities and being integrated into employment. In this agreement, which is a written document between job seekers and the authorities, it is laid out exactly what an individual must do in order to become employed. Generally, the amount of job applications to be written is agreed upon, as well as how often one must report to the employment office or the case manager. If the unemployed person does not stick to the agreed activities, then the office can impose sanctions (e.g. a reduction of benefits).<sup>2</sup> The possibility of imposing a sanction already existed before Hartz IV. With the reform, this was not only intensified, spelled out more clearly and tiered according to the

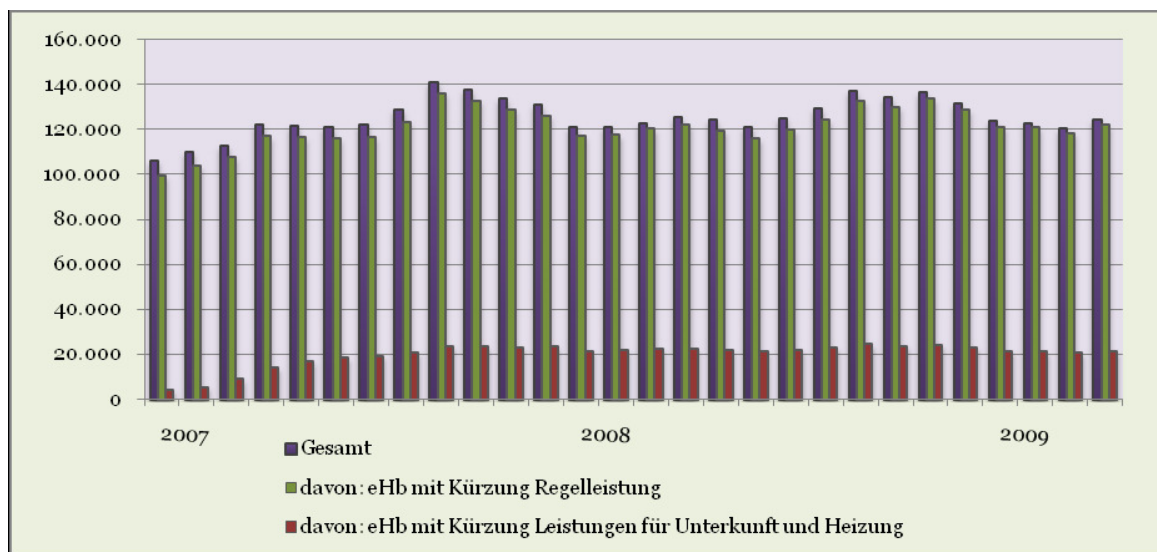
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<sup>2</sup> Sanctions are given for, among other things, failing to report, refusing to take on or continue a reasonable job, refusing to make an agreement about integration into the workforce or refusing to fulfill the duties specified within, but also for wasteful or non-frugal behavior and insufficient effort on the part of the individual.

individual facts of the case, but also the corporate policy of the labor market authorities concentrated on enforcing the sanctions more consequentially.

Altogether, statistics show a clear increase in the amount of sanctions. Oschmiansky and Müller (2006) document, for example, that such “time-out politics” became much more restrictive in the Old Federal States during the implementation of the "Hartz-Laws" and that the number of sanctions increased. This trend has continued over the last few years, as shown by the following graphic.

**Figure 1: The development of sanctions over time (January 2007 to April 2009)**



Source: Statistics from the Federal Employment Agency (own representation)

As Hartz IV increasingly ascribes unemployment to personal responsibility, increased expectations and demands for appropriate behavior are put onto the recipients of benefits. Incentives inherent to the benefits system – this relates above all to the amount of unemployment benefits and the length of time that the benefits remain – should, as the following remarks show, be minimized as much as possible.

### **2.1 From securing one's status to securing one's livelihood**

Through the newest reforms, a fundamental restructuring of the labor administration has been introduced in Germany and new institutions have been brought to life. With the new Federal Employment Agency or "Bundesagentur für Arbeit" (BA), a new procedure was introduced for the placement of unemployed people, which was above all geared towards efficiency and cost-effectiveness. Employment services were partially privatized. Close cooperation with temporary work agencies is an example for this.

The construction of “joint agencies” or "Arbeitsgemeinschaften" (for short ARGEn), occurred simultaneously with the separation of unemployment aid. Since January 1st, 2005, what had

been legally regulated responsibility for short and long-term unemployment (formerly unemployment benefit and unemployment support) was assigned to two different fields of responsibility. The first 12 months of unemployment fall within the Book III of the Social Code or "Sozialgesetzbuch III" (for short SGB III) and is under the Employment Agency's jurisdiction. Long-term unemployment (more than 12 months) is regulated in the Book II of the Social Code or "Sozialgesetzbuch II" (for short SGB II) and falls under the responsibility of the "joint agencies" (ARGEEn).

For unemployed people, not only the reorganization of the labor exchange was decisive, but above all the amount of financial benefits received. Their reduction throughout the course of the labor market reforms came across massive amounts of criticism within public debates. Changes were made to the benefits for all systems of support for unemployed people. However, the large majority of these concentrated on long-term unemployment:

- A) What previously was known as unemployment benefits (for short-term unemployment), is now known as "Arbeitslosengeld I" or "unemployment benefits I" (for short: ALG I). Like before, the amount is based on an individual's average net income (60% or 67% for those claiming dependents) and as such ensures a restricted and fixed-term safeguard of one's status. However, the amount of time that benefits can be received was substantially shortened within the framework of the reforms. In order to claim unemployment insurance benefits, an unemployed person must have spent at least 12 months, within a lawfully fixed period of time, employed in a job that required them to pay for social insurance. Therefore, they were paying into unemployment insurance. Also the specification for this period of time – or in legal terms, time frame – was reduced in 2005, from the then 36 months to the current 24 months. Only someone who was regularly employed for at least 12 months within these 2 years is entitled to ALG I.
  
- B) The previously unlimited period of time on unemployment benefits (the same rate as before the reform, 53% or 57% (for those claiming dependents) of the individual's previous net income), which also followed the principle of safeguarding one's status through individual achievement, was merged with social benefits in 2005 and became unemployment benefit II or "Arbeitslosengeld II" (for short ALG II). Through the merger of these previously separate safeguard systems, the new lump sum for basic security moved to the level of what social benefit had been. For many of the previous recipients of unemployment benefits, the amount received was substantially reduced. With a current standard rate of 359 Euro,<sup>3</sup> this reorganization means a move away from a restricted safeguard for the standard of living that long-term unemployed people had before to a pure

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<sup>3</sup> The standard rate was raised by 8 € on July 1st, 2009, now totaling 359 €. This amount is received by a person who is not married. For (married) partners, and for children living within a communal household receiving benefit, the basic needs are paid for on a tiered scale. A child, for example, only receives 251 € until his or her 13th birthday.

security of one's existence. At the heart of the matter, this equates to an "avoidance of poverty for those able to work / those searching for work and their dependents" (Bäcker/Koch 2004: 89).

For many unemployed people, these changes not only mean living a life under the "threshold of respectability" (Sennett 2002), but rather they mean essential financial restrictions. In the year 2007, the German Labor Market and Social Security Panel, or "Panel Arbeitsmarkt und soziale Sicherung" (for short PASS) showed that a substantial number of people view the standard rate as not being enough to cover their basic needs. Nearly one in five unemployed people (17%) can not pay for warm clothing in winter. For 6 %, the standard rate does not even enable them to regularly eat a warm meal (Bernhard 2008). In addition to the standard rate, people who receive ALG II are also entitled to money for housing expenses.

This described turn from a limited "safeguard for one's standard of living to an avoidance of poverty" (Bäcker et al. 2008: 533) surely constitutes the biggest cut for people who are unemployed long-term. At the same time, it is not only a matter of financial losses. Rather, this reorganization also means doing away with social recognition for the achievements that one made throughout their employment history (Promberger 2009: 606). It no longer matters if someone receiving benefits had worked for two or for twenty years. According to the new regulations, he or she will receive ALG I for one year and will receive ALG II after this year.

It is not only the standard rate of benefits that express activation, but also the legally allowed amount of living space, which is specified when one makes the transition to receiving ALG II benefits. Living space is only financed up to a specific size and amount of rent paid.

To give an example: two people living in a communal household in need of benefits will be given a living space of 60 m<sup>2</sup> with a maximum rent of 501 €<sup>4</sup>. If the space limits are exceeded, then the person drawing benefit has the "choice" of either moving into appropriate accommodations within a period of six months, or paying the rent from his or her ALG II. For many recipients of benefits, this means an enormous financial challenge as well as an intrusion on one's freedom to make private decisions.

The amount of claims and the general eligibility of claims have been geared more towards neediness since 2005. ALG II is only received by those who are able to work and in need of help. In Germany – in contrast to other European countries – the ability to work is defined very broadly. Anyone who can do a job for more than 3 hours a day is defined as being fit for work. Through the very broad definition of the ability to work, the amount of people drawing social benefits has been noticeably reduced. Only a very small group of children and adults under 65, who are not able to work but who are in need of help, are still receiving social benefits. 96% of people who

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<sup>4</sup> The actual amount of rent is determined by a cap on rent amounts, in compliance with §12 of the housing subsidy laws, in which individual cities are assigned to a particular rent group, according to the rent index. Occasionally, cities - in particular those with very scarce housing space - will find an individual solution for regulating the costs of accommodation

previously received social help transitioned into the ALG II benefits because of their ability to work. Based on this very limited definition of the ability to work (when compared to other countries in Europe), many placement officers are faced with the task of overseeing and finding jobs for people with severe physical limitations who received benefits.

Since 2005, special attention has been paid to private or familial financing options with regards to the question of neediness. The amount of benefits that someone is entitled to is adjusted according to their own assets, as well as the savings and income of the entire communal household<sup>5</sup>. Through the move away from an individual entitlement to benefits since the merger of unemployment aid and social aid, it has become significantly more difficult to be considered eligible for benefit. While with unemployed benefit only the married partner was responsible for providing financial support in the case of unemployment, with the SGB II the regulation of the communal household is taken over from social aid. In cases of unemployment, not only the income or assets of the partner are taken into consideration, but also those of any children or parents living within the household. Previously exempt contributions, such as benefits for children, have since then been attributed to the amount and entitlement of ALG II as well. With this, the amount of benefit was substantially adjusted downwards, above all for families. Furthermore, the denial of individual entitlement through the regulation of the communal household often led to a loss of any and all entitlement, especially for women.

## ***2.2 An expanded definition of reasonability***

Comprehensive revisions were introduced with the reforms, which all aim to have the individual concentrate his or her entire efforts on the active search for gainful employment. Last but not least, the definitions of reasonable work were redefined. The legally worded definition of reasonability aims solely at the willingness to concede with regards to geographical mobility and occupational flexibility (§10 SGB II). Depending on how long they have been out of work, both long and short-term unemployed people are obligated to take on jobs which neither fit with their professional qualifications nor their previous occupation. Additionally, they must be ready and willing to relocate for a new job. Only jobs which long-term unemployed people are "physically or mentally unable to perform" are considered to be unreasonable (§ 10 Paragraph 1, SGB II).

The first conclusion of our research is that the term reasonability must be expanded. Under the term "reasonability", we understand all efforts of the activating labor market policy, which discipline individuals into behaving in a way that conforms to the labor market reforms. These not only

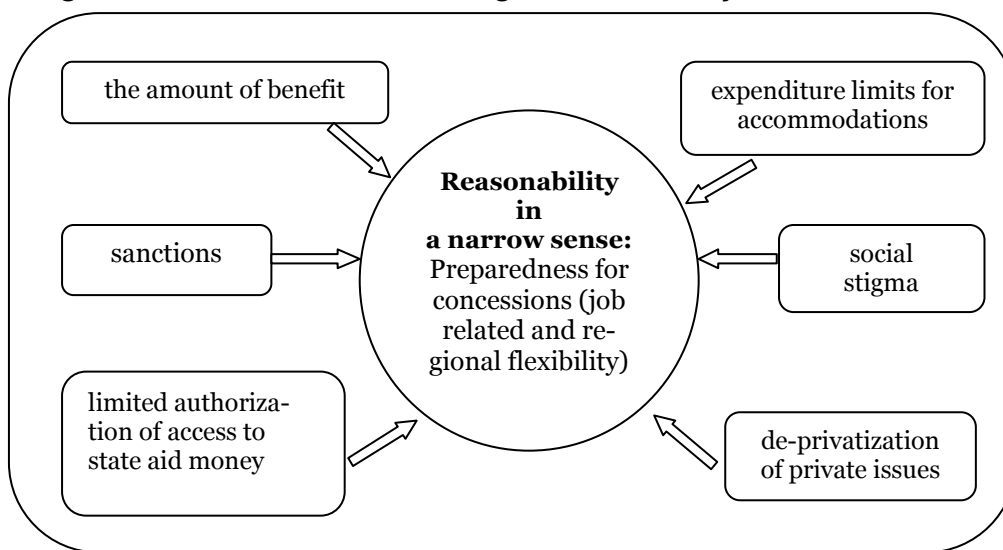
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<sup>5</sup> Under the new legal regulations of the SGB II, a communal household in need of benefits is defined as all people who live together in one household

include the paragraphs relating to stricter reasonability and a plethora of further clauses, but also the social stigmatization about what it means to be a so-called "Harzi", or someone who receives Hartz benefits.

Based on our empirical research, the expanded definition of reasonability includes six dimensions, which are illustrated in the following graphic.

**Figure 2: the broad understanding of reasonability**



The *amount of benefits* (1) was changed according to the previous social aid. Since then, the standard lump-sum of benefits, currently 359 €, increases the pressure on a material level to broaden one's own efforts and take on any job. The inherent goal of the reforms is working; namely making a life of unemployment and collecting benefits less attractive, especially with regards to finance as an intensification of reasonability. Our interviews with unemployed people showed this as well.

Along with the reduction in the amount of benefits, it is also *the limited authorization of access* (2) to state aid money, as described in chapter 2, such as the regulations for communal households and the maximum allowance of assets, which "encourage" efforts for gainful employment. By linking the amount of benefits to the income and assets of an entire communal household, unemployment in many cases means dependence on one's partner. This can also enforce a willingness to take on any (additional) low-paying job. The regulation of caps on assets and the pressure to use up one's own savings can also be interpreted along these lines.

Another dimension of our expanded definition of reasonability relates to *the expenditure limits for accommodations* (3). The practice of "forced relocation" in cases where the rent is too high,

as described above, is not legally considered to be an activation incentive towards encouraging more self-initiative. However, in individual cases it can lead to more concessions and efforts towards employment. Through such a direct intrusion into one's private life and individual self-determination, many recipients of benefits see themselves as forced to find employment for themselves. Any claims are yielded to the content, quality, and salary of the work done.

*With the control over one's own efforts (4)* – including how the agreement about being integrated into employment is determined, as well as the obligation to provide proof of one's job search, applications, and willingness to work - an educational moment becomes obvious in the supervision and support of unemployed people. For some recipients of benefits, the freedom from such control can mean conforming to the wishes for work. Beyond that, all people drawing benefits from ALG II must disclose information about their financial reserves. This goes for the person's partner and other members of the communal household as well.

Similarly to the control over one's own efforts, it can be assumed that the *de-privatization of private issues (5)* increases the pressure to concede. Last but not least, the perceived *social stigma that goes along with the Hartz-IV status (6)* is an origin for taking on jobs that don't meet one's own requirements.

### **3. The influence of reasonability on labor market orientations – empirical results**

The influence that the various dimensions of the new labor market policies have on people depending on benefits can be examined with a subject-oriented research approach. We are interested in the way that unemployed people perceive the new labor market policies and the influence that these policies have on their labor market orientations. We conducted a total of 99 guided interviews with people receiving benefits. The research is designed as a longitudinal study. For this, we talked with the interviewees two different times within a span of two to three years. This allows us to analyze the changes over time. (2006: 99; 2009: 54). The following patterns are based on the results of the first wave of interviews. The themes discussed during the approx. 90-min long interviews were not only the experiences with the new labor market policies, but also the experience of one's own unemployment, the demands for work, and the expectations for the future. In order to understand and systematically represent the labor market orientations of people receiving benefits, we developed an empirically created typology based on the first wave of interviews. The typology illustrates the subjective processing strategies that people drawing benefits have. It is based on two central dimensions: on the one hand, we ask our interviewees about their normative labor market orientations (the meaning of gainful employment in their lives). On the other hand we document their initiatives. This means that we are not only interested in the significance of gainful employment for individual recipients of benefits and which demands for work are formulated, but also what is done in order to put these de-

mands into action. The empirical documentation of labor market orientations is interesting for our research because demands for work, as efforts for a stricter reasonability have shown, represent a central starting point for the new labor market policies.

### **3.1 Normative labor market orientations and initiatives**

We analyze normative labor market orientations in the context of the discussion about precariousness within the social sciences (Bourdieu 2000; Bourdieu et al. 1997, Castel 2000; 2005, Brinkmann et al. 2006) and labor market research (Baethge 1989, Oechsle 1995, Voss/Pongratz 2003, Völker 2004). The labor market orientations of the subjects can be described by the conceptualization of the demands for work. Simply put: what is important to the interviewees in gainful employment when they are trying to get a job? We can assume that there is more to the labor market orientations of unemployed people than simply the material (and calculating) aspect of work, ala Sombart. Gainful employment not only serves to secure one's livelihood, but rather its subjects ascribe meaning and claims to it. Labor market orientations develop specific to one's socialization and are the result of the individual's life, family, and regional class. Our understanding of labor market orientations not only integrates various dimensions of the demand for work, but also theoretical assumptions about the modern transformations of the working world and its impact on the subject's life and self understanding. In order to define labor market orientations more precisely, we turn to the criteria listed in the discussion about theoretical precariousness, which make it possible to characterize one's relationship to employment as precarious/not precarious. We distinguish between the following five dimensions:

- (1) The *reproductive-material dimension*: gainful employment should secure one's existence and offer the employee an income that exceeds a socially recognized cultural minimum.
- (2) The *social-communicative dimension*: gainful employment should provide for equal integration, relating both to social networks within the place of work and outside of work.
- (3) The *legal-institutional or participational dimension*: an occupation should be linked with institutionally anchored social rights and chances for participation. This includes decisions about wages, possibilities for co-determination, social protection and the right to protection from risks, etc.
- (4) The *status and recognition dimension*: gainful employment makes it possible to hold a socially recognized position and is associated with social respect.
- (5) The *work-content dimension*: Work should have a meaning.

The work-content dimension contains those aspects that are described in the debate about sociology of work. They not only touch on the meaning of work, but also the compatibility of work and life. These dimensions characterize the expectations that the bulk of employees have about

so-called normal labor conditions. The institutional roots date back to the last third of the 20th century (Castel 2002, Brinkmann et al. 2006: 16, Mayer-Ahuja 2003).

We assume that labor market orientations are stable beyond the context of their origin and that the expectations for normal labor conditions continue to endure even when they are hardly viable, such as in the face of massive unemployment and an increase in precarious labor conditions. These various dimensions comprise the differentiation between (1) the material-reproductive dimension of work, (2) the meaningful-subjective dimension of work and (3) the relationship between work and life. They are, albeit described with different words, a current part of the debate about sociology of work (cf. Baethge 1989, Voß/Pongratz 2003, Völker 2004, Oechsle 1995).

Which demands on work are viable, and how much weight one gives to the different aspects of work (material security, self actualization, etc.) are not only dependent on the origin of one's labor market orientations (specific to one's socialization), but also on the factual chances for realization. Theoretically, these dimensions build the constitutive elements of labor market orientations. Their concrete appearance can only be determined empirically. All dimensions show up in our interviews, however, they are all weighted differently. Depending on the interviewees' biographical context, the material-reproductive or the meaningful-subjective dimension, for example, took on a dominant role.

The typology's second dimension captures the interviewees' self-initiative. This includes not only the actual effort towards finding employment, but other activities as well, such as volunteer or informal work.

### **3.2 Coping with unemployment under an activating labor market regime – a typology**

The majority of people we interviewed, independent of the strict rules about reasonability, strive for regular, socially recognized employment, which will ensure their existence. Depending on their chances within the labor market and their individual biographies, we can divide people drawing benefits into three basic categories. The "*at any cost worker*", "*as if worker*" and the group of "*non-workers*". The connection between normal labor market orientations and the unemployed person's factual self-initiative yields a reconstruction of these types.

While the "*at any cost worker*" will not accept any alternatives to gainful employment and clings to normal labor conditions, the "*as if worker*" will also accept other activities, such as the public relief jobs (so called "*One Euro Job*") or mini jobs. The ever increasing gap between the desire for normal working conditions and the possibility of achieving them is typical for the group of "*as if workers*". In contrast, the least pronounced normative labor orientation is found in the group of "*non-workers*". They pursue, in part, a life apart from regular gainful employment.

The "**at any cost workers**" do everything they can to overcome unemployment and use every chance to get back into the working world. Self-employed and work-obsessed people, using

benefits to "top-up" their income to a subsistence level, are prototypical for this group (cf. Bescherrer et al. 2008). The most people in this group are unemployed for a relatively short period of time and they have a good education or training. Generally, they have a positive self-image. Oftentimes, they have savings from better times or social networks, which not only support them emotionally but financially as well. It is characteristic for this group to see unemployment as subjectively not existing ("*Anyone who wants work will get it*").

If their current project should fail, then they will plan a new one. From the perspective of labor market administration, this group of people is a perfect model for the reforms: they actually behave as if they are the "entrepreneurs of their own employability".

One of these "at any cost workers" is Mrs. Müller<sup>6</sup>. She lives in a small city in eastern Germany. Three months prior to the first interview, the 35-year-old and her life-partner had become self-employed by opening their own store. Her self-employment was supported financially by the labor market offices from the beginning. Nevertheless, Mrs. Müller had high hopes that this shop would soon make it possible for her to live without state benefits. Mrs. Müller's labor orientation was not interrupted. Gainful employment is a central component of her life. Since the fall of the wall she has had various occupations, but she was never unemployed for a long period of time. A life without work "*would make her go crazy*". Ultimately, her self-employment grew out of this basic attitude: after she had spent many years working in various arrangements and precarious labor conditions - partially without any sort of payment - she decided to open her own store, despite large physical problems and the fears that go along with having the necessary credit. The labor office's regular checkups on her earnings, which took place every six months, went hand in hand with an enormous amount of work. She saw these checkups by the labor office more as harassment than as support.

The second group of "**as if workers**" is very heterogeneous in its composition. Generally, most of the people interviewed adhered to a regular employment relationship. In contrast to the "at any price" workers, they have fewer chances of integration into the first labor market because of their biographical backgrounds (e.g. out-dated qualifications, a long period of unemployment), and will accept alternatives to gainful employment.

The non-intentional consequences of the labor market reforms become visible with the "as if workers". There is a lack of job openings, yet the recipients of benefits must fulfill the expectations of the labor administration. From these conditions, a group of "as if searchers" is built. They apply to jobs that do not correspond to their abilities or which, because of their long-term unemployment, seem hopeless. The rejections, however, make it plain for them to see that they don't have a chance.

Mrs. Schulz, a 59-year-old engineer is a good example for this group of people. She has been unemployed since 1994. Since then, she has gone through a typical "career of measures" (job

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<sup>6</sup> All names have been made anonymous, all data, which would give an indication to the individual identity have likewise been changed.

creating measures, educational measures, compensation for one Euro jobs). Despite this, she has not given up the hope of finding regular employment. That her normative labor market orientation - despite years of unemployment - is still very high can be seen on the one hand by the way she describes the meaning of regular employment. On the other hand, it can be seen by the huge amount of suffering that she has endured by the lack of gainful employment.

To a certain degree, Mrs. Schulz can use a "One Euro Job" as a way to compensate for the lack of social integration, the fulfillment and identity that work provides, and the structuring of her time. However, without regular work she feels like she is not an equal member of society. She can fulfill her desire to do socially recognized work by taking on volunteer jobs. However, this is also not a complete replacement for regular employment. Additionally, her financial problems remind her time and again that she is socially excluded through her unemployment. Since the rent on her apartment is slightly over the cost limit, her benefits are reduced again by the payment she makes out-of-pocket. In this area, she perceives reasonability as being especially hard. She sees Hartz IV as social stigma. She hides her unemployment from her neighbors. No one should know that she receives Hartz IV.

The third group of **"non-workers"** represents an orientation to pursue life apart from gainful employment. The interviewees have become accustomed to a "reduced life" without hope of full integration into the official working community. Other norms and tasks have taken the place of labor market orientations (cf. Dörre et al. 2008). However, the interviewees in this group are not simply passive. Often, they are busily engaged in alternative roles, for example maintaining contact with neighbors or taking on activities in the milieu. Gainful employment is not rejected as a whole, however, there is no longer any immediate relationship to this norm - gainful employment is not important for the interviewees feeling of self worth.

### **3.3 The influence of stricter reasonability**

The simple implementation of stricter rules for reasonability remains widely ineffective, when measured by the labor market intentions that are pursued. The "at any cost" workers are highly motivated and follow their goal of finding employment with a high level of dedication. Measures created by the labor administration are often perceived as being excessive, meaningless or even as being harassment since what the interviewees are actually striving for with their activities – regular, gainful employment, which ensures a life above the cultural minimum – cannot be made available at the moment. The labor administration can only give offers for the second labor market, which are vehemently declined by the people in this group.

The "activating" demands for stricter reasonability criteria also go up in smoke with the "as if workers". They would love to work. "One Euro Jobs" are not a punishment for them, but rather a possibility to show the world that they are still working. However, one problem for this group is that as time goes by it becomes increasingly difficult to bridge the gap between norm and reality. The labor administration often cannot give them meaningful provisions. They perceive them-

selves as being dealt with more or less bureaucratically; they do not receive support that is appropriate to their situation in life. Additionally, it is often pointed out to many of the older unemployed people that they no longer have a foreseeable chance at the labor market. Whereas the practice of allocating provisions and exercising reasonability seems to differ regionally, the assistance that is given to older unemployed people (50 years and older) makes up a very similar picture. In comparison to young unemployed people, they are given considerably fewer provisions and aid programs. Since their labor orientations are often still very pronounced, they feel like they are set back through the lack of care and attention that they receive.

The strategies of "non-workers" are ultimately very hard to influence with repressive methods. On the one hand, we encounter unemployed people who have found a way to get around or compensate for the cruelty of the regimes and the repression (e.g. through informal work). On the other hand, we find alternative social orientations within this group, which can also hardly be touched through sanctions. The experts on labor market policy, who we talked to, also confirmed this. Last but not least, a large number of (young) mothers also belong to the group of "non-workers". At least for the first three years after the birth of their child, they are exempted from the demands of the activating labor market policy.

Although strict reasonability does not trigger the intended activation stimulus, such rules cannot be considered to be completely ineffective. Our research shows that a range of non-intentional effects are created. One central finding of our interviews was that the acquisition of ALG II and the marking as "Hartz IV" was perceived by most as stigmatization. The simple fact of receiving Hartz-IV is connected to so much shame for people drawing benefits that they keep their unemployment a secret, tell people that the measures of labor market policy are regular employment, and also have various strategies for withdrawing. This withdrawal is intensified by financial problems. Many Hartz IV recipients simply cannot afford participation in public life (e.g. going to see a movie or concert). Additionally, there is the shame of being identified as someone who receives Hartz IV. The result is a conscious and shameful withdrawal out of friendships and neighborly relationships, and into private household space, often meaning social isolation. The social assignment of "self-blame" for one's situation, as well as the forced positioning to the other seemingly "lazy unemployed people" leads to strong battles for distinction. The destructive effects of labor market policies on solidarity can be seen here.

For people receiving benefits, who have a bit more than a 30-year employment history, the use of rigid policies determining access to ALG II increases the severity of their social decline. An unemployed harbor worker in his 40s, who had completed a year-long, unpaid internship in order to prove his ability to work, made the following statement at a group-interview of people doing one Euro jobs: *"We don't know anymore if we will be able to keep our house. If we lose the house, then we don't have anything left that is worth fighting for."*

The interviewee precisely named a problem of decreasing social status, which starts from the social position of being in a previously secure workforce and going perhaps all the way under the "threshold of respectability". In the era of "bureaucratic-social capitalism", many workers' conceptions of a good life are centered around having one's own house, the necessary credit, an awareness of the future, and a secure job, which makes it all possible (Sennett 2007: 24). A descent from the secure workforce means a demolition of this dream.

In our sample, the tendency for descent was opposed only by a small group of unemployed people who had actually profited from the new measures and instruments. There are, for example, a few women among those questioned, who had never worked or who had never worked very long because of the birth of their children. Especially when compared throughout history, individual positive effects of the new "One Euro Jobs" can be seen. Above all, they take the shape of newly won confidence in one's own capabilities. Overall in our research, however, these were the exception and not the rule.

#### **4. Conclusion**

The starting point of our argumentation was the critique on a strict definition of reasonability. The impositions, which were created within the framework of the Hartz IV reforms, cannot be reduced down to a legal understanding of stricter reasonability. Therefore, in the first part of our article we discussed the central elements of activating labor market policies, with the goal of arranging them into an expanded concept of what is reasonable. The reforms not only usher in a new concept of self-responsibility, but rather they bring about a change from the principle of securing one's status to the principle of securing one's livelihood. The new examinations of neediness represent further aspects of the reform. As a result, the new rules can be conveyed in an expanded concept of what is reasonable, which comprises six dimensions. In addition to the *reduction of benefits*, we also note the *limited authorization of access*, the *de-privatization of private issues* and the *control of self-initiative* as dimensions to increase the person drawing benefits' willingness to concede. Above all, the *expenditure limits for accommodations* and the *stigma perceived through Hartz-IV reforms* are dimensions, which are perceived by the majority of our interviewees as a tightening of reasonability.

In the second part of our article, we presented the empirical findings from the first phase of data collection within our ongoing research. With the subjective processing patterns of unemployment and precarious occupations in mind, we made a distinction between three main types ("at any cost workers", "as if workers", and "non-workers"). The majority of those questioned held onto the idea of regular gainful employment and suffered from their dependence on (slight) benefits. For them, a nice life means having the right job in order to earn "good money". Through the "Hartz reforms", neither their personal situation was improved, nor do they have the

feeling that their chances in the labor market were increased. In order to be doing anything at all, many of our interviewees strive for a one Euro job or other measures within labor market policy. Many have not yet given up hope for the first labor market, others seem to settle for their measures. The influence of reasonability on labor market orientations can be named by example for every type. One can generally conclude that the high labor market orientation, which most of our interviewees have, was not interrupted. Above all the "at any cost workers" and the "as if workers" strive for regular gainful employment and are not simply passive. Since they are motivated and since gainful employment plays a prominent role in their lives, the strict rules of reasonability, with the aim of increasing employability, remain ineffective. Reasonability also does not function the way that it was intended for the group of "non-workers". Most of the people questioned had found means and ways to go out of the way of the requirements that are given to them. However, we discovered non-intentional effects of the activating labor market policies. The status of being a Hartz IV recipient is stigmatizing and in many cases leads to social withdrawal.

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