

Social disinvestment and vulnerable groups in Europe in the aftermath of the financial crisis

The case of long-term unemployed people in Germany

Rüdiger Mautz (SOFI)





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Executive summary

The *target group* of the German report consists of long-term unemployed persons. These people are being counted among the most vulnerable groups in Germany since long. Despite economic recovery long-term unemployment still is a serious structural problem of the German labour market. While the total number of jobless persons in Germany considerably went down since the crisis, the number of the long-term unemployed stagnates at about one million since 2011. German inquiries on poverty show that these people have a highly above-average risk of falling into poverty.

The study is based on *qualitative and participative empirical methods*: a three-days-workshop and personal interviews with long-term unemployed persons; all of them were participants of local bottom-up initiatives of jobless people. This methodological approach does not generate representative findings but rather aims at a deeper comprehension of the impact that crisis as well as crisis-related politics and socio-economic changes have on the lives, experiences, or personal perceptions and claims of vulnerable people.

As a *main result* it can be stated that most of the research participants have been affected by the far going turn of German labour market policy in 2005 (the introduction of the so called “Hartz reforms”) in a discriminating way: the combination of stronger activation rules on the one hand and austerity measures like the cut-down of benefits for long-term unemployed persons on the other often had – and still has – a severe impact on those people who are without a job since long. Following the labour market reform, the crisis of 2008 and the subsequent austerity measures had an additional or intensifying impact on the lives of many long-term jobless people. In sum, the outcomes of the labour market reform and of crisis-induced political measures led to social disinvestment and went hand in hand with (increasing) financial, social and psychological restraints as experienced by most participants of our study.

Our findings show that long-term unemployment is often linked to the personal experience that *human rights* are violated by the outcomes of the Hartz reforms. Due to the harsh cut-down of benefits many of the research participants see their *right of leading a decent life* and of being protected against increasing economic and social deprivation substantially violated. *Social injustice* is another main topic: the cut-down of benefits is widely seen as a kind of *disrespect* to the life-time achievements especially of those who had worked for many years and whose standard of living will be rapidly reduced to the minimum subsistence level after a certain period of unemployment. Furthermore, several of the research participants see the *right of a fair treatment by the job agencies* violated by experiences of disrespect, permanent pressure, or social incapacitation due to the measures and provisions which the job agency imposes. Last but not least, there is a common experience of *social devaluation* – an experience which affects *the right of human dignity*. Long-term unemployed people meet in many ways a social climate of incomprehension, stigmatisation or even disdain, whether in the closer social environment, in the media or the society as a whole.

Our findings make clear that the outcomes of the German Hartz reforms may restrict *the individual capabilities* of long-term unemployed people severely. These restrictions have become apparent among the participants of our study with regard to various aspects: the individual employment outlook; the financial scope concerning options and choices in everyday life; the individual choices concerning the participation in social life. In other words: the institutional resources provided by society or state are seen as insufficient in terms of facilitating the return into work, enabling a decent life, or supporting social integration. Most of the research participants criticise the factual activities and practices of the job agencies which should enable individual chances and choices on the labour market, but, in their eyes, fail in doing so. In our sample it is only a minority of foremost younger unemployed persons who consider the specific services and measures of the job agency as a helpful path of reintegration into work.

With regard to our target group another relevant finding has to be emphasised: *bottom-up initiatives of unemployed people* can be considered as collective resources which support the strengthening of individual resilience, for instance in terms of self-efficacy and self-empowerment. Moreover, such initiatives can help with the building-up of individual capabilities regarding activities or forms of social participation and integration beyond work. Last but not least, the initiatives offer different forms of self-help which may enhance individual capabilities of their participants, for instance with regard to the efforts of job seeking, or the handling of requirements and measures prescribed by the job agency.

The following *conclusions for public policy and practice* were drawn by the workshop's participants and additionally discussed in the interviews. Necessary are:

- political decisions and measures against the *cutback of public infrastructure* caused by savings or decreasing investments, especially on the local level;
- improvements for the benefit of a *secure livelihood* which should be achieved by a reformed system of social security;
- improvements concerning *social justice*: required are measures against growing social imbalances of income and wealth in German society;
- improvements concerning *employment security*: German (as well as European) labour market policy should put an end to the expansion of non-standard or low-income jobs – political and legal support should be given primarily to the generation of fair jobs, fair work, or fair payment;
- improvements concerning the *social recognition* of (long-term) unemployed people in the German public;
- more *appropriate counselling and job services* which should consider the real needs and abilities of (long-term) jobless people;
- improvements concerning the *public funding of local initiatives of unemployed people* which has decreased in Germany in recent years.

Preface

This report would not have been possible without the support and collaboration of several members of the ELAN Network in the Kassel region and the ALI initiative in Gießen. A core element of our participative research was a three-days-workshop about the issues of long-term unemployment and labour market policy. This workshop which we carried out together with several long-term unemployed people was originally initiated and moderated by protagonists of the ELAN network in collaboration with a social pedagogue of the ALI initiative. Besides all these very helpful collaborators of the research project I would particular like to thank all those participants of the ELAN and ALI initiatives who were willing to give personal interviews. These interviews were “personal” in the full sense: the interviewees talked openly about their lives and the burdening of long-term unemployment, their future expectations, hopes and fears. Such openness is in no way self-evident – and was a precondition for the accomplishment of this research project.

Rüdiger Mantz

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Introduction¹

This report is prepared in the framework of the Europe H2020 project ‘Rebuilding an inclusive, value based Europe of solidarity and trust through social investments’ (RE-InVEST). The RE-InVEST project aims to contribute to a more solidary and inclusive EU, through an inclusive, powerful and effective social investment strategy at EU level. Moreover, the project itself adopts a participative approach that gives voice to vulnerable groups and civil society organisations. The RE-InVEST consortium consists of members of the informal network ‘the Alliances to fight Poverty’, a network of civil society organisations, trade unions, policy makers and academics co-ordinated by the Flemish Christian labour movement *beweging.net*, and committed to a more inclusive Europe. The consortium covers a broad range of European countries, both geographically (12 countries, 13 regions) and in terms of representation of different welfare and labour market traditions. The analyses are carried out by the local partners, who consist of NGOs and/or researchers.

In particular, this report is one of the 13 national reports that make up the qualitative research of the RE-InVEST work package ‘The social damage of the crisis’. This work package focuses on the lived experience of vulnerable people, the impact of the crisis (and crisis-related policy reform) on vulnerable groups as well as the impact of growing inequality and social vulnerability on distrust. Our two key hypotheses in this regard are that:

- growing distrust and indeed resentment among the population may be attributed to (a rejection of) the neoliberal policies employed by national as well as European elites in recent years;
- this integrated diagnosis can build on the idea of the erosion of/disinvestment in (individual and collective) capabilities and basic social rights in the EU. This means that experiences of insecurity, poverty and social degradation need to be re-analyzed from those perspectives.

Next to the 13 qualitative case studies, this work package consists of a cross-validation with a report describing trends in selected quantitative indicators that reflect the relation between socio-economic vulnerability, human rights and capabilities. A third element consists of a statistical analysis of the dynamic relationship between vulnerability, shifts in social policies and trust: in which sections of the population has the trust in institutions declined most? Can different patterns between countries be observed, and can they be explained by differences in policy shifts and differences in resilience of civil society? A European synthesis report will combine the main findings from the three types of analyses.

The qualitative research focuses on the experience of vulnerable groups in each of the 12 countries (13 regions) participating in RE-InVEST. Mixed teams of researchers, NGOs and union workers, practitioners and people from vulnerable groups jointly analyzed cases where the crisis has impacted on human rights and (individual as well as collective) capabilities.

The German qualitative case study focuses on long-term unemployed people. The main reasons for choosing this target group will be explained in chapter 1 (national context). A detailed description of the empirical case study, its participants and regional focus will be given in chapter 2.2 (methodological approach).

¹ This chapter is written by Katrien Steenssens.

1. National context

Although this report is on the damage of the crisis, our starting point is the observation that problems in some segments of the German labour market reach back further in time than to 2008 only. They concern in particular long-term unemployment and low-paid work, leading to a growing poverty rate in Germany.

There was a negative impact of the *financial crisis in 2008 and following years* on the German economy, but it had – all in all – a rather short-term effect and was followed by a recovery of the national economy since then. 2009 was a year of crisis – and of public awareness that Germany had been struck by the financial crisis, too. The most visible impact of the crisis was a decrease of the German gross domestic product (GDP) by 5.6 percent from 2008 to 2009. Moreover, this was by far the heaviest slump of the Germany GDP within one year since World War II (*Statistisches Bundesamt 2015: 320-321*). However, since 2010 the German economy is moderately – but continually – growing again.² By contrast, Germany fell into an economic period of stagnation during the years *before* the financial crisis: between 2001 and 2005 economic growth rates were rather small (even negative in 2003), and unemployment reached a maximum in 2005 with 4,860,909 jobless persons (unemployment rate: 11.7 percent) – more than ever since the German reunification in 1990 (*Statistisches Bundesamt 2015: 362*). Before the breakout of the financial crisis in 2008 the volume of unemployment went down remarkably – in 2008 the official number of jobless persons was about 3,268,000 (unemployment rate: 7.8 percent) – and only moderately increased in 2009 (about 3,423,000 jobless persons; unemployment rate: 8.2 percent). Since then the official German rate of unemployment continually has gone down: to 6.0 percent in November 2015 (annual average 2015: 6.4 percent) (*Bundesagentur für Arbeit 2015: 18*).

We decided to put an emphasis on *long-term unemployed persons* in the German national report because these people are being counted among the most vulnerable groups in Germany since long. Despite economic recovery long-term unemployment is a serious structural problem of the German labour-market – a structural problem that already existed *before* the crisis of 2008. A reform of social policy (resulting in changes to the German social code) and of labour-market regulation in particular (the so called “Hartz-reforms”) was implemented between 2003 and 2006 – just a few years before the 2008 financial crisis – and considered as a measure against the crisis of the German welfare state and German economy in the early 2000s. Originally, “Hartz IV” (one of several reform packages) was introduced (on January 1st 2005) to target explicitly the group of long-term unemployed persons. Stronger activation (tighter eligibility rules, use of sanctions) and a greater use of private placement agencies were part of the reforms. However, the most incisive consequence of the reform program was the drastic cut down of benefits for many long-term unemployed persons (for more details see chapter 4.1). The German public discussed Hartz IV controversially as a measure that puts jobless people under pressure but does not lead to satisfactory results in terms of reducing the high volume of long-term unemployment. Moreover, with the “Hartz IV” measures unemployment benefits for long-term unemployed have been reduced considerably – with the result that these people suffer from increasing risks of falling into poverty.

The more the willingness of long-term unemployed persons to accept low paid or non-standard jobs has grown due to these pressures, the more their chances of getting a normally paid permanent job have went down, because many employers have become reluctant to engage a long-term jobless person within the terms of a regular and unlimited employment relationship. Scientific analysis of the development of revenues

² Growth rates of the German GDP: 2010: 4.1 percent; 2011: 3.7 percent; 2012: 0.4 percent; 2013: 0.3 percent; 2014: 1.6 percent; 2015: 1.7 percent (*Statistisches Bundesamt 2016: 1*).

in Germany show that the continuing increase of employees working in low-paid jobs already began several years before the Hartz reforms, especially during the period of economic stagnation from 2001 on (*Knuth 2014*: 61) – a trend that was promoted by the German state which since 2003 facilitated the creation of so called “Mini”- and “Midijobs” (for instance so called “400-Euro-jobs”, since 2013 “450-Euro-jobs”) by legal regulation (*Mayer-Abuja et al. 2012*: 34). With the implementation of the Hartz-reforms the share of low-paid employees (who earn hourly wages below 2/3 of the median wage) further increased from 23.3 percent in 2005 to 24.3 percent of all employees in 2008, followed by a slight decrease to 23.8 percent in 2012 (*Knuth 2014*: 61, table 21). Referring to statistical data of EU-SILC 2011 *Knuth* emphasises the fact that Germany is the European country with the second largest share of low-paid employees (behind Lithuania) and, furthermore, shows one of the sharpest increases of this trend throughout Europe since 1996 (*Knuth 2014*: 62). Thus, critics of German labour market policy emphasise that a large sector of “underemployment” has been created which has to be taken into consideration if one wants to evaluate the recent development of the German labour market appropriately.

Moreover, the official number of unemployed persons does not cover the whole “workplace gap”: there is – similar to other national labour markets in Europe and beyond – a “secret reserve”, consisting of (long-term) jobless people who are either in a qualification measure at present or – for different reasons – non-registered as an unemployed person but potentially job-seeking. Based on calculations made by the *Institut Arbeit und Qualifikation der Universität Duisburg-Essen (IAQ)*, the German secret reserve included in 2014 about 940,000 persons, or 24.5 percent of the whole “workplace gap”. The latter amounted to about 3,540,000 persons in total, whereas the official number of registered unemployed persons accounted for about 2,900,000 in the same year. The share of the secret reserve has been more or less stable since 2005 when it accounted for 24 percent.³ The official number of *long-term unemployed persons in Germany* had a maximum at 1,588,089 persons in 2005 (annual average; *Statistisches Bundesamt 2015*: 362), followed by a decrease for the next five years. This trend surely was caused by the economic rebound of Germany since 2006, but was also a result of the expanding sector of low-paid employment which absorbed a considerable share of the long-term unemployed.

However, the socioeconomic problem of long-term unemployment still remained: the total number of long-term jobless persons stagnates at about one million persons since 2011 (*Hobmeyer et al. 2015*: 10). Despite economic growth during recent years and despite a package of measures orchestrated by labour market policy a persistent share of hard-core unemployment could not be removed by now. According to the monthly report of the German Federal Labour Agency there still were 1,013,000 long-term unemployed persons in November 2015, or 38.5 percent of unemployed persons in all (2,633,000 persons). This was even a slight increase of percentage since November 2014 (from 38.3 to 38.5 percent) (*Bundesagentur für Arbeit 2015*: 15-16). In contrast, public funding and promotion of long-term jobless people went down remarkably during the crisis, for instance with regard to advanced vocational training or employment promotion by state funding (*Hobmeyer et al. 2015*: 26). In the latter case the number of promotion measures (e.g. settling-in allowances or funding of self-employment) for unemployed persons in total went down from 338,600 in 2009 to 124,365 in 2014; the funding of advanced vocational training decreased during the same period from 264,215 to 161,329 measures.⁴

Among the jobless people as a whole there are some groups who presently have very limited chances of re-entering the workforce, respectively have a high risk of suffering from enduring joblessness: About half of the long-term unemployed persons in Germany are without vocational education; furthermore there is a high rate of older people (50 or more years) and of migrants among the long-term unemployed. There are some additional characteristics which negatively affect the chances unemployed persons have of integrating into the labour-market: especially health problems, or incompatibility of family and work, mainly in the case of single parents (*ibid.*: 10-12). The Poverty Report 2014 (*Armutbericht 2014*) – published by a German

3 Source: http://www.sozialpolitik-aktuell.de/tl_files/sozialpolitik-aktuell/Politikfelder/Arbeitsmarkt/Datensammlung/PDF-Dateien/abbIV34.pdf; accessed April 28, 2016.

4 Source: http://www.sozialpolitik-aktuell.de/tl_files/sozialpolitik-aktuell/Politikfelder/Arbeitsmarkt/Datensammlung/PDF-Dateien/abbIV86_Grafik_Monat_11_2015.pdf; accessed April 28, 2016.

welfare organisation – shows that German unemployed people have a high risk of falling into poverty: the poverty rate among unemployed persons was 58.7 percent in 2013. Moreover, this rate increased considerably during the crisis (increase of 18.8 percent since 2006), especially among less qualified jobless persons (increase of 30 percent) (*Der Paritätische Gesamtverband 2015a*).⁵ In line with this the general German poverty rate increased between 2006 and 2013 from 14 percent to 15.5 percent. Poverty among young people is even on a higher level (19.2 percent in 2013, the highest rate since 2006).⁶

A persistent base of long-term unemployment, a high rate of low-paid work, an increasing rate of poverty: all these trends can be seen as manifestations of an overarching tendency in German society which is moving towards *growing social inequality*. This trend intensified since the 1990s: in Germany the Gini coefficient – a measure of uneven distribution of income – increased between 1998 and 2006 by nearly 20 percent, the rate of relative poverty increased during the same period by about 40 percent (*Mayer-Abuja 2012 et al.*: 34). Since then inequality of available income stagnates, not least due to a considerable job growth in Germany from 2005 on (*Fratzscher 2016*: 64). However, growing social inequality also becomes apparent in an increasing spread between employees earning high wages on the one hand and those working in low-paid jobs on the other. Because of the expansion of the low-pay sector (see above) there has been a “thinning” in the middle of the hourly wages’ spread. Thus, the relative frequencies at the margins of the spread have increased (*Becker 2012*: 620). Besides the growing inequality of income in Germany there is an even bigger trend since the 1990s towards an *increasing concentration of wealth* in the hands of upper income groups (*ibid.*: 616). In a recently published study about social inequality *Fratzscher* underlines with regard to the distribution of wealth that Germany is one of “the most unequal countries in Europe”, showing a considerable above-average Gini coefficient of wealth inequality within the European Union (*Fratzscher 2016*: 43-44). About 40 percent of German households “actually have no net capital at their command”. And this means: these households “have no possibility to draw on reserves if the financial situation becomes scarce in old age or in the case of illness. They have no resources that allow investing in the education of their children. Unforeseen expenditures and charges often lead these households into over-indebtedness and to further restrictions of their living standard” (*ibid.*).⁷ Combined with low income as in the case of low-wage earners and (long-term) unemployed persons, these fortuneless households bear an over-average risk of falling into poverty.

Even the predominant way how German companies tried to overcome the crisis in 2008 – mostly in cooperation with the responsible labour representatives – showed typical patterns which supported given structures of inequality within the German workforce.

A study by *Eichborst et al. (2010)* provides answers to the questions (1) why the German labour market has not been struck by the crisis as hard as several other national labour markets in Europe and (2) which groups of employees had the highest risk of losing their jobs due to the crisis. Ad (1): The German labour-market remained relatively stable during the crisis because of the “strong internal flexibility” of the German companies. “For example, in Germany working time accounts and complementary short-time work allowances helped stabilise the manufacturing sector” (*ibid.*: 31). These measures contributed greatly to protecting the core labour-market. Ad (2): However, the reverse of the medal was that “adjustments in employment” occurred “at the margins (...), i.e. non-standard workers have borne the brunt of employment losses”, for instance agency workers or employees working on a fixed-term contract (*ibid.*). As already shown above these two groups of non-standard employees expanded considerably in the years before the crisis and often were the first to be dismissed during the crisis. Moreover, these groups bear an above average risk of remaining in long-term unemployment after job loss.

In addition to social insecurity due to rarely cost-covering unemployment benefits, (long-term) unemployed persons often suffer from stigmatisation and the incriminations of a blame-the-victim culture. Drawing on a recently published report on long-term unemployment in Germany (*Heitmeyer 2012*), a German

5 In this report all households with less than 60 percent of the average German household income are counted among the poor households – according to the usual statistical practice of defining the country-specific relative poverty rate in the EU.

6 The most recent data used in this report were recorded in 2013.

7 Translated by Rüdiger Mautz.

newspaper speaks about the “new German disdain” (“*neue deutsche Verachtung*”) that jobless people are confronted with.⁸ *Heitmeyer (2012)* emphasises resentments and “group related misanthropy” (“*gruppenbezogene Menschenfeindlichkeit*”) among the German population and critically describes a social climate of prejudice, accusation and stigmatisation directed against unemployed persons who are often blamed as “useless”, “inefficient” or “unwilling to work”. The book is called “German Conditions” (“*Deutsche Zustände*”); its empirical findings are based on inquiries among the German population in the context of a long-term study that started in 2001. Most recent data have been gathered in 2011. The findings show that devaluation of long-unemployed people increased among the German population from 2007 to 2008, then went down during the crisis, but did increase again from 2010 to 2011.

⁸ fr-online, April 3, 2014: <http://www.fr-online.de/arbeit--unsere-religion-/langzeitarbeitslose-neue-deutsche-verachtung,30242698,30288942.html>; accessed May 20, 2015.

2. Theoretical and methodological approach

2.1 Theoretical approach⁹

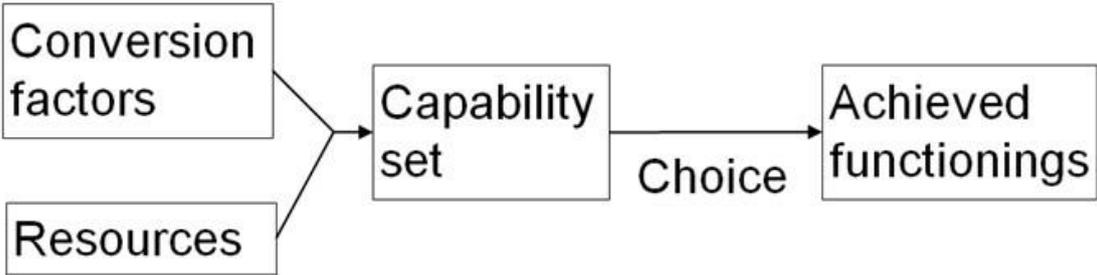
RE-InVEST aims at investigating the philosophical, institutional and empirical foundations of an inclusive Europe of solidarity and trust. To this end it draws on capability and human rights based participatory approaches.

Human rights form a common European basis of values and describe at the same time core elements of what constitutes well-being and a good life. Further, human rights are transformative by empowering people. For vulnerable people the usage of a rights-terminology has proven to change their perspective by making them aware of their rights and the ways in which their current situation compromises these rights. Human rights are the basic rights and freedoms that belong to everyone. International law, including treaties, contains the provisions which give human rights legal effect. Ideas about human rights have evolved over many centuries and gained strong support after World War II when the United Nations adopted the 1948 Universal Declaration of Human Rights - which set out for the first time the human rights and fundamental freedoms shared by all human beings without discrimination of any kind. Human Rights are universally agreed basic standards that aim to ensure that every person is treated with dignity and respect; they are interdependent and indivisible, meaning that rights are linked and not protecting one right may impact on another, they belong to all people without discrimination. Usually set out in law, through international or regional treaties, or national legislation, they form a legal statement of universally accepted principles of how the state should treat its citizens and other people living within its jurisdiction. Human Rights include Civil and Political Rights, such as the right to life, the right to a fair trial and the right not to be subjected to torture; and Economic, Social and Cultural Rights, such as the right to work, to join a trade union, to health, to education, and to an adequate standard of living. Specific groups are protected in specific treaties such as women, children, people with disabilities, minorities, and migrants. For vulnerable people the usage of a rights-terminology has proven to change their perspective by making them aware of their rights and the ways in which their current situation compromises these rights.

The capability approach as developed by Sen (1999) and Nussbaum (2011) defines a person's well-being in terms of the beings and doings (the functionings) a person achieves and her capability to choose among different combinations of such functionings. For leading a life one values and has reason to value resources and conversion factors are preconditions (Figure 2.1). Resources refer to the material conditions of a person: her income, the goods and services she disposes of. Conversion factors help her converting resources into doing and being well. There are personal conversion factors such as skills and bodily features, social conversion factors such as social norms and social institutions and environmental conversion factors such as climate and geography. In the end both the achieved functionings as well as the freedom to choose a life one values matters.

⁹ This chapter is written by Mary Murphy and Ortrud Lessmann.

Figure 2.1 Resources, conversion factors, capability set and achieved functionings



For assessing the capabilities of vulnerable people RE-InVEST aims at giving them a voice. Their participation is fostered by relying on *participatory action research* that directly results in policy recommendations. Participatory action research views participants as co-researchers who have special knowledge about their own situation. Hence they are not only asked or interviewed on their views but take part in research by engaging in, interpreting, and reflecting on their own social world, shaping their sense of identity.

It is a circle of knowledge generation that emerges from this method and includes the steps of knowledge production and sharing, empowerment by participation, newly generated knowledge and action that builds upon this knowledge (Figure 2.2). Crucial for this kind of knowledge generation is the “merging” or “crossing of knowledge” that comes from three parts: scientific knowledge as gained by researchers; knowledge which the poor and excluded have, from their firsthand experience, of the twin realities of poverty and the surrounding world which imposes it on them; and the knowledge of those who work among and with these victims in places of poverty and social exclusion (Figure 2.2).

Figure 2.2 Merging of knowledge



These are the core elements of the Participatory Action Human Rights and Capability Approach (PAHRCA) developed in RE-InVEST. PAHRCA entails seven steps (Toolkit 2016, 44-45): 1. Identify and meet partner NGO/gatekeeper, 2. Preliminary ‘meet ups’ (for trust building if necessary), 3. First meeting with participants – trust building, 4. Developmental: implement developmental human rights & capability approach, 5. Inquiry/data gathering, 6. Identifying patterns (key issues and themes of concern to the group) and 7. Undertake action/outcome using one or combination of approaches.

The concrete outlining of the approach in Germany is described in the paragraphs below.

2.2 Methodological approach

Drawing upon PAHRCA, the German study is based on *qualitative and participative empirical methods*: a *three-days-workshop* with ten participants belonging to our target group of long-term unemployed people and *qualitative interviews* with most of the workshop's participants and with an additional group of long-term unemployed persons who could be counted to our target group, too. All in all 16 personal interviews were conducted by the researcher (*Rüdiger Mautz*) – as one of the interviews was with two persons, 17 persons were interviewed in total (ten female, seven male of all ages 18+). All interviews have been transcribed in order to accomplish a comparative examination based on an interpretative approach which was guided by our research questions.

The methodological approach of this study does not generate representative findings but rather aims at a deeper comprehension of the impact that crisis as well as crisis-related politics and socio-economic changes have on the lives, experiences and personal perceptions of vulnerable people. By giving these people a voice PAHRCA can contribute to the unfolding of economic and political demands which are necessary to improve the living conditions of the most vulnerable groups in an appropriate way.

2.2.1 Target group

As already explained above, our target group consists of long-term unemployed persons. As a further selection criterion for our group of participants with experiential knowledge we only included persons who were participating in a *bottom-up initiative of jobless people*. The main reason for this was that we wanted to include an already existing group or network of unemployed people with whom we could work continually, e.g. preparing and holding a joint workshop. The second reason was that we expected some insights into *collective* capabilities and coping strategies that help with overcoming the challenges and burdening of (long-term) unemployment and go beyond the individual possibilities of doing so.

Our research focused on two initiatives, which are located in different regions of the German federal state of Hessen: The first one is the ELAN initiative (*Erwerbslosenarbeit Nordhessen*), a network of regional initiatives of unemployed people in the urban-rural Kassel region (North-Hessen); the second one is a local initiative called ALI (*Arbeitsloseninitiative Gießen e.V.*) in the medium-sized town of Gießen (Mid-Hessen).

The ELAN network was founded by some trade union and church-based activists together with some already existing or newly founded local initiatives in the early 1990s and comprises nowadays a network of local initiatives, organisations, or single actors, situated partly in *Kassel* (about 250.000 inhabitants), partly in smaller regional towns (e.g. *Eschwege*). Cooperative partners of ELAN are the Protestant Church of Kurhessen-Waldeck (Department of Economy-Labour-Social Affairs) and the regional section of the German Federation of Trade Unions (DGB). The tasks of ELAN comprise at first hand informative and advisory activities for the benefit of unemployed persons (partly with a close institutional connection to trade unions) concerning issues of labour market regulation, the rights and opportunities of unemployed people, or the handling of measures and provisions of the job agency. In short, one of ELAN's main goals aims at offering its participants help for self-help in the situation of (long-term) joblessness. Last but not least, ELAN pursues socio-political goals, for instance by commenting on labour market policy, or by informing the public about the situation, demands and disadvantages of unemployed people (including public events on the local or regional level).¹⁰

The local ALI initiative was founded in 1986 in Gießen. It is a semi-professional organisation which is based on the paid work of several employees (e.g. social workers or social pedagogues) and the commitment of numerous volunteers. Similar to ELAN, the ALI initiative cooperates with representatives of churches and trade unions (ALI is located in the "House of Trade Unions" in Gießen). At present the ALI initiative comprises a wide range of tasks and activities dedicated to the support and help of unemployed people: ALI runs a meeting point and café for jobless people, offers an advisory service, a job board (pedagogically accompanied job search), professional support concerning the personal employability, special projects of

¹⁰ See the ELAN homepage: <http://elan-nordhessen.de/index.html>; accessed April 12, 2016.

self-help (concerning the everyday life during joblessness), or cultural and media projects which can be joint by participants.¹¹

The recent developments of the *regional labour markets* which play a decisive role for the participants of our target group – North Hessen on the one hand and the Gießen district on the other – show some notable differences. However, both are in line with the general trend of decreasing unemployment rates in Germany since around 2005 combined with a persistent basis of long-term unemployment (see above: national context). The *regional labour market of North-Hessen* is marked by a remarkably positive development since 2005: at that time the Kassel region was an area of deep-going labour market crisis with a high number of job losses and closures of firms, resulting in unemployment rates above the German average. By contrast, in December 2015 the unemployment rate of Kassel city was only moderately above the German average (Kassel city: 8.5 percent; Germany: 6.1 percent), the unemployment rate of the rural district of Kassel amounted to 4.4 percent in December 2015 and was therefore even below the German average.¹² Compared to the Kassel region, the development of the *regional labour market of the Gießen district* was more in line with the average development in Germany as a whole, because Gießen was not hit as much by the German labour market crisis as the Kassel region around 2005. During the following years unemployment continually went down in the Gießen district; in December 2015 the regional unemployment rate amounted to 5.2 percent¹³, hence it was moderately below the German average of 6.1 percent.

2.2.2 The workshop

Our initial contact person was a pastor of the Protestant Church in Kassel who has since long been cooperating with the ELAN network and with whom the SOFI institute already cooperated in a former research project. The pastor is chief of the regional Church Department of Economy, Labour and Social Affairs. Together with the pastor and three other representatives of the ELAN initiative we constituted a steering group in order to prepare a workshop on long-term unemployment. We had three preparatory meetings with the steering group from July to October 2015 and worked out an invitation letter, a program for a 3-days-workshop on the issue of long-term unemployment as well as a guide-line for subsequent personal interviews.

The workshop took place in October 2015 together with about 10 members of the ELAN initiative and was jointly moderated by protagonists of the ELAN network and a social pedagogue of the ALI initiative. The workshop's location was a remote one at the edge of a small regional town near Kassel where all participants could stay overnight (in an educational institution of the Protestant Church) – so we could sit and talk in the evening, too. All workshop participants live in the Kassel region: some live directly in the town of Kassel, others in smaller regional towns or villages.

In the course of the workshop (as well as at the preparatory meetings of the steering group) *merging of knowledge* happened: the workshop enabled a mutual process of learning from each other about the experiences and burdening of long-term unemployment, about their struggles with the local job agencies (the so called “Job Centers”), their struggles with an aggravating financial situation, with loss of social recognition, with illness, with an uncertain future, etc. We also worked with some creative elements, for instance with the biographical snake we already tried out at the preparatory RE-InVEST meeting in Maynooth (Toolkit 2016: 59-60), or with designing large human figures which expressed the experiences of unemployment and a burdening life (*ibid.*: 61-62). On the last day of the workshop we intensively discussed at first individual and collective coping strategies in order to build up resilience against the burdening and disadvantages of long-term unemployment. At second we had a discussion about political solutions, mainly addressed to the German policy (on the federal as well as on the regional and local level). This discussion also served as a reaffirmation – or clarifying – of collective positions about recent German labour market policy by the

11 See the ALI homepage: www.ali-giessen.de; accessed April 12, 2016.

12 Source: <http://www.hna.de/kassel/arbeitslosigkeit-weiter-6008813.html>; accessed April 13, 2016.

13 Source: <https://statistik.arbeitsagentur.de/Navigation/Statistik/Statistik-nach-Regionen/BA-Gebietsstruktur/Hessen/Giessen-Nav.html>; accessed April 13, 2016.

present participants of the ELAN network. The initial inputs for all workshop discussions as well as the moderation were made by members of the steering group and by a social pedagogue who works for the ALI initiative. The role of the researcher mainly consisted of recording the discussions and of feeding in some information as well as occasional questions referring to the main topics of our research. The workshop was very helpful in order to further elaborate and finally complete the interview guide-line. During the workshop the researcher could learn much about the issues and problems which actually were important for the participants: for instance, their partly painful struggle with the job agencies, their fundamental discontent and disagreement with labour market regulation in general and the benefit system for long-term jobless people in particular.

2.2.3 The interviews

The workshop was a good opportunity for building up trust between the researcher and the participants. Nearly all of the participants of the workshop agreed to have a personal interview in the days following the workshop (total of nine interviewees). By a local social pedagogue we came into contact with the ALI initiative in *Gießen*. At an initial meeting in the ALI café the researcher informed the present initiative's members about the RE-InVEST project; during the following weeks, he conducted personal interviews with eight of the regular attendants of the ALI café.

Subsequently to the workshop the *interview guide-line* was completed by the researcher. The main topics of the guide-line were structured as followed:

- biographical background: development and main stages of biography until the beginning of long-term unemployment;
- experiences in the course of unemployment: development of living conditions/struggle with the job agencies, etc.;
- consequences for personal capabilities and social rights (regarding financial scope, decent living conditions, social inclusion and participation, social recognition and self-esteem, chances of getting a new job or a vocational education and training);
- perception of the 2008 crisis: the personal, societal, political consequences of the crisis;
- personal future prospects;
- discussion of societal/political demands and possible solutions.

After finishing the interviews there have been three *feedback meetings* with the steering group up to now: the first one took place in December 2015, the second one in March 2016, the third one in June 2016. Matters of discussion were (1) first sketches of the empirical findings, (2) further steps of examination to be carried out by the researcher on the basis of the interview transcripts, (3) the draft version of the German National Report (German language). The final version of the German report will be presented at an ELAN meeting in Kassel in October 2016 (and presumably at an ALI meeting in *Gießen* in autumn 2016).

2.2.4 Future activities

To undertake action as a final step in the process, the RE-InVEST team of SOFI together with the ELAN initiative are planning a *public event* on the results and political implications of the RE-InVEST work package 3. In order to combine the findings of the German national report with joint results of work package 3 as a whole we are planning to hold a conference on social policy and (long-term) unemployment in Europe in spring 2017 in Kassel.

3. Two selected biographies

The following two biographies have been selected because they illustrate that the individual path to long-term unemployment – despite quite different initial conditions especially in terms of education and qualification levels – is paved by accumulating labour market risks. Although the individual risk structure is rather distinct, the biographies have in common that a return into a “normal” employment is out of question for both Doris and Otto.¹⁴

3.1 Biography of Doris¹⁵

Doris was born in 1968. She is now 47 years old and lives in a medium-sized German town. After leaving school she did not take up vocational training but took a job as unskilled employee in the Depot store of a military base in her hometown. She was 18 years old then (1986). In the following years she married and in 1992 had a son. During pregnancy she gave up her job (in 1991). Her husband had a fulltime job at that time, so the financial situation of the family was satisfactory. This was one of the reasons why she did not experience her new situation as a state of unemployment, the more so as she could concentrate now on the roles of mother and housewife. However, she also was forced into these roles because she could not get a place in a kindergarten for her son until he was five years old, only a part-time place for three hours in the morning (from 8:30 to 11:30 am), so it was still impossible for her to find a suitable part-time job that she could combine with her family responsibilities.

In 1999 her husband lost his job and became unemployed, thus the financial situation of the family worsened considerably. The family was reliant upon the unemployment benefit of Doris’ husband now: according to the then applicable regulation her husband was entitled to receive 67 percent of his former wage for at longest 24 months, after that he received about 50 percent of his former wage for an unlimited period. That year their seven years old son started attending school and Doris was seeking for a job now. She did not get a permanent job but had casual jobs from time to time (part-time jobs, or low-paid mini-jobs), for instance in a supermarket.

In 2005 – her husband was still jobless – a reform of labour-market regulation, the so called “Hartz-reform”, was implemented by the German government (see above). This change of law led to “an extreme worsening” of the family’s living conditions. Due to the harsh cut down of benefits for long-term unemployed persons as a consequence of the Hartz-reform her husband’s unemployment benefit was reduced, so the financial restraints of the family became stricter than ever. For Doris the Hartz reform had dramatic consequences, too: At that time she had a mini-job in a supermarket (restocking deep frozen foods); due to the Hartz regulation 360 of the 390 Euros she was earning then had to be set against the social benefits for which her family had an entitlement; thus only 30 Euros remained. Furthermore, the supermarket terminated her employment two months after the Hartz reform came into force: due to the Hartz regulation she had to submit a monthly proof of earnings certificate to the job agency; however, this procedure appeared to be too cumbersome for her employer. Thus, she received the notice of termination shortly afterwards.

As a next biographical turning point Doris got divorced from her husband. She became a single mother who had to care for a teenage son and make a living by scarce Hartz benefits. Since 2005 – after being laid off by the supermarket – Doris was permanently without a job. However, in retrospect she apparently

14 Both interviewees agreed with including their anonymised biographies into this national report.

15 Pseudonym.

perceives the whole period since giving up her first job at the depot store in 1991 as a time of unemployment. In the interview she describes this period as a “twenty years long gap in my biography” – a gap that cannot be made undone anymore. From her point of view this “gap” is one important reason why she could not get a new job since then. Anyway, her experiences with job seeking and with the job agency were mostly discouraging. Since 2005 she got no job offer by the job agency at all, because “it never was fitting anyhow”, once she was “too young, once too old, once in the wrong target group”. Moreover, she reports that the job agency did not offer any reasonable education opportunities to her: the permanent answer was “no, no, no” without any explanation. The job agency only offered “a training as a nurse of dementia patients” and “a mini-training as a dishwasher” – but she was not willing to do those jobs, or to attend the training measures offered to her. In her eyes the limitation on these offers was a kind of gender-specific discrimination by the job agency. Thus, in her opinion the job agency let her down since twenty years.

Doris reports that she was not struck by the crisis in 2008 directly; however, due to the crisis “some things became more expensive, the money got tighter (...) and one became aware of the fact that it will be still more difficult to get a job, any kind of job”. She adds that she was (and is) not willing to accept a job “for 3.50 Euros/hour”, not even in times of crisis, because such a low-paid job would not help to get out of the Hartz system of social assistance. For Doris the next biographical turning point came when her son had completed school and vocational training and left the joint household: “This was much like a *cut*”¹⁶. Now she could have worked full-time again, but this turned out to be “actually impossible” because of the twenty years-long gap in her biography. She applied for a new job for several times unsuccessfully. In one of the job interviews the rejection was explained to her in the following way: “Well, you just lazed around on the couch for twenty years”. Doris reports about experiences of discrimination due to a lack of vocational education: she argues that employers nowadays are looking for skilled workers only, even in the case of basic operations. It does not play a role anymore, which actual abilities someone has at his or her command. Thus, Doris personally experienced a loss of social recognition because she remained unskilled. In her perception this trend of devaluation has been forced by politics and the media. As a consequence she sees herself branded: “These are the under-qualified people” who are not suitable for the labour market anymore. Besides such discouraging or even humiliating experiences Doris talks about some difficulties with changing her daily routines after her son had left home: “And finally all things are done and one has to restructure the day. And that isn’t easy. It is easier if you are not alone, that means if you have a purpose. (...) As mother with a child you don’t really become aware of it (*of joblessness; R.M.*) in the beginning”. Meanwhile, she even is too old for getting a vocational education grant. She reports that the job agencies offer such grants only to jobless persons who are less than 45 years old.

Since 2015 Doris participates in a measure of vocational preparation that also includes computer training – the first measure that was offered to her since 10 years. The measure is affiliated to the Gießen initiative of unemployed people (ALI) which among other things runs a café and meeting point down town. In her eyes this measure makes sense: it motivates her to go out and find new contacts in the café, to talk about problems connected to joblessness, to do something useful: being busy in the café for example (preparing brunch; operating the coffee machine, etc.). The measure is limited in time for at longest twelve months. But no matter how long the measure will last – the ALI initiative and café will be open for her in any case. This is very important for her, because in the course of her long-term unemployment she experienced a reduction of social contact as well as increasing social exclusion: she complains about not being able to keep up financially with others in her (former) social environment (friends, relatives, etc.). This severely diminished the possibilities of staying in contact with or visiting someone who does not live in the near neighbourhood, “this has worsened during the last years”. At present all of her acquaintances “receive social welfare benefits in one way or another”. She lives in a neighbourhood (in the town of Gießen) that in her eyes can be described as a “deprived area” (“*sozialer Brennpunkt*”): “We have a lot of people in this residential district who only live by Hartz benefits”. Social exclusion went along with a loss of social recognition: Doris argues

16 She used the English word „cut”.

that people who receive “Hartz IV” benefits (“Hartz IV” is part of the Hartz reform package which specifically regulates the benefit system for long-term unemployed persons) have an “extremely negative” image in the German public: “Dumb, idle, sucker, drunk, bad breeding ...”. Sometimes people say this “frankly to one’s face”. Moreover, she reports about social devaluation of Hartz IV benefit recipients by some German media (popular press; talk shows on TV): They were stereotyped as antisocial people with broken homes, or as profiteers of tax payers’ money, etc. This often was combined with a blame-the-victim culture: “All that stupid sayings like ‘who really is willing to work will get a job finally’”.

Doris describes her future prospects as rather humble: “Hartz benefits are only for bare survival”. One tries to get along with it, one learns how to exist anyhow. In the course of her long-term unemployment the situation “tightened more and more, things somehow became more and more regulated”, for instance the prescribed size and cost of the flat, or the maximum benefits for the household’s water consumption, etc. “Someday one comes to know that there is no way out of this anymore (...); one has to stay at this point until the age of 70, 80, no idea, if one gets as old, but one will keep staying at this point”. She merely has to expect a minimal pension that has to be augmented by a welfare benefit called basic security at old age (“*Grundsicherung im Alter*”). Thus, she expects harsh financial constraints and scarce living conditions for the rest of her life. Even if she would find a future job – at latest at the age of 67 or 69 “I shall be back to where I am now”.

3.2 Biography of Otto¹⁷

Otto was born in 1954. He is now 61 years old and lives in a medium-sized German town. He visited high school and made his Abitur certificate (the general qualification for university entrance). He studied psychology and received his degree in 1981. His first job lasted ten months: he worked in the mental ward of a hospital– a post which was funded by a job creation measure. Because this was a fixed-term job, Otto applied for a position as psychologist at the state welfare association and got a job in North Hessen. For nearly two years he worked in this position before he gave up on it. He did so because the job became problematic for him: he could not relax after work, “instead I took the work home with me”, so finally he decided to dismiss the job (1984). He was already married at this time, and together with his wife he started an advertising and paperwork agency, but the business did not work well. Thus, he had to seek out for a new job and started a professional retraining as a programmer at a large industrial firm. The retraining lasted for one year (1986-1987), but Otto was not successful in finding a job subsequently. He applied for positions in Germany, Switzerland and Austria but only got rejections.

This situation marks an incisive turning point in Otto’s life: He now was unemployed and, furthermore, got divorced from his wife. At the time they had two children who were one and five years. After the separation they lived with their mother. Every second weekend they stayed with Otto. He reports that he had to explain to them his restricted financial situation which did not allow him to answer to all their wishes. “Occasionally I could buy something for them, but not each time and not the most expensive stuff”.

Otto was now living alone and seeking a new job again. In autumn 1987 he got a job as a waiter in a restaurant, about 25 kilometers off his hometown. However, six months later, at Easter 1988, the restaurant building burnt down and Otto became jobless again. He went to the employment agency which offered him a fixed-term position as agency worker at an office furniture manufacturer near his hometown. After his temporary job had finished the company offered him a regular job which started in April 1989. Otto was 35 years old now and began to work as a stockman at the office furniture manufacturer. In retrospective this was a “stroke of luck” for him, the more so as in the beginning he “did not have a clue” about the things he would have to do in this job. It was a typical semi-skilled occupation with training on the job. As Otto stresses this job had nothing to do with his first profession as psychologist, nevertheless he took delight in this new job, because it better fitted to him “as mere office work”. Thus, things became better for him, the more so as he meanwhile became married to his second wife who also had two children. However, in

17 Pseudonym.

January 1993 he had a serious accident on the way to work: on this winter morning he took as usual his bicycle for the 12 kilometers long route to the firm, when he was heavily struck by a car from behind. He suffered from bad injuries, especially from a severe traumatic brain injury. Otto assumes that he nevertheless had been lucky at last, because he had a bike helmet on his head: “Without that helmet I would not have survived the accident”. He stayed for ten days at the critical care unit; after leaving the hospital he additionally had to stay for six and a half weeks at a rehab-center. Finally he could return to his workplace at the office furniture manufacturer.

Three years after, in 1996, the economic situation of the firm became problematic, because the order position had worsened. As a consequence the firm terminated the jobs of 300 employees, Otto was one of them. However, two or three weeks after that measure the firm got “a huge order”. Given this new situation the works council of the firm called for rehiring as much as possible of the dismissed employees. So Otto could come back to his workplace. However, after all that “there was something wrong with me and one year later I left”. Again he was unemployed; two or three years later the firm ultimately broke down and did not exist any longer.

Giving up his job at the office furniture manufacturer was again an incisive turning point in Otto’s life, because a period of long-term unemployment – for about seven years – subsequently began. During that period his father died; afterwards Otto often traveled by train to Bremen (about 350 kilometers away from his hometown) where he had to take care for his mother who was living now as a widow. During several years he alternately stayed for four weeks in Bremen at his mother’s home and for four weeks in his hometown. Due to periodically caring for his mother he didn’t really look for a new job during these years. And – “astonishingly” – he got hardly any job offer by the job agency as well. According to the then applicable regulation Otto received unemployment benefits (“Arbeitslosenunterstützung”) for one and a half year (at max 67 percent of his former wage), after that he received about 50 percent of his former wage for an unlimited period (“Arbeitslosenhilfe”). During this period of unemployment he got divorced from his second wife and has been living alone since then.

Otto emphasises the fact that it was very important for him to maintain a “daily structure” during his long period of joblessness: Whenever he was in fairly good health he went to the university library in order to read journals or books, for instance. Moreover, for several years he walked around at night gathering bottles (in order to get the deposit); when he came home at noon, he had to lay-down and sleep.

In 2005 – the year of the “Hartz” labour market reform (see above) – Otto decided to start something new and took over a little café in Gießen. He ran the café for six and a half years, but then, in 2012, he had to give it up due to health restrictions as well as to economic reasons (the café did not run well any longer).

After giving up the café Otto was unemployed again and had to live on Hartz IV benefits. He was 58 years old and did not get any job since then. He reports that meanwhile he was “sorted out by the job agency, because they don’t see any chances that I will get a job somewhere anymore. I am now 61”. But it was not just because of his age but of his health restrictions, too: “I have a disabled person’s pass and a 70 percent degree of disability”. Given his age and his limitations of health Otto does not expect to get a (paid) job anymore. Instead he sees himself already as a retiree (and introduces himself as such if asked).

An important aspect of Otto’s biography was and is his nearly thirty year-long membership in the ALI initiative of unemployed people. He tells that he never lost contact to the initiative, not even during times he had a job: sometimes he came around then visiting the ALI café, or saying hello. Moreover, since long he fulfills a function within the initiative: as an assessor of the managing committee. In his eyes the initiative not least serves as help for self-help, as a place to come in contact with other (unemployed) people, to have discussions, to listen to and discuss popular lectures on specific (political, social, economic, etc.) issues once a month.

From Otto’s point of view “it is difficult to say” whether the crisis of 2008 had personal consequences for him, for his living conditions or his employment opportunities. At that time he ran the little café (see above) – the fact that he had to give it up in 2012 is not attributed by him to the crisis but primarily to his worsening health back then. However, he considers indirect consequences of the crisis: “The break-down of banks (“Bankenkladderadatsch”) mostly affect the socially deprived and unemployed people, because a huge

amount of money has been spent for bank bailout – money that could have been used somewhere else instead. At present there’s the problem – especially for Hartz IV people – that the funding of advanced training or re-education measures have been cut down brutally”. However, as Otto adds: “This won’t affect me personally anymore because they (*the job agency; R.M.*) probably would not invest money in me anyway”, the more so as many people of his age group have already been sorted out by the job agencies.

Otto knows from personal experience that Hartz IV benefits leave little leeway in everyday life, as regards the provision with groceries, for instance. He indicates that he learned since long – since the days he had a wife and two children – to be money-saving when buying food or other things of everyday need. This apparently helps him to cope with the present situation. His scarce financial situation is also due to the fact that his small “reduced earning capacity pension” (*“Erwerbsminderungsrente”*) of 290 Euros is fully discounted from his Hartz IV benefits and “thereby is for the birds”.

Otto has acquired a specific coping strategy against resentments and social devaluation: For two times in his life he suffered from severe mental health problems. He learnt to deal openly with his disease: “Well, I don’t try to make a secret out of it, because hiding it will cost too much strength and energy”. The more people with mental disease would openly stand for it, Otto adds, the more other people would know about it and the stigmatisation could be reduced by this. “With unemployment it’s quite similar: there are a lot of people who try to hide it. (...) In my case it’s different.”. Furthermore, Otto tries to release himself from social devaluation by calling himself a “retiree” – a social role which is much more accepted by the German public than the status of long-term joblessness.

The role of a “retiree” defines his future prospects as well. Otto is quite sure that he never will return into a formal employment relationship anymore – due to his age and disability. He already thought about voluntary work with refugees, or about offering piano lessons. He regrets some limitations of his everyday mobility – by two different aspects: due to his disability he cannot ride a bicycle anymore which he extensively did in former years; due to his scarce financial situation he cannot visit his mother (who is partly care-dependent) and his children as often as he wants to, the more so as he became a grandfather six months ago.

From his point of view the Hartz IV benefits hardly allow to live a decent life. He can expect only a small pension, maybe augmented by a basic security at old age (*“Grundsicherung im Alter”*). Besides his limitations of mobility he especially complains about the financially caused foregoing of cultural events, e.g. music festivals, because he cannot afford the ticket prices. However, he describes his situation not as deprived as in the case of many other jobless people, “because from time to time my mother adds something (*to his income; R.M.*); but those other people are in hard luck if they are completely alone and don’t get any help or support at all”.

4. Analysis

4.1 Before the crisis: the impact of German labour market reforms (the “Hartz reforms”)

The crisis of 2008 and following years was neither the initial cause of the unemployment of our interviewees nor the major factor of influence regarding their experiences during joblessness as well as the development of their living conditions in recent years. Similar to many other participants of the two initiatives (ELAN in Nordhessen and ALI in Gießen) many of the interviewees look back on an already long “career” of unemployment – for instance for ten or more years. Their status of long-term unemployment already began before the crisis broke out. In some cases long-term unemployment was interrupted by short-term periods of (minor) employment, in other cases participants have been continually without any job since many years. Most of our interviewees became unemployed by rather specific (or individual) reasons: because of a sudden or serious disease; because of becoming a single parent; because of living together with a care-dependent relative; due to a sudden insolvency of the employer; for reasons of delinquency, etc. In some cases, two or more of these factors were intertwined – such a situation made it even harder to get a new job (see the biographies above).

Not the crisis but the implementation as well as the practical consequences of the so called “Hartz-reforms” (2005) have been the most severe experience for the majority of our interviewees. A lot of them became unemployed before the Hartz-reforms came into force – since then they either experienced several subsequent periods of joblessness or look back on a still enduring phase of permanent unemployment. For most of our research participants the reform program led to a drastic cut down of their benefits: Before the Hartz-reforms became law there had been two wage-oriented benefit systems for unemployed persons: The first one (“Arbeitslosenunterstützung”) was based on the public unemployment insurance and paid at longest during the first 24 months of unemployment (60 to 67 percent of the former wage; the duration of payments depended on the duration of former employment). The second one (“Arbeitslosenhilfe”) was tax-funded and paid after the first (at longest) 24 months of unemployment for an unlimited period (about 50 percent of the former wage). With the Hartz-reforms the first benefit system did not change substantially (now called “Arbeitslosengeld 1”/“ALG 1”). But the second benefit system had been changed radically: it is still tax-funded, but the individually paid benefits do not depend any more on the former wage. They have been adapted to the general level of social assistance (now called “Arbeitslosengeld 2”/“ALG 2”) and require a means test. In 2015 the benefits for a single person amounted to 399 Euros/month plus the rent (incl. heating costs) for an “appropriate” flat (the benefits increased slightly since 2005). In the case of multi-person households a differentiated scaling of benefits is applied.

As a result it can be stated that long-term unemployed people have been worst affected by the far going turn of German labour market policy in 2005: the combination of stronger activation rules on the one hand and austerity measures on the other like the cut-down of benefits (the introduction of “ALG 2”) or the promotion of low-paid jobs had – and still have – a severe impact on those people who are without a job since one or more years. The following chapters will deal with the consequences this kind of social disinvestment can have: concerning the financial, social and psychological restraints (chapters 4.3 and 4.4) as well as the build-up of resilience by unemployed people (4.5), or concerning the impact on their human rights (4.6) and individual capabilities (4.7). But first of all we will highlight the additional or intensifying impact of the crisis in 2008 and the subsequent austerity measures as they were experienced by our interviewees.

4.2 The additional or intensifying impact of the crisis

Some of our interviewees point to negative consequences of *austerity on the local or regional level* – consequences by which jobless (or other poor) people are hit harder than average households. For instance when it came to savings on the public infrastructure or institutions like the local public transport, communal libraries, public baths, public meeting places, community housing, etc.; or austerity through increasing communal charges, i.e. public transport fees, kindergarten charges, etc. A lot of criticism offered by our interviewees addresses the politics of *bank bailout* during the crisis: There would have been better use for the hundreds of billion Euros which were given to the banks, if the money had been spent for social investments, for instance for promotion programs in support of jobless people (or poor people in general). Some interviewees note that *older employees* have been disproportionately disadvantaged by that, because a lot of them had been “sorted out” by the firms during the crisis. Another negative consequence of the crisis, as seen by many of our interviewees, is the *increasing number of low-paid non-standard or minor jobs* on the German labour market. To be sure, this trend already started with the Hartz reforms which facilitated the offering of non-standard jobs (see above; chapter 1). However, from the viewpoint of our interviewees this trend was reinforced by the crisis and worsened chances of regaining a standard employment relationship which most jobless people are looking for. Some of the interviewees see themselves directly affected by this trend: Though their own job loss was not initiated by the crisis they value its impact on the German labour market as *one* factor besides others (age, illness, lack of qualification, long-term absence from the labour market, etc.) which – additionally – reduces their chances of getting a normal and fairly well-paid job in the future.¹⁸ Thus, they see their future prospects rather pessimistic: from their point of view future job opportunities will – if at all – be limited to the sector of precarious employment and be coupled with a (future) life of continuous poverty.

4.3 Financial, social and psychological restraints

Considering the cut down of benefits for many long-term unemployed persons due to the Hartz-reforms it is no surprise that nearly all of our interviewees experience the *financial restraints* as one of the most burdening consequences of their joblessness. To be forced to make one’s living by “ALG 2” (or “Hartz IV”¹⁹) permanently requires – as reported by the interviewees – a high degree of thriftiness, cautiousness and planning in every day life in order to get by until the end of the month (“At the end of the money there’s still much month”). Such a situation demands – painful – renuncements in numerous aspects of life. A lot of our interviewees complain about the fact that they only can afford cheap food and beverages, some of them wonder how to provide themselves and their children with healthy eating under these circumstances. Moreover, economic constraints also overshadow other aspect of provisioning, i.e. with energy (electricity, fuel), clothing, furniture, media products, etc. Every rise in prices of every day goods can lead to financial bottlenecks; severe financial risks are threatening if household appliances are damaged and have to be repaired or even replaced. Furthermore, the search for a new flat – for instance, if one’s rent contract has been terminated by the house owner – can lead to serious financial trouble as well as to quarrels with the job agency about the appropriateness of a new flat and the conditions of receiving full housing subsidies.

However, it is not only the day-to-day concern about the financial constraints one has to deal with. More generally, the common experiences of the interviewees showed that long-term unemployment severely limits their opportunities and capabilities of living a life they had sought for. In many cases their occupational career was terminated rather early and thus could not find complete expression. Besides the *long-term exclusion from employment and work life* (and from various aspects of social integration by work) the *possibilities of social participation beyond work can become limited*, too (see also Lehweß-Litzmann [2016: 32-39] on the basis of survey data). Attending cultural events, having a meal with friends in a restaurant, visiting festivities, arranging family celebrations – all these things may exceed one’s financial means and can lead to certain avoidance

¹⁸ In one case an interviewee reported about her husband who also is long-term unemployed.

¹⁹ As these benefits are generally labeled in Germany.

mechanisms. Some of the interviewees experience social marginalisation combined with a perceived *loss of social recognition*, for instance among relatives or the wider social context, by public authorities, or by society in general. They report about resentments and blame-the-victim culture in parts of the German public (including the media). Some pointed out that long-term jobless people (or other poor people who are reliant upon social assistance) are widely stigmatised as “Hartz-IV persons” (“*Hartz-Vierer*”), used as synonym for people who are unwilling to work or have bad behaviors (idleness, addiction to alcohol or drugs, trying to cheat the welfare state, etc.). In the words of one of our (female) interviewees: Hartz-IV beneficiaries are described in certain press media as “anti-social suckers” (“*asozjale Schmarotzer*”); furthermore, in her eyes a lot of people make a difference between “normal” unemployed persons and “Hartz-IV persons”: “An unemployed person is someone, who recently has lost his job, but will have a new employment tomorrow. Hartz IV is something complete different. A Hartz-IV person is a Hartz-IV person. (...) A Hartz-IV person is just idle, idle, he rather parties than goes to work, he does not want to work at all”.

Some of the interviewees report that the whole situation of long-term unemployment under the terms of Hartz-IV regulation makes them feel like “wedged in a corset”: it is seen as a situation that leaves *little room to move* even for everyday procurements, needs or activities, to say nothing of more exceptional things like improving the own housing conditions, pursuing certain hobbies, traveling for holidays, being generous with the children (clothing, toys, pocket money, etc.), participating in the local cultural life, etc. Moreover, this perception often is accompanied by the *worrisome future prospect* of being unable to get out of this “corset” anymore: some of the interviewees show the – more or less realistic – expectation that they will not leave the status of unemployment until their retirement age; others assume that they will only get precarious or minor jobs for the future. The “corset” even evokes fears of falling into a budget black hole one day by which the own living conditions could worsen dramatically. Thus, some interviewees report about permanent feelings of uncertainty (“the ground falls out from underneath your feet”).

4.4 Treatment by/struggle with the job agency

The experiences the interviewees made with the job agencies are mixed: a few of the interviewees – especially some of the younger ones – report about an all in all fair and helpful treatment by the responsible job agency which, for instance, showed an understanding in the case of long-term illness and the specific requirements that should be given regarding the re-integration into labour. In most cases, however, the interviewees express a lot of critique about the treatment by the job agencies, or report about various negative experiences they made over the years.

Many of them expressively underline the fact that the practices of the job agencies have changed severely with the Hartz-reforms. From their point of view, the restrictions imposed by the job agencies have become more and more strict since then. This especially applies to practices of sanctioning in cases of neglecting specific instructions by the job agency, or of breaking an agreement which has been made by the unemployed person and the job agency in order to force the re-integration of this person into work-life (“*Eingliederungsvereinbarung*”). Such an agreement includes duties of the job agency (e.g. job service; professional advice; funding of qualification measures, etc.) as well as the jobless person (sending in [numerous] applications for employment; to be willing to accept “reasonable” job offers as well as qualification measures recommended by the job agency). Because of the fact that limits of acceptability have been eased considerably with the Hartz-reforms, long-term unemployed persons must be willing to accept nearly any job in order to avoid sanctions by the job agency (temporary cutting of benefits [normally for 3 months] by 30 percent, or by 60 percent in the case of repeating infringements). Thus, “reasonable” jobs also include non-standard, low-paid or the so called “1-Euro-jobs”, publicly funded jobs at an hourly wage of 1 Euro, fulfilling purposes of public interest. Exceptions are only made for personal reasons, e.g. in the case of a (chronic) disease, physical deficiencies, mental illness, a home care-dependent relative, etc.

Nearly all of the interviewees experienced the outcomes of the Hartz-reforms at first hand – thus it is no surprise that they have numerous critical comments on it. Just a few examples: one interviewee characterises the Hartz-reforms as a bundle of measures which “more and more squeezes one’s throat”. Another

one argues that the Hartz-reforms “aim at creating the largest low-wage labour market in Europe”. A third interviewee experiences the Hartz IV measures as “bullying restrictions” – she and her family felt treated like “second or third-class citizens”: She reports that the job agency tried to force her daughter to leave school before doing her A-levels and complete a vocational education instead in order to contribute to the income of the family. After a lot of struggle the family finally could prevent the job agency from executing the planned measure.

A frustrating experience for numerous of the interviewees was (or still is) the fact that the pressure exerted by the job agencies is in stark contrast to the small number of job offers they actually have, let alone the tiny number of (positive) answers by firms to whom interviewees had sent a job application letter. In most cases they did not receive any answer at all. Additionally to that, some report about being forced by the job agency to attend certain qualification measures which they experienced as more or less useless or senseless in terms of enhancing their employability.

All these experiences can reinforce the dominating perception of being wedged in a corset, or being under permanent regulatory control – combined with a feeling of uncertainty about measures, directives or even sanctions that could be imposed by the job agency. For some of the interviewees all this amounts to a steadily stress-bearing situation – with negative consequences for their mental health: they complain, for instance, about adverse effects on their self-esteem, growing anxieties, or even severe mental disorder that needed medical treatment. Some report about their tremendous aversion to enter the job agency any more or to speak to the responsible person of contact (one of the interviewees called it a “brain wash”). Other interviewees feel deeply uneasy or even upset whenever the job center phones them or sends an official letter to them (e.g. with an invitation/citation for a briefing). Furthermore, some of the interviewees express their experiences with long-term unemployment as well as the treatment by the responsible job agency as a kind of social incapacitation. Thus, in their eyes the whole situation comes up to a violation of human rights – the right of a fair and respectful treatment by representatives of a public authority (see below, chapter 4.6).

4.5 Resilience

Considering the discouraging experiences with long-term unemployment as well as with the treatment by the job agency the question arises whether people are able to overcome the stresses and strains of such a situation they are confronted with. Hence, one of the issues discussed in the workshop (as well as in the interviews) was the question of *individual empowerment*. What empowers someone in order to cope with long-term unemployment? All discussants agreed that *participating in an initiative of unemployed people* can be seen as a main source of personal strengthening – or *resilience*. In detail, there are various aspects to this.

- *Experiences of social relationship, community and solidarity*: most of the interviewees perceive the initiatives (ELAN and ALI) as a means against social isolation, an opportunity to find contact, a place for the exchange of information, or an opportunity to get advice (e.g. about rights and duties regarding provisions by the job agency, or about [legal] possibilities of resistance against sanctions, etc.);
- *Experiences of self-efficacy and self-affirmation*: the initiatives offer opportunities to fulfil volunteering tasks in support of the collective (or single participants): several of the interviewees are (or have been) involved in specific projects or in advisory activities (the latter partly connected to trade unions) – a task that strengthens one’s self-confidence and supports the self-awareness of being a “useful” person, or doing things that “make sense”;
- *Structuring the daily routines*: Some of the interviewees emphasise the fact that the initiatives are not only helpful in order to get out of – or prevent from – social isolation, but also structure – or stabilise – their everyday life. This fact was reported primarily by some participants of the Gießen initiative ALI: the initiative runs a meeting place and café downtown which is open for jobless people. The opportunity of visiting the café several times a week or even every day, as reported by several interviewees, motivates oneself to get up in the morning, moving downtown by bus or bicycle, etc., sitting in the café for several hours talking to other visitors, reading newspapers, having a tea or coffee (sometimes combined with a

brunch), etc. Furthermore, some of the Gießen interviewees combine their attendance to the ALI café with some voluntary activities like preparing coffee or tea, operating the coffee machine, taking care for the brunch buffet, etc. All this helps with organizing the daily routines which lack the time schedule of formal employment and thus can be seen as a relevant coping strategy against the stresses and strains of joblessness;

- *Gaining of knowledge, competences, orientation, etc.:* Some of the interviewees – especially those who are (or have been) involved in advisory activities – see the initiative as an opportunity of getting more comprehensive knowledge about the political or societal causes and implications of unemployment. In their opinion this led to a deeper understanding of one’s own situation, too, and, moreover, enhanced their capabilities of coping with long-term unemployment. Thus it helps playing an active role in the struggle for social recognition, fair treatment by the job agencies, or better living conditions – instead of being trapped in the passive role of a victim. In addition to internal capabilities provided by the initiative’s network *external professional help* must be required in some cases in order to overcome certain problems, e.g. severe conflicts with the job agency or other local authorities (in such cases it could be very useful to have [free] juridical assistance).

Besides the benefits of participating in an initiative the interviewees report about various (and partly individualised) *strategies of self-care* that make it easier to cope with long-term joblessness: some of them mention that they intentionally try to avoid social isolation by “going out”, being among people, maintaining contacts beyond the initiative, attending social events, etc. Others report that they seek to do things they like whenever it is possible, e.g. going outdoors, cooking a fine meal, looking after the pet(s), attending a language-course or other opportunities for general education, pursuing certain voluntary activities (e.g. in a trade union or a welfare organisation, in support of a local food bank, etc.). All this contributes to the building-up of resilience in the face of long-term unemployment. Some of these strategies, especially those aiming at certain learning objectives or voluntary activities, require a supporting social or institutional environment to unlock their full potential (e.g. support or responsiveness by local authorities and social services, educational institutions, welfare organisations on site, or trade unions that are willing to cooperate with jobless people).

Last but not least, the interviewees report about certain *adaptation strategies* in everyday life which are more or less indispensable in order to overcome the situation of long-term joblessness and its consequences. This especially applies to the financial situation of the household: One has to learn how to get along with little money, otherwise one risks running into debt. Thus, one has to adapt household routines and practices to permanent financial constraints: for instance, one has to know where to buy the cheapest food or clothing, where to get appropriate (second hand) furniture, how to save costs for energy, heating, water or other things of daily provision, in short: how to manage one’s tight “Hartz IV money” over the month.

To be sure, all this means in effect that one has to adapt to (relative) poverty (see above), nevertheless such an adaptation strategy can make this situation more bearable.

4.6 Impact on human rights

For most of our interviewees the *Hartz reforms* have been an incisive experience in a quite negative way (see above). Some of them discuss this topic explicitly as a violation – or cut back – of human resp. social rights: they argue that Hartz IV benefits only allow a living at the limit of the minimum subsistence level; under these conditions they perceive high risks of suffering from shortages in everyday supply or even of slipping down into oppressive poverty. The latter can happen, if one has to take out a loan with the social assistance office, for instance for new furniture (because no bank would give a credit to a Hartz IV benefits receiver). One of our interviewees – a single mother with a disabled grown-up daughter – reports that she “effectively had to beg” for the loan; to make things worse she was forced by the office to have a monthly instalment deposit of 100 Euros, a sum that from her point of view is nearly impossible to handle: “I don’t know how to manage it”, because only “340 Euro” a month are left for herself and her daughter. In her eyes this is a

case of blatant social injustice: “Because there is money for everything, but for people who are struggling, there is no money at all”.

As a common perception of our interviewees it becomes apparent that long-term unemployment is a biographical stage of increasing economic and social deprivation, even in terms of nourishment and other basic needs. Furthermore, the Hartz reforms exacerbated the risk of deprivation and falling into poverty. Especially those people who already became long-term unemployed before 2005 perceived the implementation of the Hartz reforms as “incredibly unfair”, leading to increasing *social injustice*: one incisive consequence of the Hartz IV regulation was that even persons who had worked continually for 20 or 30 years before getting unemployed could fall into a financial hole after 12 or (if 50 years or older) at most 24 months of joblessness. After this period of receiving unemployment benefit one first has to eat up one’s savings (if existing) to a certain point, subsequently one has to live by scarce social assistance benefits (see above). Many of those affected by such a legally predefined procedure perceive this as a denial of their life-time achievement.

Moreover, *social injustice* is also perceived by some of those interviewees who either worked in non-standard jobs formerly or expect to be limited to such low-level employments in future. These interviewees see themselves discriminated regarding their employment outlook compared to those whose work biography is not (yet) marked by periods of unemployment or non-standard employment. One of our interviewees who made pertinent experiences with low-paid work and fix-term labour contracts in recent years complains about increasing insecurity of planning concerning work life as well as private life. From his point of view such kinds of employment are “demanding too much” of people because non-standard work contracts legitimise arbitrariness by the employers and therefore reduce planning certainty of the working people. When he had such jobs he was forced to do a lot of overtime to earn enough money to make a living, however, “one has the money, but no life quality anymore”; people do these jobs because they are anxious about becoming jobless or being sanctioned by the job agency. Thus he is very critical with the labour market regulation on the national German and the European level as well – a regulation that has facilitated the offering of non-standard jobs by the employers.

As already described above most of the interviewees vehemently criticise the impact which the Hartz reforms had on the *practices and services of job agencies*. Some of them explicitly report about their negative experiences as violation of fundamental rights, others do that more implicitly. The main topics as mentioned by the interviewees:

- a *disrespectful treatment* by the job agency’s person dealing with one’s case: some interviewees report about being insulted, offended, blamed or intimidated by their case worker; others perceive unfairness and arbitrariness: sometimes it depends on the “mood of the day” whether the case worker approves a specific measure or grant, or if he “has a down on someone”;
- *being under (permanent) pressure by the job agency*: several interviewees feel pressurised or harassed by the job agency’s provisions, directives or sanctioning – some of them report about serious consequences for their well-being or even for their mental or physical health (see above).

Social incapacitation: some interviewees see themselves incapacitated by bureaucratic treatments they are subjected to: it is the case worker “who rules your money, or decides whether you may buy a new pair of spectacles or not”. The perception of social incapacitation can also refer to the official practice of mobility impairments imposed by the job agency. Interviewees criticise measures of sanctioning which can be imposed by the job agency if one leaves his or her place of residence without authorisation. From their point of view the fundamental right of freedom of movement is violated by this provision. *Social devaluation* is another main topic that refers to the question of human rights, especially the right of human dignity. Most of our interviewees report about own experiences with social devaluation; for many of them this is a very emotional issue because social devaluation can overshadow various aspects of their life and affect their self-esteem negatively. Furthermore, the experience of social devaluation can become closely intertwined with the experience of social isolation: both experiences can reinforce each other. Several of the interviewees see

themselves personally “stigmatised”; for some of them the experience of stigmatisation is one of the worst things they had (or have) to go through during joblessness. The experience of social devaluation resp. stigmatisation can be made in one’s own social environment, but also via some public media which in the eyes of several interviewees draw a negative image of long-term unemployed people. All negative stereotyping is bundled in the term “Hartz IV receiver” – a stigma which is widely spread in the German public and has become a source of “group related misanthropy” (Heitmeyer 2012; see also chapter 1) towards unemployed people. The perception of social devaluation can also be forced by negative experiences with the job agency as described above. Experiences of disrespectful treatment, of being pressurised or becoming incapacitated surely can be perceived as personal devaluation and loss of social recognition. Moreover, the regulation of unemployment benefits by Hartz laws, as already described in this chapter, is widely perceived by our interviewees as a devaluation of one’s life achievement – a painful experience which also can be made when it comes to personal retirement: One of our interviewees – again the mother with the disabled daughter – complains about the fact that her small pension of 373 Euros is fully set against her Hartz IV benefit. In her eyes this is a refusal of social recognition: “But I have worked for it. Sure, I appreciate that I got money from the job agency. But nonetheless, there must be an acknowledgement that I did work; how can they take away that little bit (of money) from me, too ...”.

4.7 Impact on capabilities

We conceive “capabilities” as the range of personal choices (or the degree of freedom) people have in order to live a life they value. If subjected to the outcomes of specific austerity measures long-term unemployment must be seen as a biographical stage which in most cases is accompanied by a gradual – and finally often severe – reduction of personal capabilities. A lot of our findings described above, especially the two detailed biographies (see chapter 3) as well as the often reported perception of “being wedged in a corset” (see chapter 4.3), underline this conclusion. The term “capabilities” can be applied to several dimensions of life. In the case of long-term unemployed people the threat to individual capabilities – as indicated by the perceived narrowing of personal choices – becomes primarily visible in the following dimensions:

- *the dimension of employment outlook*: Most of the interviewees have negative experiences regarding the outcomes of job placement by the job agencies as well as the results of their own efforts to find a new job (see the two biographies in chapter 3, for instance). Many of them see their future employment opportunities mostly reduced to non-standard jobs and precarious work conditions;
- *the dimension of financial scope*: The financial constraints imposed by the Hartz IV benefit system in general and specifically the sudden and harsh reduction of benefit payments compared to the unemployment compensation during the early stage of joblessness is perceived by nearly all interviewees as a painful narrowing of options and choices in everyday life – concerning the supply on the level of basic needs as well as on the level of all kinds of consumer durables including accommodation, or concerning mobility and travelling as well as participation in social and cultural life on the local level (see chapter 4.3);
- *the dimension of personal integration into the social environment*: Individual choices concerning the participation in social life are not only restricted by financial constraints caused by long-term unemployment (see the previous paragraph). The experience of social exclusion – or of restricted opportunities regarding social contact – can also be caused by social patterns of stigmatisation or devaluation which some of our interviewees have met even in their close social vicinity (among relatives or in the neighbourhood, for instance). Stigmatisation or devaluation can foster social exclusion by two different mechanisms which possibly may reinforce each other: Firstly by a – stepwise – withdrawal into social isolation by the jobless persons themselves; secondly by certain mechanisms of alienation or withdrawal by people in one’s vicinity who more and more try to avoid coming in social contact with “Hartz IV persons”. A consequence of such mechanisms of social exclusion – as experienced by some of our interviewees – finally might be that one

comes into social contact only with other jobless people or “Hartz IV persons” (as reported by “Doris”; see chapter 3.1).²⁰

The impact of resources and conversion factors:

The predominant experience as emphasised by the interviewees is that the *institutional resources* provided by society or state are insufficient in terms of enabling a decent life, or of facilitating the return into work. They value the *financial resources* in form of Hartz IV benefit at best as a kind of basic protection against acute poverty risks. However, as several of the interviewees have been affected by (chronic) disease which reduce their chances on the labour market considerably the Hartz IV benefits in combination with other payments or measures like statutory sickness benefits, medical service, or rehabilitation measures can have an important function concerning the reintegration in to work life. For two of the younger interviewees in Gießen who both were struck by severe disease such a path of reintegration seemed to be a concrete yet not fully assured perspective by the time of the interview.

The institutional norms and administrative regulations which are formally binding for placement officers can be considered as crucial “*conversion factors*” which define how the factual activities and practices of the job agencies affect the individual chances and choices of jobless persons on the labour market. As already shown above, the functioning of the resource “job agency” is criticised by most of the interviewees: From their point of view, the job agencies do not fulfill their task of bringing back (long-term) jobless people into an acceptable new employment relationship. Furthermore, from their point of view additional measures offered by the job agencies rarely contribute to an extension of individual capabilities regarding the labour market. In contrast, several of the interviewees see themselves marginalised: as early as and in their late forties or beginning fifties they – in their own perception – are either without any chances on the labour market, or restricted to the segment of precarious jobs. Again, in the case of a few younger interviewees we find quite different perceptions concerning specific services and measures of the job agencies: From their point of view, the (temporary) transfer into a so called 1-Euro-job can be an opportunity of social participation, of making new contacts and of opening up new perspectives regarding the individual employment outlook. The two – already mentioned – younger interviewees in Gießen presently had 1-Euro-jobs which were connected to specific projects of the ALI initiative. Both minor jobs were designated for leading into a regular, however fixed-term job (for three years) at ALI subsequently.

With regard to *individual potentials resp. conversion factors* we find a typical biographical trend in our sample: the originally achieved individual potentials which were relevant for one’s own chances on the labour market, for instance based on school education, occupational skills, or acquired competencies, were thwarted in many cases of our sample by individual strokes of fate: these could be caused – as in the case of several interviewees – by a (chronic) disease²¹, but also by chronic care dependency of a close relative, or by becoming a single parent after separation, living with and taking care for a disabled child, becoming (temporary) homeless after separation from one’s husband, etc. (see also the two biographies in chapter 3). These individual restrictions are – as we know from research – highly relevant risk factors concerning chances and choices on the labour market (see above, chapter 1). It is no surprise that we have a clustering of such risk factors in our specific sample of long-term unemployed persons who partly look back on a very long period of joblessness.

Our sample shows an – intended – clustering of persons who are members of (or connected with) initiatives of unemployed people. This can be an explanation of the fact that our empirical findings point – possibly above average – to specific individual potentials resp. conversion factors which could be defined

20 Based on survey data, Lehweß-Litzmann shows: statistically, recipients of basic income possess social networks comparable in size to non-recipients. However, their share of absolutely isolated persons is higher, and basic income recipients participate significantly less often in civil society organisations like associations, trade unions, or church communities (Lehweß-Litzmann 2016: 32-39).

21 In several cases a severe disease was a cause – or even the main cause – of getting unemployed. In other cases long-term unemployment led to – or did reinforce – impairments to health, for instance various forms of mental disorder (see above, chapter 4.4).

as *perceived self-efficacy* or, referring to *Weißmann (2016: 191-232)*, as *ability to self-empowerment*. These personal attributes become apparent in different spheres of activity but share common characteristics: they refer to activities beyond (regular) employment and aim at taking on a socially accepted role – often by doing volunteer work, for instance in the context of trade union activities, local policy, a local food bank or, last not least, an initiative of unemployed people like ELAN or ALI where organised forms of self-help (e.g. advisory activities, computer workshops, cultural and media projects, job application training, running a café and meeting point, etc.) have to be maintained. Besides volunteer work there are, as reported by the interviewees, some other forms of activity which normally are perceived as socially accepted roles, too, for instance forms of adult education, forms of family work, or the planning resp. buildup of a small business enterprise (for instance as a single person). Such an orientation towards activity, as already described above, can result in reinforcing the individual resilience regarding the challenges and burdening of long-term unemployment (chapter 4.5). In our sample the two initiatives ELAN and ALI can be considered as *collective resources – or empowering organisations* – which support the strengthening of resilience as well as the development of individual capabilities regarding social participation beyond work. Furthermore, by facilitating different forms of self-help (see above, chapter 2.2.1) such initiatives may also enhance individual capabilities which help as a job seeker as well as with the handling of requirements, provisions and measures prescribed by the job agency.

5. Conclusion

What does this case study tell about the two research hypotheses set out above (see introduction)?

From the viewpoint of the participants of our target group of long-term unemployed people, the German economic and labour market crisis at the beginning of the 2000s (reaching its maximum in 2005) as well as the resulting reforms of labour market policy (the “Hartz reforms”) have been incisive experiences which motivates them to level fundamental criticism against recent labour market policy, concerning its will and ability in terms of fighting against increasing poverty risks, social discrimination and exclusion of long-term unemployed people. The members of our target group experienced a harsh worsening of their financial situation in everyday life due to a cut down of unemployment benefits and, furthermore, they were confronted with the outcomes of a deregulated labour market which led to an increasing sector of non-standard, precarious jobs. Against the backdrop of these experiences the crisis of 2008 and following years did not appear as a further incision but rather as a continuation of a political and socioeconomic development that had already been set in motion several years before. Furthermore, the comparatively fast recovery of the German economy following the last crisis and, moreover, the considerable decline of overall unemployment since then is in distinct contrast to the situation of those who still remain in (long-term) unemployment and therefore feel uncoupled from the German economic upturn which could be observed during recent years.

Our empirical findings show that long-term unemployment is often closely linked to the experience that *human rights are violated* by the outcomes of the Hartz reforms, or by the provisions and measures imposed by the job agency.

Due to the harsh cut-down of benefits for long-term unemployed persons by the Hartz reforms many of our interviewees see their *right of leading a decent life* and of being protected against increasing economic and social deprivation substantially violated; the existing benefit system, they argue, only allow a standard of living at the limit of the minimum subsistence level.

Social injustice is another main topic which many of our interviewees address concerning the Hartz reforms and its outcomes. Again it's the cut-down of benefits for long-term jobless people that comes to the fore: this measure is widely seen as a kind of *disrespect* to the life-time achievements especially of those who had worked for many years and whose standard of living will be rapidly reduced to the minimum subsistence level after a certain period of unemployment. Social injustice also finds expression, as emphasised by several interviewees, by discriminating mechanisms on the labour market in so far as job prospects of long-term unemployed were limited to low-paid or precarious work.

A third – and often reported – topic is the *right of a fair treatment by the job agencies*: several of our interviewees see this right violated by a disrespectful treatment, or by experiences of permanent pressure and social incapacitation due to the measures and provisions which the job agency imposes.

Last but not least, there is a common experience of *social devaluation* as reported by the interviewees – an experience which affects *the right of human dignity*. Long-term unemployed people meet in many ways a social climate of incomprehension, stigmatisation or even disdain, whether in the closer social environment, in the media or the society as a whole. Even though the labour market reform cannot be seen as the only cause of such a discriminating social climate there is a broad agreement among the interviewees that the Hartz reforms boosted a blame-the-victim-culture which is symbolised in the devaluating term “Hartz IV person” (“Hartz-Vierer”).

Our findings make clear that the outcomes of the German Hartz reforms may restrict *the individual capabilities* of long-term unemployed people severely. Drawing on the experiences which were reported by the

interviewees these restrictions have become apparent with regard to various aspects: the individual employment outlook; the financial scope concerning options and choices in everyday life; the individual choices concerning the participation in social life. In other words: the institutional resources provided by society or state are seen as insufficient in terms of facilitating the return into work, enabling a decent life, or supporting social integration. Most of our interviewees criticise the factual activities and practices of the job agencies which – as institutional resources – should enable individual chances and choices on the labour market, but, in their eyes, fail to do so. In our sample it is only a minority of foremost younger unemployed persons who consider the specific services and measures of the job agency as a helpful path of reintegration into work.

With regard to our target group another relevant finding has to be emphasised: bottom-up initiatives of unemployed people like ELAN and ALI can be considered as collective resources – or empowering organisations – which support the strengthening of individual resilience, for instance in terms of self-efficacy and self-empowerment. Moreover, such initiatives can help with the building-up of individual capabilities regarding activities or forms of social participation and integration beyond work. Last but not least, the initiatives offer different forms of self-help which may enhance individual capabilities of the participants, for instance with regard to the efforts of job seeking, or the handling of requirements and measures prescribed by the job agency.

In the following we sum up the *major conclusions for public policy and practice* which were drawn by the workshop's participants as well as by our interviewees as a whole. Necessary are:

- political decisions and measures against the *cutback of public infrastructure* caused by savings or decreasing investments, especially on the local level: unemployed people as well as other low-income groups are disproportionately disadvantaged by those cutbacks, for instance by the closing of a public library or public bath, by savings in the field of medical facilities, public education or kindergarten, or by drawbacks in the public transport sector;
- improvements for the benefit of a *secure livelihood* which should be achieved by a reformed system of social security. This political objective predominantly requires a substantial increase of the basic security benefits for long-term unemployed persons or poor people in general (presently based on payments by “unemployment benefit II” resp. “Hartz IV social assistance”) – what’s needed is a reformed system of basic security which should also include an appropriate compensation for price increase in the field of basic requirements (food, energy, cloth, transport, etc.) as well as financial leeway if exceptional expenditures are necessary (if defective home appliances or broken furniture have to be replaced, for instance). Furthermore, unemployment benefits should allow for participation in social or cultural life (e.g. membership in clubs, attendance of sport or cultural events);
- improvements concerning *social justice*: required are measures against growing social imbalances of income and wealth in German society, for instance by appropriate tax policies (“redistribution from top to bottom” as a key term). Generally speaking, social cleavages should be reduced, not in the least by a “reform” or (partly) revocation of the Hartz reforms (which many of our interviewees hold responsible for a deepening of social cleavages in Germany in recent years);
- improvements concerning *employment security*: German (as well as European) labour market policy should put an end to the expansion of non-standard or low-income jobs – political and legal support should be given primarily to the generation of fair jobs, fair work, or fair payment (including well-aimed governmental employment programs as well as financial support for those firms which are willing to employ [long-term] jobless persons under fair conditions);
- improvements concerning the *social recognition* of (long-term) unemployed people. This should be a task for the society as a whole and for political representatives on different levels of government as well. Media should draw a more comprehensive and differentiated image of long-term unemployed people and their circumstances of life. Politicians should have more readiness to talk to jobless people, to learn about their situation, or should help to give them a voice in society;
- *more appropriate counselling and job services* which should consider the real needs and abilities of (long-term) jobless people. In detail: a higher intensity of counselling and personal advice given by the job agency in

order to help effectively with job seeking (making contact with firms, for instance) or with useful and long-acting qualification measures, under certain circumstances combined with psychological or socio-pedagogical help in order to support occupational rehabilitation. Support of jobless persons should be given without pressure or sanctions by the job agencies – in other words: the job agency has to become an institution where the jobless people can go without fear and be certain that their dignity will be respected;

- improvements concerning the *public funding of local initiatives of unemployed people*: this is an important matter for the participants of our research because financial support (e.g. by local governments) for such initiatives has decreased – under the banner of austerity – in Germany in recent years. Thus, there are fewer and fewer places (like ALI in Gießen, for instance) where unemployed people can go and meet without registration or assignment – places where they can communicate freely and easily, where they can get help, or where they can participate in various activities. Therefore improvements have to be made concerning the financial securing of initiatives and providing organisations. This would help to give these initiatives of jobless people a voice, it could extend their ability to reach their target group (also beyond members) and finally may strengthen their political influence which – at present – is perceived by our interviewees as rather limited.

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