

Work Package 6 – The Local Arena for Combating Poverty
Local Report: Germany

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Abbreviations

ALG I	Unemployment benefit I (Arbeitslosengeld I)
ALG II	Minimum income for job-seekers (Arbeitslosengeld II)
ALZ	Centre for unemployed (Arbeitslosenzentrum)
BA	Federal Employment Agency (Bundesagentur für Arbeit)
CDU	Christian Democratic Union (Christlich Demokratische Union Deutschlands)
ERDF	European Regional Development Fund
ESF	European Social Fund
FWAs	Free Welfare Associations (Bundesarbeitsgemeinschaft der freien Wohlfahrtspflege)
FDP	Liberal Democratic Party (Freie Demokratische Partei)
IHK	Chamber of Industry and Commerce (Industrie- und Handelskammer)
ISB	Association of social employment initiatives (Initiative Sozialgewerblicher Beschäftigungsinitiativen)
LTU	Long-term unemployed
NPD	German National Democratic Party (Nationaldemokratische Partei Deutschlands)
SGB II	Second Book of the Social Code
SGB III	Third Book of the Social Code
SGB XII	Twelfth Book of the Social Code
SPD	Social Democratic Party (Sozialdemokratische Partei Deutschlands)

List of interviewees

Actor	Interviewee from ¹	Abbreviation
Municipal actors	Municipal administration	MA1; MA2
	Municipal government	MA3
Labour market actors	Jobcenter	LM1
	Trade union	LM2
	Local branch of Federal Employment Agency	LM3
	Economic development association	LM4
Service Providers	Social organisation for unemployed	SP1
	Umbrella organisation of social and welfare associations	SP2
	Welfare organisation for single parents	SP3

¹ All interviewees are from the managerial level.

Foreword

Reducing poverty and social exclusion is one of the main challenges for ensuring social cohesion in Europe. The research project COPE – Combating Poverty in Europe: Re-organising Active Inclusion through Participatory and Integrated Modes of Multilevel Governance’ – analyses trends of poverty and social exclusion in Europe, and examines the dynamics of minimum income protection policies that potentially help alleviate the risk of poverty in Europe. A particular focus is on the situation of single parents, long-term unemployed and the working poor, who face particular risks of poverty and social exclusion. To what extent have minimum income policies functioned as last resort social security for these three groups, and in what sense can ‘active inclusion’ policies credited with protecting them from poverty and social exclusion?

Co-financed by the European Commission in the 7th Framework Programme, the COPE project unites researchers and stakeholders from six European countries, the UK, Italy, Poland, Sweden, and Norway. Having started in February 2012, COPE runs over a three-year period. COPE’s method is comparative – analysing developments in five European countries (Poland, Germany, UK, Sweden and Italy). Its focus is inherently multi-level, looking in turn at developments at European, national and local level.

The present report is part of COPE’s effort to uncover the dynamics of local level policy reforms in the area ‘active inclusion’, namely reforms affecting local policies that specify the adequacy of minimum income benefits, the provision of employment services, as well as the organisation of access to social services. It focuses particularly on the three groups’ single mothers, long-term unemployed persons, as well as the working poor.

The present report is complemented by local case studies covering developments in the other four countries. It feeds into a comparative report on similarities and differences in the development of minimum income protection across Europe, to be published later in 2013.

Introduction

The minimum income system in Germany has faced landmark changes in the cause of the Hartz Reforms in the mid-2000s. These reforms were implemented to make the social system more efficient and effective by re-organising both the different minimum income schemes as well as the institutional framework of the whole minimum income system. In scholarly literature this development is broadly discussed: Bahle et al. (2011) analyse it as a shift from a general system with a residual character towards a categorical system with a minimum income scheme for job-seekers and their households, ALG II, as the dominating scheme.

ALG II covers the vast majority of all needy households with at least one employable person. Apart from ALG II, the German minimum income system consists of three other categorical and one general scheme; for those populations groups which are not covered by ALG II: The first categorical scheme guarantees welfare benefits to victims of wars. The two others provide benefits for refugees and asylum seekers and guarantee minimum needs-based provision for the elderly as well as in the event of reduced earning capacity. The general scheme, social assistance, is a residual scheme of last resort for households who are not covered by one of the three categorical schemes. This is mainly the case for households with no employable household member or if the earning capacity of at least one household member is not permanently reduced. The Hartz Reforms and their amending regulations have markedly changed the role of the local level in the institutional structure of the German minimum income protection: In terms of quantitative figures as well as regarding the qualitative importance.² Generally spoken, this minimum income system in Germany has always been centralised, and therefore rather strictly governed by federal law. Furthermore, Germany is a highly corporatist system, non-governmental actors play a crucial role in policy-making and policy-implementing processes.

It is the aim of this paper to show, that the consequences the Hartz reforms and the following amending regulations had on the local level were twofold: On the one hand they have significantly reduced the number of beneficiaries the municipal administration is responsible for. This can be demonstrated by the fact that the municipalities traditionally were in charge of the social assistance as well as responsible for the minimum income schemes for asylum seekers and refugees, the elderly and incapacitated persons, whereas the insurance based benefits for unemployed were exclusively organised by the federal level. This has changed fundamentally in the cause of the Hartz Reforms. However, and this is one significant impact the reforms had on the local level, these schemes that are organised by the municipalities, especially social assistance, have lost much of their quantitative importance in favour of ALG II. On the other hand, the reforms have increased the discretion at the local level. It will be argued, that this is especially true for the leeway the front-line staff in the Jobcenters has when offering the unemployed tailor-made personalised services.

² It is important to note that the local level is not congruent with the municipal level. The former refers to all institutions acting on this level. This does also include the local branches of federal institutions such as the Federal Employment Agency. The latter refers explicitly only to municipal actors. Accordingly, all municipal actors are local actors, whereas not all local actors are municipal ones.

The recent reforms did not only change the institutional structure of the minimum income provision in Germany, they also entailed an activation turn in unemployment and poverty related policies. Following the paradigm of “enabling and demanding”, much effort is now put on the aim of (re-)integrating unemployed persons into the labour market. In order to accomplish this task, the German system is highly integrated: The provision of benefits is closely tied to social and labour market related services. This integrated structure is crucial for the role of the local level: While the provision of benefits – except for a certain proportion of the costs for heating and housing – as well as all labour market services are funded and regulated at the national level, many social and activation measures are under municipal responsibility. Accordingly, it will be argued that the local level certainly does play a key role in the German minimum income system. This importance, however, is very much restricted to the delivery of services in the frame of the federal regulations. The municipalities do not have much of a leeway regarding the institutional or organisational structure of the minimum income system. These considerations will be examined further in the present paper by making use of a case study conducted in the city of Dortmund, a major city in the Ruhr Area. As part of this area, the city has a strong industrial tradition that dates back to the beginning of the industrialisation in the 19th century. Due to the landmark structural changes in the past decades, mainly the decline of the industries and the rise of the service sector, Dortmund has been facing severe problems over the past 40 years. Nevertheless, the city has somehow been able to cope with the economic and social consequences of the structural change. It is hypothesised that this can mainly be explained by two aspects: 1. Since the very beginning of the structural change everybody in Dortmund was very much aware that this development would have severe negative consequences for the municipality. 2. This awareness has led to a broad consensus of all relevant political, economic and social actors in the public as well as in the third sector. They all agree that these negative consequences call for joint action. To provide evidence for these hypotheses is the second aim of this paper. It will be argued that Dortmund has comprehensive and creative social and employment policies and this despite the tight financial situation and the rather narrow leeway within the institutional setting of the minimum income system in Germany.

The present paper consists of eight sections. The first one gives a brief overview of the development of the socio-economic situation in the city. This is followed by a description of the political landscape, the financial situation and their main changes over the past years as well as an analysis of the debates on poverty related topics in Dortmund. The third section is dedicated to examining the main actors in the field of anti-poverty and labour market related policies in Dortmund. The local governance of minimum income schemes is analysed in the fourth paragraph. The question how they are regulated in Dortmund is dealt with in the fifth section. The sixth part examines the local structure of activation policies, the seventh the role EU-policies play in Dortmund. Finally, all findings are critically assessed against their validity for the hypotheses under study.

This paper is based on an extensive document analysis in order to describe the political, economic and social situation in Dortmund and to analyse the local institutional and organisational structure of the minimum income system. In order to be able to examine the situation in Dortmund in greater detail ten interviews were conducted. For doing this, the local and municipal anti-poverty policies are regarded as a social field (Fliegstein and McAdam 2011).

The ten interviews aimed at covering the political, administrative, social and economic actors that are the most crucial ones in this field. The role of these actors was examined in semi-structured expert interviews. These interviews were analysed with the qualitative content analyses proposed by Mayring (2003). Due to the high degree of centralised regulation of the minimum income system, this paper could very much benefit from the comprehensive and sound analysis of the German minimum income protection provided by Petzold (2013).

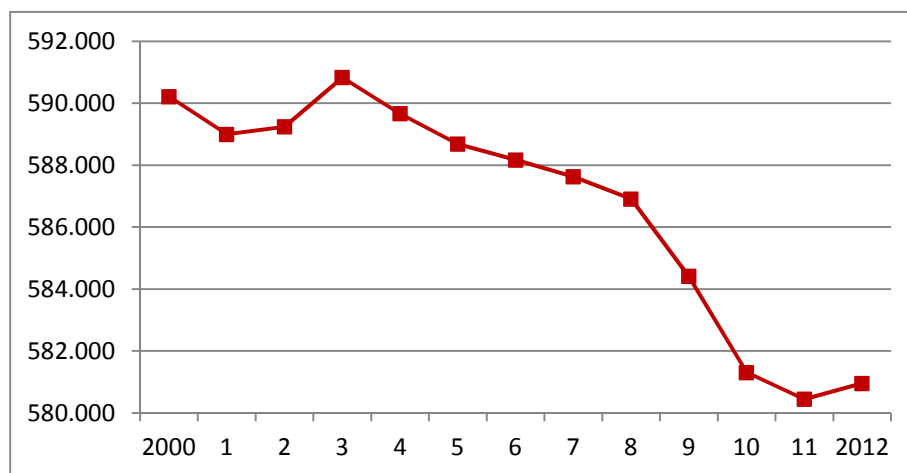
1. Socio-economic factors in Dortmund

The socio-economic figures presented in this section give evidence for the problems Dortmund faces: While constantly losing population, the unemployment rates are on the rise. As will be seen, Dortmund especially suffers from a high share of long-term unemployment. Taken together, the figures presented in this chapter describe a picture of Dortmund that can be labelled as economically underdeveloped. This is very much in line with the study of Prigge and Schwarzer (2006) on large cities in Germany, where they classify Dortmund as the type “precarious structural change and shrinkage”.

1.1. Number of people

Dortmund faced a more or less constant loss of citizens over the last ten years. As can be seen in Figure 1, the city lost almost up to 10.000 citizens in the past decade. Over this period of time, the numbers dropped from more than 590.000 at the beginning of 2000s down to not much more than 580.000 by the end of this decade. That Dortmund loses citizens is not only a recent development. In fact, this process set in in the 1970s in the wake of the structural change (Stadt Dortmund 2013). Nevertheless, Dortmund is still the 8th biggest city in Germany. The prognosis for the future is that the loss of population will continue (Prigge and Böhme 2013).

Figure 1 Development of the Population in Dortmund 2000-2012



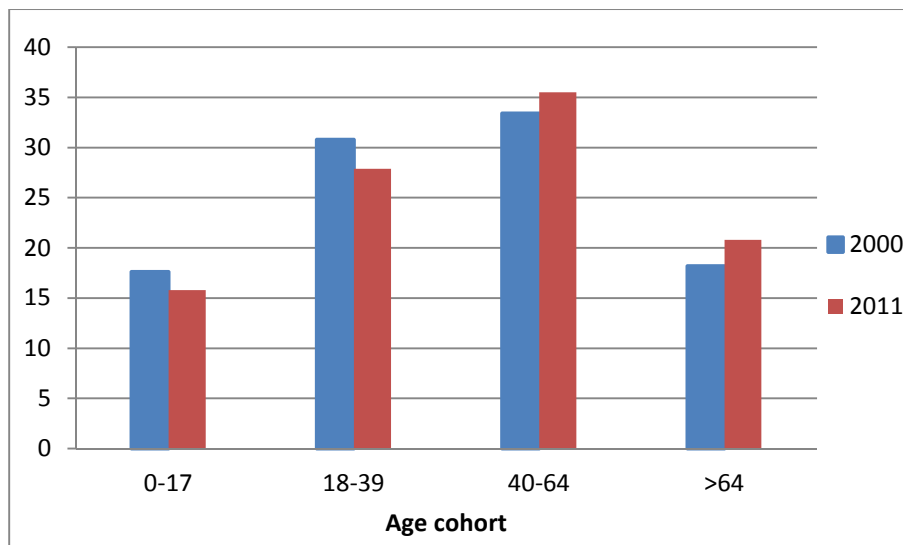
Note: Number of citizens

Source: Eurostat

The age distribution of the population in Dortmund and its changes are quite characteristic for a German city, as Dortmund is affected by the typical aging process (

Figure 2). Between 2000 and 2011 the share of children (0-17 years) decreased slightly to figures a bit lower than 16%. The number of citizens aged 18 to 39 also fell somewhat, whereas the share of all persons older than 40 increased. Taken together, about two third of the citizens in Dortmund are working-aged, i.e. 15 to 64 years old (Stadt Dortmund 2013).

Figure 2 Age Cohorts in Dortmund 2000 and 2011

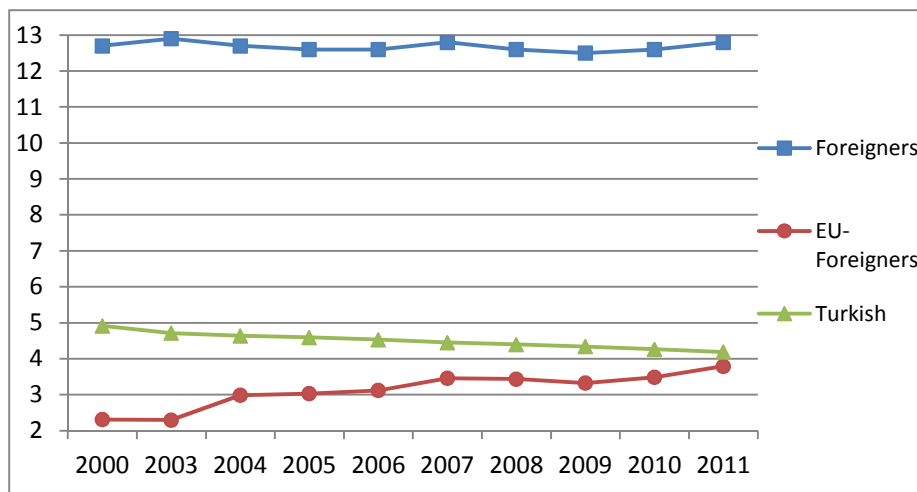


Note: Percentage of age cohort per population

Source: www.dortmund.de/de/leben_in_dortmund/stadtportraet/statistik/start_statistik/index.html

Dortmund is a city with high shares of migrants. Yet, these figures are at about the average, compared to other major German cities (Prigge and Böhme 2013). Over the past decade, the percentage of foreign citizens in Dortmund was rather constant by slightly less than 13% (Figure 3).

Figure 3 Ethnic Composition of the Population in Dortmund 2000-2011



Note: In percent of the total population

Source: www.dortmund.de/media/p/statistik_3/statistik/bevoelkerung/Auslaender_nach_staatsangehoerigkeit.pdf

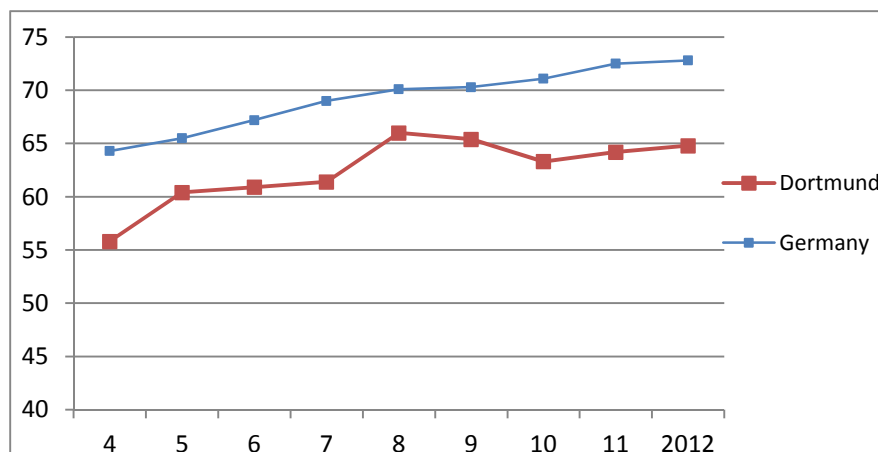
Interestingly, the number of EU-foreigners rose markedly over the last ten years. At the same time, the shares of Turkish citizens, the largest non-EU population, fell steadily. Nevertheless, they still are the largest foreign community in Dortmund: More than 4% of all citizens in this city are Turkish.

If we look at the ethnic composition of the migrants living in Dortmund, we can state that in 2012, more than 23% of them are Turks. The second largest community are the Polish with a share of almost 22% (Stadt Dortmund 2013). As usual, the migrants are not distributed equally over the city, but live very concentrated in a few districts. In Dortmund, this is mainly the Northern City District (“Nordstadt”).

1.2. Employment patterns

The development of the employment figures in Dortmund since 2004 can be divided into two periods (Figure 4). Departing from 55.8% in 2004, the employment rate rose steadily up to 66% in 2008. After a slight decline down to 63.3% in 2010 the figures are now on the rise again. If we compare this development to the nation-wide employment figures, we can state that both run very parallel. The employment rates in Dortmund are, on average, between 4 and 8 percentage points lower than the German ones but they exhibit right the same development. Taken together, we can note that Dortmund has, compared to the situation in other German cities as well as in comparison with the nation-wide figures, very low employment rates (Prigge and Böhme 2013).

Figure 4 Employment Rates in Dortmund and Germany 2001-2012



Note: Employment rates in percent of working age population (15-64 years).

Sources: (Jobcenter 2013), p. 4

If we analyse the development of the number of employees, the picture differs from the findings we got above (

Figure 5): The figures show a steady rise over time. In total, the number of employed persons rose by more than 20.000 between 2004 and 2012. Parallel to the development of the employment rates, the increase of the absolute number of employed is very much concentrated in the second half of the period of investigation, while the figures slightly decline during the mid-2000s. At the same time, we can state that the shares of marginal employed persons increased until the mid-2000s and are rather stable towards the end of this decade.

Figure 5 Employment Structures in Dortmund 2003-2012

Year	Number of employed	Number of marginally employed ¹⁾	Employees <30 years ²⁾	Employees >50 years ²⁾
2004	230.763	20.3	21.1	23.0
2005	229.287	21.4	20.9	23.2
2006	228.269	23.2	21.6	22.0
2007	232.558	23.0	21.4	23.3
2008	238.951	22.6	21.6	24.1
2009	243.374	22.6	21.1	25.3
2010	245.897	22.7	21.1	26.6
2011	249.492	22.4	21.1	27.2
2012	250.392	22.3	21.1	27.1

Note: 1) Employees earning less than 450€ per month per 100 employees with an insurable employment; 2) As percentage of all employees with an insurable employment

Sources: www.dortmund.de/media/p/statistik_3/statistik/wirtschaft_1/Sozialversicherungspflichtig_Beschaeftigt_nach_pers_Merkmal.pdf; www.dortmund.de/media/p/statistik_3/statistik/wirtschaft_1/geringfuegig_beschaeftigte_arbeitsort_.pdf, own calculations

Breaking down the employment rates for specified groups this gives us a more detailed picture of the relevant developments in Dortmund. The figures demonstrate a slight decrease of young employees while the percentage of elderly rose markedly between 2000 and 2011. This corresponds with the demographic changes described above (

Figure 2). Female employment rates are at about 45% by the end of the 2000s; so we can state that women are slightly underrepresented on the Dortmund labour market. The same holds for foreigners (www.dortmund.de/media/p/statistik_3/statistik/wirtschaft_1/Sozialversicherungspflichtig_Beschaeftigt_nach_pers_Merkmal.pdf).

Figure 6 Employment Structure by Economic Sector

Year	Agriculture	Industry	Service Sector
2004	0.5	21.0	78.5
2005	0.5	20.6	78.9
2006	0.5	20.6	79.0
2007	0.5	20.1	79.4
2008	0.1	20.1	79.8
2009	0.0	19.8	80.2
2010	0.1	19.3	80.7
2011	0.0	19.3	80.7
2012	0.1	19.5	80.4

Note: Percentage of employees with an insurable employment. In 2008 the measurement methods changed so that the figures before and after 2008 are not totally comparable.

Source: www.dortmund.de/media/p/statistik_3/statistik/wirtschaft_1/Sozialversicherungspflichtig_Beschaefigt_nach_Wirtschaftssektor.pdf

The rising employment rates described above can be traced back to increasing numbers of jobs in the service sector (Stadt Dortmund 2011). This sector exhibits rising shares over the past years, especially in the mid-2000s. In some years more than 80% of all jobs belonged to this sector (Figure 6). At the same time, the percentage of persons working in the industry decreased steadily from 21% in 2004 to 19.5 in 2012. The same development can be stated for agricultural jobs. This economic sector plays a very marginal role with shares of not more than 0.5%. Taken together, these figures give us a first hint that Dortmund has been able to cope quite well with the enormous change from a coal and steel based economy into a modern economic structure based on technology and science industry (Bömer, Lürig et al. 2010).

1.3. Unemployment patterns

As can be seen in Figure 7, Dortmund suffers from high unemployment rates. On average, they are about 5% higher than the nation-wide figures (Stadt Dortmund 2011). However, both exhibit rather comparable developments.

Figure 7 Unemployment in Dortmund 2005-2012

Year	Number of unemployed	Unemployment rate ¹⁾
2005	49.882	18.1
2006	48.324	17.1
2007	40.110	14.0
2008	38.753	13.8
2009	37.517	13.1
2010	37.144	13.1
2011	36.258	12.7
2012	37.583	13.0

Note: 1) In percent of the civilian labour force.³

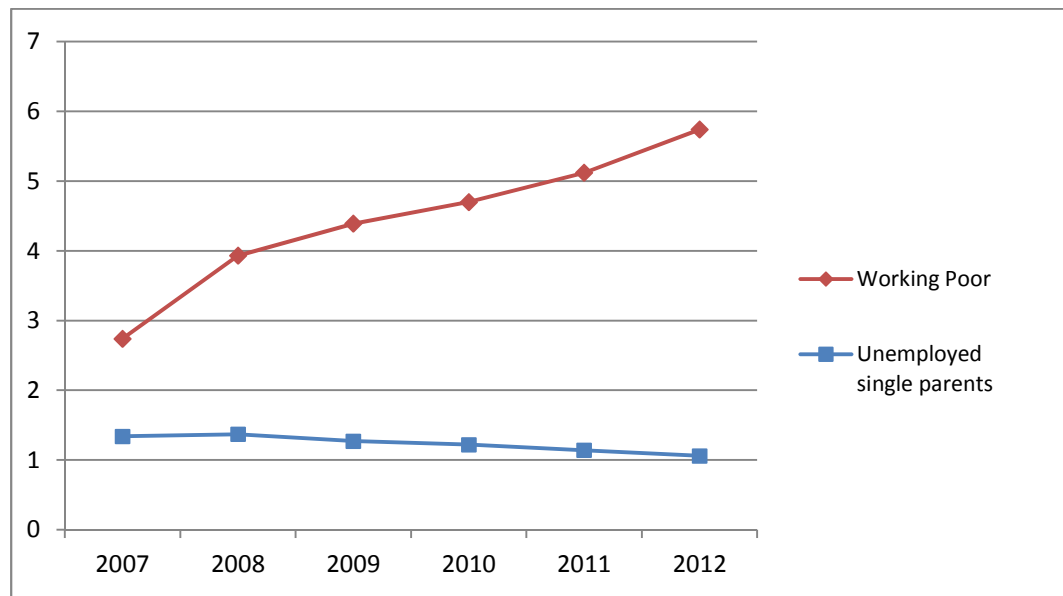
Source: www.dortmund.de/media/p/statistik_3/statistik/wirtschaft_1/arbeitslose_.pdf

In Dortmund, the number of unemployed persons fell markedly since 2005, i.e. since the ALG II scheme was introduced as part of the Hartz Reforms. In total, the figures dropped constantly since 2005 by more than 10.000 persons down to slightly more than 36.000 in 2011. Between 2011 and 2012, however, the figure increased again by more than 1.000 persons. Yet, whether or not this marks an end of the positive development of the absolute number of unemployed persons is not obvious. These developments correspond directly with the changing unemployment rates. We can state the same great decrease: In 2005 the unemployment rate was 18.1%; by 2011 it was less than 13%. And again, the figures show a slight rise

³ The definition on the civilian labour force follows the definition that is applied by the Federal Employment Agency. The term includes all persons with an insurable or a marginal employment, self-employed workers, all civil servants and registered unemployed as well as unpaid family workers. Soldiers are not included.

from 2011 to 2012. But despite this overall decrease, Dortmund still exhibits the second highest unemployment rates among the 15 biggest German cities (Prigge and Böhme 2013).

Figure 8 Percentage of Working Poor¹⁾ and Unemployed Single Parents²⁾ 2007-2012



Note: In percent of the civilian labour force; 1) Measured as the percentage of employed persons receiving additional ALG II benefits; 2) Percentage of unemployed single parents.

Sources: 1) (Jobcenter 2013), p.10; 2) (Jobcenter 2013), p.15; own calculations

If we turn to two of the target groups of the COPE project, working poor and single parents, we can note, that the share of working poor is on the rise, while the number of unemployed single parents is declining slightly (Figure 8). Unfortunately, it is only possible to capture the number of working poor by looking at the figures for those employed persons who receive additional ALG II benefits. Given the fact, that not all working poor assert their claim to receive additional benefits, the true number of working poor should be even higher. But despite this drawback, the figures clearly demonstrate a marked rise of this group from less than 3% in 2007 to almost 6% only 5 years later. At the same time, the percentage of unemployed single parents decreased slightly but steady.

1.4. Long-term unemployment patterns

When looking at the figures for long-term unemployment we can state that they develop quite parallel to the unemployment rates: They also decreased significantly between 2005 and 2012. As displayed in Figure 9, in 2012 16.062 persons were long-term unemployed in Dortmund. That is more than 6.500 persons less than in 2005.

Figure 9 Development of Long-Term Unemployment in Dortmund 2005-2012

Year	Number of LTU	LTU-rate ¹⁾	LTU-rate in % of all unemployed
2005	22.651	7.8	45.4
2006	27.211	9.4	56.3
2007	19.829	6.8	49.4
2008	18.121	6.1	46.8
2009	16.038	5.3	42.7
2010	15.864	5.3	42.7
2011	15.998	5.1	44.3
2012	16.062	5.2	42.7

Note: 1) In percent of working aged citizens (15-64 years)

Sources: www.dortmund.de/media/p/statistik_3/statistik/wirtschaft_1/arbeitslose_.pdf

Despite this positive development, we have to state that Dortmund has a severe problem not only with unemployment in general but especially with long-term unemployment. This becomes obvious, if we recall that almost one out of two unemployed persons in Dortmund faces this situation for more than 12 months. In 2006, the share of long-term unemployed among all unemployed even exceeded 56%.

1.5. Expenditure for minimum income provision

As described below, the overwhelming majority of all costs for ALG II, the dominating minimum income scheme in Germany, are federally funded. The municipalities only have to bear the expenses for a part of the costs for housing and heating paid to ALG II beneficiaries. Since the implementation of ALG II, the total amount of benefits, i.e. the sum of all federally or municipally funded expenses, has decreased slightly (

Figure 10). After a peak in 2006 with an annual benefit sum of more than 500.000€, the expenses dropped down to a little less than 460.00€ in 2012. If we look at the costs Dortmund has to bear for the expenses for housing and heating, we can state that they were reduced between 2012 and 2013 by more than 7.000€. At the same time, the federally funded part of these expenses increased markedly. This is due to a change in the distribution of these costs: In the wake of the introduction of a municipally funded voucher system for education and

participation of children, this financial burden for the municipalities was reduced (see section 4.4) in order to provide some financial relief for the municipalities.

Figure 10 Spending for beneficiaries according to SGB II 2005-2013

Expenses for:	Benefits in total ¹	Housing and heating ²	Amount spent by Dortmund ³
2005	474.644		
2006	503.131		
2007	465.562		
2008	453.924		
2009	464.405		
2010	480.517	182.626	140.549
2011	454.487	186.382	137.151
2012	458.233	186.240	137.073
2013⁴	460.375	181.356	133.478

Note: All figures are expressed in thousand Euros; 1) These expenses are mainly federally funded. Only the expenses for housing and heating are partially municipally funded. 2) Paid to ALG II beneficiaries; 3) This is only the spending for a share of the expenses for housing and heating. The remaining sum is federally funded; 4) According to the budget plan for 2013.

Sources:(Stadtkämmerei 2012; Stadtkämmerei 2013); www.dortmund.de/media/p/statistik_3/statistik/soziales/bedarfsgemeinschaft_leistungsempfang_sgb_2.pdf

Nevertheless, the reduced expenses for SGB II, i.e. for ALG II and “Sozialgeld”⁴, do reflect the decreasing number of beneficiaries. As displayed in Figure 11, in 2005 more than 45.000 needy households with more than 83.000 persons living in these households received either ALG II or “Sozialgeld”. By 2011 these figures are a little lower, i.e. 42.000 needy households with not more than 80.000 persons. Interestingly, the share of ALG II beneficiaries decreased more markedly than the number of persons receiving “Sozialgeld”.

Figure 11 Number of Persons and Households receiving benefits in the jurisdiction of SGB-II 2005-2011

Year	Needy households receiving SGB II benefits ¹	Persons receiving ALG II	Persons receiving “Sozialgeld”
2005	45.325	60.512	23.066

⁴ These are the benefits for non-employable persons living together with ALG II recipients. This scheme mainly applies to children and elderly.

2006	43.322	61.726	23.925
2007	42.315	60.204	23.636
2008	40.026	56.188	22.673
2009	42.106	58.409	23.024
2010	42.671	58.824	23.073
2011	41.845	56.999	22.362

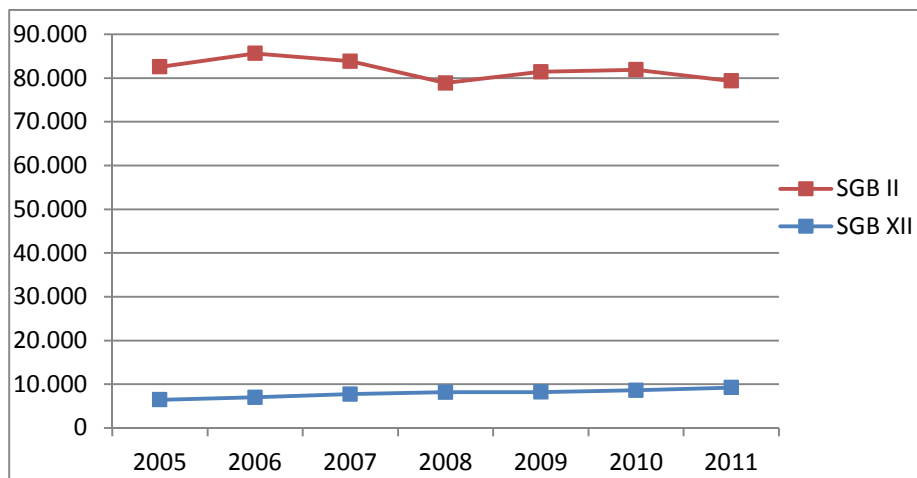
Note: 1) ALG II benefits or “Sozialgeld”

Source: www.dortmund.de/media/p/statistik_3/statistik/soziales/bedarfsgemeinschaft_leistungsempfang_sgb_2.pdf

The dominance of SGB II benefits becomes obvious if we compare the number of persons in SGB II to those in SGB XII (Figure 12). The latter includes all persons who receive either benefits from the minimum income scheme for old aged and incapacitated persons or who are recipients of social assistance. The figures for SGB II sum up the shares of persons receiving ALG II or “Sozialgeld” as displayed in Figure 11. Their share ranges roughly between 80.000 and 85.000, whereas less than 10.000 persons belong to the jurisdiction of SGB XII. Interestingly, their shares have risen over time by more than one third. This might be due to the ageing population in Dortmund described in section 2.1. This assumption is supported by the fact that among the persons under the jurisdiction of SGB XII the share of recipients of benefits for old aged and incapacitated increased steadily over time (Stadtkämmerei Dortmund 2013). The results displayed in

Figure 13 are also relevant in a further aspect as the municipality has to bear the expenses for beneficiaries in the jurisdiction of SGB XII.

Figure 12 SGB II and SGB XII beneficiaries

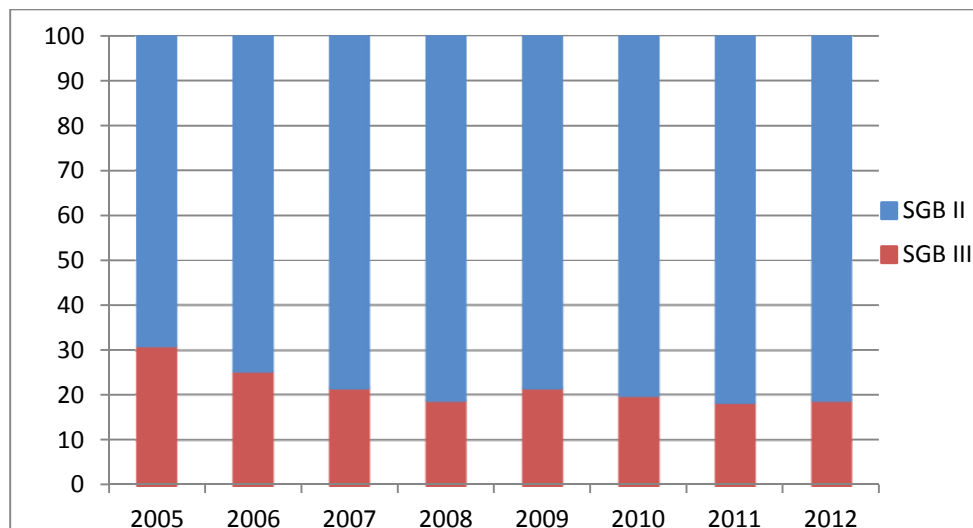


Note: Number of persons receiving benefits belonging to the jurisdiction of SGB II resp. SGB XII.

Source: www.dortmund.de/media/p/statistik_3/statistik/soziales/grundsicherungempfaenger_sgb_12.pdf; www.dortmund.de/media/p/statistik_3/statistik/soziales/bedarfsgemeinschaft_leistungsempfang_sgb_2.pdf

If persons become unemployed in Germany, they receive insurance based unemployment benefits (ALG I) for up to the first 12 months of their unemployment.⁵ These benefits are regulated in SGB III. Only if persons are unemployed for a longer period of time, they become eligible to ALG II, and therefore minimum income recipients.

Figure 13 Unemployed by Benefit Scheme in Dortmund 2005-2012



Note: Percentage of all unemployed receiving ALG I or ALG II.

Sources: (Jobcenter Dortmund 2013)

Looking at the picture described in

Figure 13 we can clearly see that SGB III, i.e. the ALG I scheme, plays a minor role in Dortmund: Less than 30% of all unemployed are ALG I beneficiaries. Parallel to the rising long-term unemployment rates, the share of ALG I recipients among all unemployed decreased

⁵ To be precise, we have to note that there are some prerequisites that have to be fulfilled in order to be eligible to receive these unemployment benefits: The potential beneficiary has to have worked for at least 12 months in an insurable employment. In order to receive the full 12 months of ALG I, this employment must have lasted for at least 24 months. Older employees (>58 years) are eligible for receiving ALG I for up to 24 months.

steadily between 2005 and 2012. Representatives of the local government stress that the high shares of ALG II beneficiaries are very stable. These high numbers can be described as “*a very robust element that does not change much, in good as well as in bad economic times*” (MA1).

2. The political and financial context and the debates on poverty in Dortmund

Dortmund is the regional centre of the eastern part of the Ruhr Area. As part of this area, industry has traditionally been characteristic for the economic structure of the city. Mainly the so called “Dortmund Triad” has been typical for the economic profile of the municipality for centuries. This triad consists of steel and coal mining industry as well as of breweries. The whole economic structure has changed significantly due to the structural changes that set in in the late 1950s. The first layoffs in the mining industry took place in 1958. From 1960 to 1994, the number of employees in the industry dropped markedly from 127.000 to less than 38.000. By today, Dortmund has lost about 90.000 jobs in the cause of these developments (Prigge and Böhme 2013). The last coal-mine in Dortmund was closed down in 1987 (Irle and Röllinghoff 2008). It is the aim of this section to describe in how far all these developments have affected the political landscape in Dortmund, how they influence the financial situation of the municipality and how they result in strategies to tackle the high unemployment rates. Finally, the local debates on poverty and unemployment related issues are analysed. As is to be seen, these debates are very much influenced by the severe structural changes of the past decades.

2.1. Political and economic context

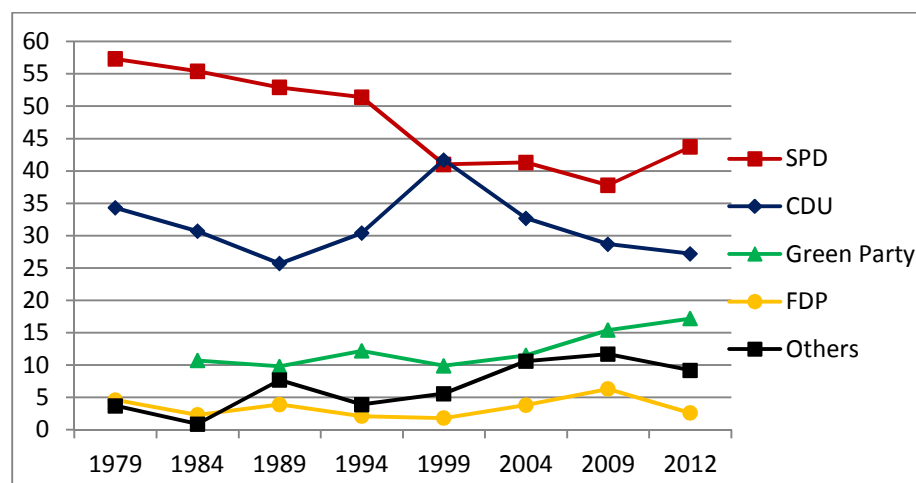
Unsurprisingly, the political landscape in Dortmund and the financial situation in this city are very much characterised by the strong industrial tradition and the consequences of the structural change.

2.1.1. Political background: Dominance of the Social Democratic Party

Dortmund has always been a stronghold of the Social Democratic Party (SPD). This is certainly due to the industrial history of the city: The economic structure led to high percentages of blue collar workers, traditionally voters of the SPD. Every Lord Mayor Dortmund had since the end of World War II was a member of this party and until 1989 the SPD won all local elections with an absolute majority (Bömer 2010). Yet, as can be seen in

Figure 14, the votes for the SPD are quite constantly on the decline since the End of the 70s.

Figure 14 Results of the Local Council Elections in Dortmund 1979-2012



Note: Election results in percent.

Sources: (Stadt 2012), p. 12

In 1979 almost 60% of all votes went to the Social Democrats; by 2009 this figure has dropped down to less than 40%. Nevertheless, it was only in 1999 that the SPD did not win the local council elections: The conservative Christian Democratic Union (CDU) was able to gain slightly more votes in the 1999 election – however constantly losing them afterwards. This election brought a landmark political change as it resulted in an end of the one-party government of the SPD in Dortmund. From 1999 to 2004 the city was governed by a coalition of the SPD und CDU. This period was followed by a coalition of the SPD with the Green Party (Prigge and Böhme 2013).

The Liberal Democratic Party (FDP) traditionally has a rather weak position in Dortmund. Their best result was in 2009 as they managed to win 6.3% of all votes. The Green Party is since its foundation in 1984 almost constantly on the upswing. It is quite probable that they benefited from the losses of the SPD. Other political parties that are of a certain relevance in Dortmund are the radical right-wing NPD, the Left Party and the “Bürgerliste” (Citizen Party), a party which is closely cooperating with the FDP.

The last election took place in 2012. It resulted in a temporary end of the downswing of the SPD – a fact that to a great deal seems to be regarded as the personal success of the since 2009 governing very popular Lord Mayor Sierau (SPD). This last election was not as scheduled. Lord Mayor Sierau was accused of electoral fraud regarding the election of 2009 so that re-elections had to be organised. However, they were not very influential as the turnout was less than 35% (Stadt 2012) . Quite astonishing was that the SPD turned out to be the main

winner in this re-election and this despite the political and legal struggles that had led to this election.

Given this political profile and the enormous struggle with the social and economic consequences of the structural change, social policy issues are traditionally high on the political agenda in Dortmund. The great effort that is put in anti-poverty policies especially in the last two decades is to a great deal a result of the fact, that the Lord Mayor Langemeyer (SPD) declared such issues as top-level matters as he was elected in 1999 (Prigge and Böhme 2013). His strategy was deemed as very successful and Langemeyer was re-elected in 2004. In his second term of office he put even more effort in combating poverty by strengthening the social profile of Dortmund. His main impact was to implement the so called Social City Program (“Programm Soziale Stadt”). This general policy line is continued until now by the current Lord Mayor Sierau.

Despite big effort the past and present Lord Majors put in anti-poverty issues, the main parties differ significantly according to how much importance they attach poverty and minimum-income related policies.

The party with the most developed position on poverty certainly is the SPD. In their 2009 election platform one main topic was named “We enhance social Dortmund” (www3.spd-dortmund.de/index.php?id=129). A crucial part of the Social Democratic anti-poverty policy profile is the so called Action Plan Social City (“Aktionsplan Soziale Stadt”), in which the SPD opts for breaking down the measures to combat poverty very locally by concentrating them in the 13 parts of the town that are the most affected by poverty and unemployment (see section 3.1). Furthermore, the SPD is very much in favour of the “Dortmund Pass” and the “Social Ticket” (“Sozialticket”). Both allow needy families reduced or free entry to municipal facilities as well as reduced fees for public transport in Dortmund. A further very important paradigm of the SPD is the aim to generate jobs that are subject to social insurance contributions. Generally spoken, the SPD regards unemployed persons and ALG II recipients as an important clientele. Accordingly, they put much effort in developing political measures and strategies in favour of these population groups.

When looking at the local party program of the CDU, there is not much to be found with regard to anti-poverty strategies. In their 2012 election platform, the party put the main focus on reducing the municipal debts (www.cdudo.de/kommunalwahlen-2012/). Only the strategy to decrease the level of unemployment markedly through generating new jobs directly aims at diminishing the local poverty rates. Taken together, the social policy profile of the CDU can be labelled as comparatively weak and rather economy friendly.

Turning to the Green Party, we find quite detailed local social policy strategies (www.gruene-dortmund.de/archiv-wp/kwpupdate2012/index.htm). The Greens focus on improving the situation of the poor in Dortmund through developing the local infrastructure. They opt for extending the scope of the “Social Ticket” and the “Dortmund Pass”. Furthermore, they are the only party which directs concrete actions toward the Northern City District, the district with the most severe social problems. These strategies focus on helping drug addicts and prostitutes. Like the others, the Green Party considers creating new jobs as relevant to tackle the problems Dortmund faces. However, this issue has a comparatively low importance.

The profile of the FDP is as expected very economy friendly (www.fdp-dortmund.wcsite.liberales.de/files/35502/KoWaProgramm2012_Druckversion.pdf). The party explicitly aims at

making Dortmund more attractive for private companies for example by opting for lower trade taxes. Their second priority is on reducing the municipal debts and consolidating the financial situation in Dortmund.

Summing up this political landscape with regard to anti-poverty policies, we get the following picture: We have two parties which explicitly emphasise the need of comprehensive policy measures directed at the poor – the SPD and the Green Party – while the two others, the CDU and the FDP, are more focused on economic and financial policies. Unsurprisingly, this picture is very much in line with the political profile the parties have on the national level.

2.1.2. Financial background: High municipal debts

Dortmund is in quite a financial distress. The household of the municipality is permanently close to becoming supervised. The city is highly indebted (Figure 15). Over and above the consequences of the structural change, Dortmund also suffers from the financial and economic crisis (Stadtkämmerei Dortmund 2011). The tense financial situation is very much due to the constantly rising unemployment rates, the general weak development of the local economy as well as to cuts in the budget provided by the national government.

Figure 15 The Financial Situation in Dortmund 2009-2013

Year	2009	2010	2011	2012	2013 ¹
Income	1.617.318.080	1.623.326.111	1.691.059.492	1.794.021.002	1.899.108.865
Expenses	1.728.297.938	1.752.768.140	1.774.533.498	1.853.657.734	1.943.857.644
Annual Result	-155.819.315	-96.826.063	-111.968.735	-65.970.909	-55.997.181

Note: Figures are expressed in Euro; 1) According to the budget plan for 2013.

Sources: (Stadtkämmerei 2010; Stadtkämmerei 2011; Stadtkämmerei 2012; Stadtkämmerei 2013)

As a reaction to this severe situation, the municipal government implemented strict austerity measures. They are twofold: On the one hand, they consist of cost saving strategies especially in the public administration. On the other, the government aims at increasing the public profits e.g by raising the entrance fees for public cultural institutions (www.dortmund.de/de/leben_in_dortmund/nachrichtenportal/nachricht.jsp?nid=216223). These measures already proved to have an impact: The municipal debts decreased in the last two years. This development is also due to the improving economic prospects (Stadtkämmerei Dortmund 2013).

Over the last decade, social spending was slightly reduced in Dortmund. The cuts are to a great extent explained by two aspects: On the one hand they result from severe cuts in federal funding. The most important example is that the federal funds for the “Eingliederungstitel” – money which is especially directed at measures for bringing unemployed back into the labour market – have quite recently been halved. The municipal government tries to compensate these cuts at least partly, but it is of course not able to cover the whole sum that was federally funded. On the other hand, local spending for social policies was cut down in the wake of the austerity measures, described above. As a representative of the municipal government pointed out, the cuts in federal spending was severe and is perceived as somewhat unjust. It did not take into account the special local circumstances: „Well, in 2010 we had about 80 Million

Euro at our disposal for SGB II, today we have 39 Million, and that without any changes in the our economic framework data. The federal government just declared: The economic prospects are bettering. Accordingly, we cut down the 'Eingliederungstitel'. Well, in my opinion this has only been a measure to save money and has nothing to do with the local reality. There are regions where it might have been appropriate to reduce federal funds, but the Ruhr Area definitely does not belong to this group. All this calls for a closer look and a better regulation of the resources“ (MA1). Nevertheless, it has to be stressed, that social issues are comparatively just slightly affected by these austerity policies – another proof of the great importance the municipal government attaches to this policy field.

2.1.3. Labour market background: The local employment strategy

The political profile described above depicts the big importance that is attached to tackling the high unemployment rates and especially the high shares of persistent long-term unemployment in order to combat poverty successfully. The key role of this issue is stressed by the representative of the municipal administration: *“Well, as I said, the crucial aspect in combating poverty is the route into becoming employed” (MA1).*

The roots of the severe unemployment problem can be traced back to the structural change. Many interviewees clearly point at this fact: *“This [the high shares of persistent long-term unemployment] refers to the problem that we lack a ready market, a permanently ready labour market. That Dortmund has an unemployment rate of 13.6% has to do with the structural change. Because in the times of the coal and steel industry, this triad of coal, beer and steel, Dortmund had a big labour market for unskilled persons. There was a job for everybody. That’s why we had full employment in the 1970s. Well and this has changed completely now” (MA1).*

In 2012 the Lord Mayor declared the aim to bring the unemployment rate below the 10% threshold by 2015 (www.dortmund.de/de/leben_in_dortmund/nachrichtenportal/nachricht.jsp?nid=176133). In order to achieve this goal, the municipal government implemented a local employment strategy that is coordinated by the Dortmund social welfare department and the “City of Dortmund Economic Development Agency”. The program is governed by a project group that includes representatives of the municipal administration, the Jobcenter and the Federal Employment Agency (MA1). The employment strategy consists of various different projects. The core element is bringing together all relevant labour market actors: *“The idea is that we are able to create an optimal structure because the different labour market actors collaborate. The chambers of commerce, the trade unions and the welfare associations gather at one table and jointly think over what they can do in terms of labour market policies” (MA1).* An important actor within this employment strategy is the “Alliance for Dortmund” (“Allianz für Dortmund”). This platform can be described as the economic part of the employment strategy and has kind of a control function for this program. The “Alliance for Dortmund” includes *“all economic actors in Dortmund. The whole economy plus the trade unions participate and they provide feedback for the employment strategy” (MA2).*

The interviewee from the Jobcenter describes the motivation behind this strategy as *“the aim to mobilise all forces such a municipality has in order to improve the local labour market and the employment situation” (LM1).* A key focus of this strategy is to lower the shares of long-

term unemployed (www.dortmund.de/de/leben_in_dortmund/nachrichtenportal/nachricht.jsp?nid=176133). This is the special aim of the so called “ASTRA” project⁶. As part of this scheme, long-term unemployed are specially trained for those occupational areas that lack skilled employees (www.dortmund.de/de/leben_in_dortmund/nachrichtenportal/nachricht.jsp?nid=186689). A second project that is part of the local employment strategy is the so called “Bürgerarbeit” (citizen labour), that aims at providing an insurable employment for 523 currently unemployed persons. These jobs are partly federally funded; the share born by Dortmund ranges at about 1.5 Million Euro (www.dortmund.de/de/leben_in_dortmund/nachrichtenportal/nachricht.jsp?nid=176180). Furthermore, coordinated by the Jobcenter, the initiative “Add Value – Convert Minijobs” (“Mehrwert schaffen – Minijobs umwandeln”) was launched. Its aim is to convert minijobs into full- or part-time employment (www.dortmund.de/de/leben_in_dortmund/nachrichtenportal/nachricht.jsp?nid=176133).

That the local efforts to combat poverty by creating new jobs led to this employment strategy is deemed as very exceptional: *“I would say that it is quite unique that a city that is in such a financial distress (...) does announce okay, well we are doing that even though we have to take indirect routes”* (LM2). A representative of the municipal administration describes the local employment strategy as a comprehensive multi-dimensional life-course approach: *“The strategy consists of a segment that deals with long-term unemployment, with persons who are already long-term unemployed. But there are many other elements that take the whole individual living and employment biography into account, because we want to prevent persons from falling into long-term unemployment. We start at the very beginning, with the early promotion of children. The strategy ranges from the hopefully successful transition from school to work and the further qualification of persons who are employed but have to face changes in their employment situation to this segment that is dedicated to combating long-term unemployment”* (MA1).

2.2. Debates on poverty in Dortmund

Against the background of the socio-economic and political framework in Dortmund, described above, one very much would expect poverty related topics to be an issue in the public debates in Dortmund. And indeed, almost all interviewees report that poverty is high on the agenda in these debates. This fact illustrates how aware everybody in Dortmund is of the high problem pressure caused by poverty and unemployment – another proof of the hypothesis that poverty related issues are attached a high political priority in this city.

There is one topic that dominates the debates on poverty in Dortmund, namely the extremely high unemployment rates. *“From my point of view unemployment is one of the main topics which play a leading role in Dortmund especially in the political public. But also I think in the media coverage”* (LM3). There seem to be two aspects that are crucial in explaining why poverty and unemployment are so widely discussed in Dortmund: The high shares of unemployment and poverty and the regularly published municipal reports on these figures: *“First of all because of the figures. You know, we have an unemployment rate of 13%. That’s the highest level in the Ruhr Area. (...) Accordingly, we suffer from all the consequences, improv-*

⁶ ASTRA is the abbreviation for the German words for “jobs instead of benefits” (“Arbeit statt Transferleistungen”).

erishment and so on. The second aspect is that we have periodical social reports, reports on wealth and poverty since 2005 that are subject to political discussions, discussions in the municipal parliament. Yes, that's why this has such a high importance. It is also important because we have a leading role (...) in all nation-wide studies on poverty" (MA2).

The debates on poverty in Dortmund didn't change much over time: "They [the debates on poverty] are really stable over time" (MA2). The interviewees mention few topics that are new to these debates. The main new aspect of these debates regard the poverty driven migration from southern Europe (see section 7.1) and housing policies: "What probably has been a new aspect in the past years, are housing policies. That's because some years ago mainly the former state CDU/FDP government in North-Rhine-Westphalia has privatised some housing associations that were formerly publicly owned. (...) Well, that is a new aspect that was added in the past years. The latest aspect, with which we are dealing at the moment, is the poverty driven migration from south-east Europe, mainly Bulgaria and Rumania. That's a relatively new phenomenon, because these two countries recently accessed the EU. So, actually the debate is quite stable, it just has a few new aspects" (MA2).

Regarding the three target groups of the COPE project, we can state that long-term unemployed definitely are a topic in the debates on poverty, and that they have been on the agenda for a very long time. Single Parents are in the focus of the debates as well. They gradually get more and more attention: „I think that single parents have been a big issue in the past years, because we have many institutions that take care of women and of those wanting to resume work and of single parents. There is also a network. In this regard, the focus has certainly been sharpened" (LM3). Working poor do not seem to be a big issue in the debates. No interviewee explicitly mentions them when asked to name the main topics of the debates.

There is a big general consensus on poverty-related issues in Dortmund. Both the negative impact of the high unemployment and poverty rates as well as their social consequences seem to be rather uncontroversial. The only controversial opinions we find regard the question how poverty can be combated effectively. They mainly relate to the question how crucial it is to be active on the labour market in order to combat poverty, the importance and role of publicly funded employment as well as the consequence of making use of sanctions for ALG II recipients: "There are, in a manner of speaking, differences. Everybody has his or her own perspective. Well, for example the companies would answer to this question that the crucial aspect of combating poverty in the access to the labour market. Of course they see big problems regarding the employment of persons. They say: 'Okay, if we see that there are chances in a certain field to employ persons and if we try to do that, then we sometimes face the problem that there are people who just don't manage it, for whatever reason. Well, there are indeed descriptions of the problem. (...) Furthermore, there are differences for example regarding the publicly funded employment. There are certainly differences between the various actors, but all agree that we need a lot of fantasy to reduce unemployment in Dortmund. (...) Now and then differing discussion come up. They refer for example to the question: How useful are sanctions in SGB II? Depending on the political party affiliation or on the philosophy of life people draw different conclusions. That's the way it is everywhere in life. (...) Opinions differ between the trade unions and the companies. But that is anything else than astonishing" (MA1).

These differences but also the similarities in the opinions become even clearer if we compare the positions of the trade union and the municipal Economic Development Agency. A representative of the latter argues: *“I want to recall, I won’t name it policies to combat poverty. Instead, we as economic development agency talk about constructing a climate that fosters creating new jobs. So, jobs are relevant for our citizens and in the end, and that’s the next aspect, if they are paid adequately, this is the best way to prevent poverty or to reduce poverty in the long run. Hence, we want to establish business, to monitor operating structures in the companies, to support them and, in turn, to take initiatives to attract new businesses, to create new jobs and everything related to this. Against this background, the topic of how to qualify employees and the unemployed plays an important role in order to improve the individual chances on the labour market as much as possible (LM4).* The comparative argument of the representative of the trade union is that poverty is closely related to a lack of well-paid job opportunities as well as to the education sphere and aspects of social inclusion: *“Well, on the one hand we certainly argue that poverty is characterised through insufficient employment, namely well-paid jobs. But of course we know as well that poverty is also about social participation that it has an education-policy related dimension. And we try to discuss these three dimensions in this city and this in all committees we are involved in” (LM2).* Generally spoken we can state that we find differing opinions within in the social partners, with the trade unions on the one and the municipal Economic Development Agency on the other hand. These differences are of course not surprising as they reflect the general cleavage of capital and labour. But nevertheless, the consensus on the extremely negative social consequences of the high poverty and unemployment shares seems to be stronger than the diverging opinions on how to tackle these issues.

There is one further topic almost all interviewees mention when asked about the debates on poverty in Dortmund: The regional disparity of economic wellbeing in the city. The dominating aspect in this regard is the Northern City District. This is due to fact that this district is most seriously affected by any kind of social problems. This topic is high on the agenda ever since the first debates on poverty in Dortmund came up (SP1). How severe the problems in this city district are becomes obvious if we note that it is one of the biggest redevelopment areas in Germany: *“It is one of the city districts with were social problems are the most pronounced in North-Rhine-Westphalia. (...)The Northern City District in Dortmund is a district with about 52.000 inhabitants and the rule of thumb is, compared to the other parts of the city, each parameter is either halve as high or twice as high in this district. That is: If Dortmund has an unemployment rate of 13%, the figures in the Northern City District are 26%. If the average district has a purchasing power of 100%, the one in the Northern City is just half of this value. That’s how it is” (LM4).*

If we put all these findings together, we can see how dominant the consequences of the structural change are in Dortmund. Regarding the political landscape, the industrial heritage is still present in the fact that that the city is – and ever has been – a stronghold of the SPD. Looking at financial and economic aspects, we can note that the structural change has led to very high unemployment rates that, in turn, cause an extremely tense financial situation in Dortmund. Nevertheless, we find first hints at the high importance that is attached to overcoming the consequences of the structural change. This is firstly the local employment strategy and ambitious aim to lower the unemployment under the 10% threshold by 2015. A second important

aspect is that unemployment and poverty are high on the agenda in the political and public debates – a finding that will be examined in greater detail in the following sections.

3. Actors involved in fighting poverty in Dortmund

The landscape of actors that are in a way or other involved in combating poverty in Dortmund is rather dense. A first hint if an institution or organisation is relevant can be derived from how often it is described by the interviewees as an important actor. The institutions named most often are: The municipality, i.e. is explicitly the social welfare department, the Jobcenter, the welfare associations and the business or industry organisations, namely the “Association of Metal Working” (“Unternehmensverband Metall”) and the “Retailers’ Association” (“Einzelhandelsverband”) as well as the trade unions. This result does very much reflect the general architecture of the German welfare state and in particular depicts the institutional setting of the minimum income system: The municipal government and the administration are in charge of regulating and shaping many important facets of everyday life. With regard to anti-poverty policies, the social welfare department does have a leading role. The Jobcenter is a key player as it is in charge of paying the ALG II benefits and as it coordinates all activation measures and social services that are delivered to the beneficiaries. Such services are often provided by the free welfare organisations, which therefore play a very important role in this whole system too. Last not least, the social partners, trade unions and employers’ associations are crucial in terms of wage setting as well as regarding the employment situation and the economic setting in general. The actors named above can certainly be said to be the main actors regarding anti-poverty policies from a general point of view. This result is not special for Dortmund but generally applies generally to the local level in Germany. There are lot more actors that are involved on this policy field in Dortmund, and this is where a profile becomes obvious that characterises the situation in this city. In order to cluster the different actors they are roughly divided into four categories according to their main filed of action: 1. Administrative political actors; 2. Actors on the labour market; 3. Service providers and 4. Actors from the civil society.

3.1. Administrative Political Actors

As argued above, Dortmund puts very much effort in combating poverty and has very comprehensive anti-poverty policies. This is reflected in the institutional landscape in Dortmund, in the so called “Action Plan Social City” and the “Social City Commission”. Apart from this commission, the most important actor from the municipal administration is certainly the Social Welfare Department.

3.1.1. The “Social City Commission”

In the wake of the Hartz Reforms the city council decided in 2005 to revise the local social reporting in order to monitor the consequences of the Hartz Reforms, mainly of course those of Hartz IV (Certa 2009). As a result, Dortmund published a report on the social situation in the municipality two years later (Sozialdezernat Dortmund 2007). The fact that the municipal government decided to publish these results is described by an interviewee from the government as being rather astonishing: *“I think it is to the credit of Dortmund that we have published the results. Not all cities would have done that because we all wouldn’t be praised for*

the findings” (MA3). The report consists of two parts: The first one gives a comprehensive descriptive overview of the socio-demographic characteristics of the Dortmund population; part two analyses the specific need for social and political action resulting from the situation described in the first section. The authors conclude that there are 13 municipal districts in which negative social, demographic and economic circumstances mingle, so that they need special attention. These 13 parts of the city are henceforth considered as “Activity Areas” (“Aktionsräume”). The overarching goal is to transform these districts from disadvantaged city quarters into promising areas that face a positive future. Following this aim, the local government implemented the “Action Plan Social City”. A centralised municipally governed coordination committee was established to put the “Action Plan” into practice: This committee includes all departments of the municipal administration as well as representatives from the Jobcenter. The office that is in charge of governing the “Action Plan” directly reports to the Lord Mayor.

The prelude to this programme was in February 2008 as decentralised panels were held, in order to involve the population in implementing the “Action Plan”. Involving the population was from the very beginning on a vital pillar of this project, following the idea to capture the true needs of each of the 13 “Activity Areas”. More than 2.000 persons from the political arena, the municipal administration or the local civil society gathered ideas for the “Action Plan” (Certa 2009). These suggestions were condensed into three priorities (Sozialdezernat Dortmund 2007):

1. “*Creating jobs – local economy and employment in the city district*” (“Arbeit schaffen – lokale Ökonomie und Beschäftigung im Quartier”): This pillar focuses on all kinds of qualification and employment measures.
2. “*Supporting children: Joint action with the parents – nutrition, education, language, integration*” (“Kinder stärken: Gemeinsam mit den Eltern – Ernährung, Bildung, Sprache, Integration”) The main actions in this strand are dedicated to integrating children from disadvantaged families, especially those from migrant families, into society.
3. “*Acting jointly: Strengthening social cohesion*”: All measures summarised under this topic aim at improving the social situation by fostering prospering and safe neighbourhoods.

It is noteworthy that Dortmund paid out a great deal of money in order to implement the “Action Plan”: In 2012, the city spent about 20 Million Euro for the 13 “Activity Areas” and additionally 250.000€ project-related funds from the different departments of the municipal administration (Prigge and Böhme 2013). Given the fact that Dortmund is highly indebted, this is another proof of the great importance that is attached to combating poverty in this city. Within this budget frame, each “Activity Area” has 5.000€ at its one disposal to finance civil engagement in the district (MA2).

The “Action Plan” is coordinated by the “Social City Commission”. This commission was constituted by the Lord Mayor as a reaction to the figures presented in the social report. The commission consists of a broad range of political, social and economic as well as cultural stakeholders: “*The commission was implemented by the Lord Mayor. He is part of the commission together with the head of the social welfare office, the chairman of the governmental committee for social issues (...). Well, the economic chambers participate as well as the trade unions. The free welfare associations are also part of this commission. And representatives of*

the municipal of sporting association. The cultural sphere is represented (...) through the theater manager“ (MA3). The composition of the “Social City Commission” clearly demonstrates the aim to include a maximum scope of actors – fact that is also stressed by a representative of the municipal administration. “Anyway, I think that we managed to integrate all actors that are involved in combating poverty in Dortmund” (MA2). Generally spoken, the commission works as a governing organisation as well as an advisory body: “The “Social City Commission acts on the governance and advisory level” (LM2).

The main task of this commission is to coordinate all projects that are part of the “Action Plan”: *“And these things [i.e. the various projects] are presented in the ‘Social City Commission’. The members of the commission give feedback on what could be improved or they assure their support. But the commission is not a kind of steering committee. You can’t say that” (MA3). Asked how the governance and coordination of the “Action Plan” is put to practice, an interviewee from the municipal administration explains that it is based on various commissions that meet regularly: “There are regular meetings within the ‘Action Plan’, where the various actors meet. First and foremost there is the management group, with actors such as the Jobcenter, the Youth Welfare Office, the Economic Development Agency or the Social Welfare office. Well, just everybody who deals with poverty relate problems. (...) The Urban Planning Agency is of course very important too. Additionally, we have (...) the representatives of the ‘Activity Areas’. In the districts that a carry a very high burden, persons working for the municipal administration are released from their actual work so that they can mainly or exclusively deal with issues of how to combat poverty in the small district, in the ‘Activity Area’. (...) They coordinate all local actors” (MA2).*

The scope of the projects in the 13 “Activity Areas” is very broad. Which project is realised depends on what the population in these districts deems as necessary; a further proof of the importance that is attached to the participatory aspect: *“Well the people can use them [i.e. the financial resources], so a school could decide, okay we are going to have a meal in school. Or other projects can be initiated. But that always depends on the people” (LM2). The projects range from free meals in schools to apartments of cooperative housing (“Genossenschaftswohnungen”). Since its implementation in 2007, 222 projects were funded in the frame of the “Action Plan” (MA2).*

Several interviewees describe the implementation of the “Social City Commission” as a landmark step towards better and more comprehensive anti-poverty policies: *“That was our first big step. And this step entailed that many personnel resources were reallocated” (MA2).*

Asked about their evaluation of the “Action Plan” the interviewees name mainly two aspects they assess as being rather successful: The big involvement of the population and that people were led out of unemployment due to the skill training and employment services (e.g. LM2; MA3). An interviewee clearly describes the participatory aspect as the core of the “Action Plan”: *It’s about the question, how people can participate in developing and shaping their living environment even though they are poor” (MA1). Furthermore the inclusion of all main actors in the “Commission Social City” is evaluated as really successful: “And, yes, we managed to involve all actors, which, in one way or other, deal with combating poverty issues in Dortmund in the “Social City Commission” (MA2). The representative of the municipal administration, however, clearly describes the “Action Plan” also has limits. It does not offer*

decent job offers for unemployed persons: Right at the moment Dortmund is about to get started with a new round of projects and organises a comprehensive evaluation of the “Action Plan” with all involved persons and the population in the 13 “Activity Areas” (MA1). Nevertheless, none of the interviewees name any critical aspects regarding the organisation, the work or the results of the commission.

The “Social City Commission” is certainly the most important municipal actor when it comes to anti-poverty policies as combating poverty is the only goal of this commission. All other municipal actors have areas of responsibilities other than anti-poverty policies. The municipal actor that is assigned the leading role in combating poverty within the organisational structure of the German minimum income system is the Social Welfare Department.

3.1.2. The Social Welfare Department

When looking at the general architecture of the minimum income system in Germany, the most important municipal actor is the Social Welfare Department. It has an important institutional and legal rule of the Social Welfare Department: *“Okay, let me put it like this, what we do for these people [i.e. the poor], is mainly framed by the Social Code. Well, we don’t have any kind of special counselling for anything. That’s what organisations do. We support these organisations by funding them, for example in the field of debt counselling, or for many other things where we provide municipal support. That is what we are doing. Well, we do, so to speak, everything an administration classically has to do. That are benefits you can be entitled to receive. For example if you are in need of special care and cannot pay for your out- or inpatient care, then these costs are born by the municipality. We provide the municipal part of the cost for housing and heating. That are 190 Million per year. (...) All additional services that are provided for the groups you have described [i.e. the three target groups] according to the Social Code are municipally administered mainly by the Social Welfare Office; and of course partly by the Housing Department in so far as entitlements for social housing are concerned and so on and so forth. Although, social housing, the chance to move into subsidised housing, applies to about 50% of the Dortmund population, that’s not merely an issue of people at risk of poverty. (...) We do not do anything more specific than that, because we are an administration and follow our legal obligations”* (MA1). There is one further aspect where the Social Welfare Department plays an important role. It is in charge of implementing the “Education and Participation Package (see section 4.4): *“We did a great deal as municipality in order to guarantee that the children do profit from these services, no matter how bureaucratic this act is, what it is indeed. But we declared: ‘We have to make the municipal effort that the services are brought to the children and adolescents’. That was a tremendous challenge we have tackled. We managed to get going very well here in this city”* (MA1).

The “Social City Commission” and the Social Welfare Department are certainly the only actors from the municipal administration that are active in the field of anti-poverty policies. The Youth Welfare Department or the committee for employment, social and health related issues in the municipal government are important as well. Yet, as they are not the main actors, they are not analysed in detail.

3.2. Labour Market Actors

When looking at the scope of labour-market related actors, it is interesting to note, that they very much reflect the multi-level setting of this policy arena. On the one hand, there is the Federal Employment Agency as a federal actor, on the other hand, we have exclusively municipal actor like the municipal Economic Development Agency or the “dortmund-project”. Furthermore, the Jobcenter, the most important actor regarding the present report, is a mixed federal and municipal institution. Others like the chambers of economy and commerce or the trade unions are primarily local institutions that act within the frame of their federal structures.

3.2.1. The Jobcenter

The Jobcenter certainly is the most important actor in terms of providing passive and active benefits and services for unemployed in general and especially for ALG II beneficiaries. But also apart from the legal obligations of the institution as defined in the social code, the Jobcenter is a key actor in anti-poverty policies in Dortmund. It acts as a one-stop shop, merging the administrations of municipality and Federal Employment Agency. The Jobcenter is responsible for granting the benefits, job counselling and placement as well as for initiating the beneficiaries’ participation at employment and social services.

An interviewee from the Jobcenters clearly stresses the important role of his institution. The Jobcenter is in charge of ALG II and therefore has to take care of more than 80.000 persons in Dortmund: *“Yes, I do think that we regard us as playing a very important role as far as poverty and social exclusion are concerned. In the first instance, and that’s the most fundamental aspect, we secure the livelihood of persons. Well, that are 42.000 to 43.000 needy households and looking behind this figure we naturally find the members of the families, recipients of “Sozialgeld” and so on. Summed up, we get a magnitude of more than 80.000 persons who are more or less part of this system. In this regard the Jobcenter is crucial for this city and I also think does contribute significantly to guarantee social stability (...). Furthermore, we are responsible to support the people, both in socio-political issues (...) as well as in the classical sense of the Jobcenter. Leading persons towards the labour market, developing qualifications, initiating integration into the labour market, opening up employment perspectives, that are certainly the main tasks”* (LM1).

The second characteristic of the Jobcenter is that it decidedly follows a target group approach. In total, they have seven different teams, of which each is specialised for a certain target group. These target groups are: Jung unskilled adolescents, severely disabled persons and rehabilitees, self-employed, employees with a marginal employment, single parents and “best ager”, i.e. employees who are older than 50. Furthermore there is a special team for academics and a team that is specialised on transforming mini-jobs into regular employment. An interviewee from the Jobcenter describes the structure of the team for single parents more closely: *“We have about 7000 single parents in the minimum income system, so there are placement officers, who exclusively deal with this population group. They look if there are any special problems, how things are going, how they can reconcile training measures and family. We have to settle the child-care, have to offer support in organising child-care. All this is done by the specialised personnel”* (LM1).

The Jobcenter does closely collaborate with the other relevant actors and especially the municipality. A special feature of the situation in Dortmund is the good cooperation of the Jobcenter and

the municipality: *“And I have to say, that has been a good solution in Dortmund that the Jobcenter has always been part of the municipality and that this is supported by the Federal Employment Agency. (...) That’s good, because this link not only exists on the higher level, but also right on the managerial level of the executive management and the municipal council. And therefore we are able to use politics as a disseminator of what takes place in the Jobcenter. The Jobcenter regularly reports what is thereafter published as figures”* (MA3).

That the Jobcenter collaborates that closely and smoothly with the municipality can be labelled as rather unusual. Often the Jobcenters as mainly federally governed institution are not integrated very much in the municipal policies but rather stand a bit apart and even sometimes are blamed for any failure of attempts to reduce unemployment.

The second main actor in this labour market system is the local branch of the Federal Employment Agency. Following the institutional structure of the minimum income system in Germany, the Federal Employment Agency and the Jobcenter, and therefore the national and the local level, work together closely. The former is mainly in charge of the financial issues as well as the services regarding the unemployment insurance: *“The task of the Federal Employment Agency of course is to contribute to a market balance, to foster transparency on the labour market, and naturally to contribute to bring about a fall in unemployment”* (LM3). The role the Federal Employment Agency plays in the institutional setting of the Jobcenter is strongly regulated by national law. The Federal Employment Agency structures local actions decisively by providing a nationally consistent approach to labour market integration (Petzold 2013). Moreover, performance targets and “quasi-law” recommendations of the Federal Employment Agency narrow the leeway of the municipalities concerning employment services.

Even though the situation in Dortmund is very positive, Dortmund does of course face big challenges. The dominating challenge is the task to create job opportunities for unemployed persons: *“Well, for example to address the increasing demand for skilled labour is pretty difficult. We are starting to deal with this issue on a small scale, actually in order to bring it into the public again and again. Here in Dortmund everything is very much dominated by the issue of unemployment as a problem of the city, not as a chance (...). Everybody in Dortmund agrees that first and foremost we have to create job chances for the unemployed, the long-term unemployed. So we mainly don’t have the focus to attract foreign workers. Such issues are tasks for the Employment Agencies for example in southern Germany. They face a different situation. My own focus is much more on minimum income in the Jobcenter than this is the case in other locations, even in North-Rhine-Westphalia”* (LM3).

3.2.2. Employers’ Associations and Trade Unions

Looking at the employers’ part, the chambers certainly play an important role in Dortmund: *„Especially the IHK, the Chamber of Crafts is important as well in Dortmund, but here the Local Council of Skilled Crafts [“Kreishandwerkerschaft”], has a more important role regarding the close cooperation in Dortmund. (...) And next of course the employers’ associations, here especially the employers’ association of the metalworking industry and the retailers’ association play a vital role. Retail is a coining sector here”* (LM1).

As an antagonist, trade unions are a crucial actor in this landscape in Dortmund as well. Like the chambers they are part of the Social City Commission. Furthermore, the trade unions are represented in the Board of the Jobcenter (“Trägerversammlung”). The trade union play a

rather indirect role in this setting: *“For example we declare that we need an orientation to social space regarding the so called work opportunities, or we state: In each household with children where both parents are unemployed, one parent has to participate in a skill training in order to establish certain structures for the children, to create a certain background. Those are the ideas and suggestions the trade unions produce. And of course there are many things we have to scrutinise critically. We have to ask if things are useful or necessary the way they are”* (LM2). Regarding the direction of anti-poverty politics in Dortmund, the approach of the trade unions is clearly cut. They point at the necessity of increasing the extent funds directed at the municipal level: *“We need a more regionalised funding of the Jobcenter. (...) We shouldn’t spread resources too thinly over the whole state, but rather have to focus more on the local problems instead. But that does not really get through to the top. Well, for example the education and participation package was a project we have discussed at length in this city: How are we to create this project? Finally, a large proportion flowed to the social work in schools. Because that is really really very important here, as we know which role education has. (...) Right at the moment we are campaigning that the social workers in the schools remain in this city. There are many financial arguments against their work”* (LM2).

3.2.3. Federal Employment Agency

First of all, we have to note that the Employment Agency is a federal actor. As Dortmund is a major city, Dortmund has an own local branch of the Federal Employment Agency. The Federal Employment Agency is mainly in charge of the financial issues as well as the services regarding the unemployment insurance. As the German minimum income system is highly inclusive, that is that the receipt of benefits is closely tied to social services and activation measures, the local branch of the Federal Employment Agency does naturally cooperate closely with the Jobcenter (see section 4.1). This collaboration of a federal agency and municipal structures entails a few difficulties that however, are solved so that the cooperation works smoothly: *“The municipal structure is certainly difficult for the Employment Agency. The Employment Agency is a federal authority that is governed very authoritarian and that is very much centralised. On the other side there are the municipal politicians who always want to have a say. At first they [the Federal Employment Agency] had to kind of rethink everything. But they have done that quite successfully, so that now the contact, the cooperation on the managerial level [of the Federal Employment Agency and Jobcenter] is extremely good”* (MA3). This smooth and close cooperation certainly relates first and foremost to the operational level. On the political level, both actors have a slightly more reserved relationship. But this results from the institutional setting of both agencies at the national level. The Jobcenters are very much under control by the Federal Employment Agency and their local branches. The Federal Employment Agency set performance targets, the Jobcenters have to fulfil and against their performance they are evaluated. Often, municipal actors argue, that the Federal Employment Agency is too distant from the concrete situation at the local level and therefore is not that able to act adequately (Petzold 2013). Therefore, the fact that the local branch of the Federal Employment Agency and the Jobcenter in Dortmund have such a good and close cooperation is quite is far from being self-evident.

An interviewee from the local branch of the Federal Employment Agency describes this special setting from the opposite perspective: *“People working at the Federal Employment Agency are a bit startled at the term ‘municipal level’, I am not municipally employed, but of course I do act in right this local sphere”* (LM3). This quote clearly points out, that the local branch of the Federal Employment Agency is an exclusively federal actor. Accordingly, the people working there are federally employed even though their scope of action relates more or less exclusively to the local level.

3.2.4. City of Dortmund Economic Development Agency

This municipal agency aims to foster entrepreneurial commitment and to develop Dortmund into a modern business location. The prime goal is to create and secure jobs (www.wirtschaftsfoerderung-dortmund.de/de/uns/). In order to achieve this goal, the Agency has different projects: *“The Economic Development Agency as a municipal institution is responsible for creating new jobs and undertakes a lot of initiatives to create a better climate in Dortmund”* (LM4). Against this background, the Economic Development Agency is vital player in the municipal labour market strategy (See section 3.2). Looking at their projects, we find another proof of how high poverty-related topics are on the agenda: The Agency has many initiatives that are directly located in the city districts. This is quite unusual: *“A second aspect, and this is rather untypical for an Economic Development Agency, is that we are active on-site, that is in a district that is not exactly beautiful, that is different from the others, that is in this sense poor. (...) We follow an approach of local economies in a network of projects”* (LM4). These projects are located in the Northern City District, the part of the town with the most pronounced social problems (see section 4.5). The interviewee from the Economic Development Agency describes the local economy approach as an approach to act really on-site: *“Our job is to initiate and to accompany positive small-scale changes in the business cycle, in the frame of founding, qualifying and micro-financing. Since 2005, we have an on-site office“* (LM4). Asked about examples of their work relevant for the present report, the interviewee names two projects: The micro financing cooperative and the centre for female founders (*“Gründerinnen-Zentrum”*). Both demonstrated a very positive development: *“The micro-financing cooperative was founded with 13 people in March, 27th 2008. (...) What we do is that we micro-finance, in cooperation with a bank, the GLS bank in Bochum, funds for persons or enterprises who wouldn’t be given any money anywhere else. (...) These persons fall under the definition that they are poor or that they are not regarded as being creditworthy. (...) We have recently estimated the figures: We have 400 secured or created jobs since 2008 (...) in the field of self-employment and dependent employment. (...) We support the enterprise and as part of their economic activities some dependent jobs are created”* (LM4). The centre for female founders is the second big project of the Agency in the field of combating poverty. This centre has also been very successful: *“Regarding the centre for female founders, we are really active since 2011 and we have been able I think to initiate about 70 foundations, from which I guess the overwhelming majority, far more than 60 are still active on the market. We have recently started to release some of them successfully, to release the first of them out of the sheltered space of the centre for female founders, into the real world (...) I think this [the centre for female founders] is unique in North-Rhine-Westphalia”* (LM4).

3.2.5. „dortmund-project“

The „dortmund-project“ was established in the 90s. It was based on a study conducted by the company “Thyssen-Krupp”⁷ and consultants from McKinsey, in which they devise a concept for a further development of the city. The results of the study led to the so called “dortmund-project” which is based at the office of the Lord Mayor and the municipal Economic Development Agency. Under the lead of Lord Mayor Langemeyer, the project team was launched in summer 2000. By today, more than 500 persons are involved in this network (www.dortmund.de/de/leben_in_dortmund/stadtportraet/stadtgeschichte/20jahrhundert/das_n_eue_dortmund/index.html), amongst them the municipal administration, the chambers of economy and commerce, the Jobcenter, trade unions and education and research institutes like the University of Dortmund or the Social Research Centre at the Technical University Dortmund (“Sozialforschungsstelle”). The project is to a great deal funded by resources from the ERDF (Stadtkämmerei Dortmund 2013). The “dortmund-project” is focussed on establishing public-private-partnerships and creating new jobs, mainly in information and communication technologies. The core aim is to transform Dortmund into a leading technological and science location in Europe (Beck 2009). In order to facilitate this transformation process, the “dortmund-project” concentrates on three strands (www.dortmund-project.de/de/ueber_uns/projektorganisation.jsp?ex1_state=col#ex1):

1. *Future-oriented businesses* (“*Zukunftsbranchen*”): This column aims at attracting new businesses, especially in the field of information technology, microsystem technology and logistics.
2. *People and competencies* (“*Menschen und Kompetenzen*”): In order to have enough well-trained employees that can work in the newly created future-oriented businesses, the task is to establish adequate qualification and training structures.
3. *Developing future-oriented locations* (“*Entwicklung von Zukunftsstandorten*”): The aim of this strand is to open up new industrial estates where the new businesses can settle.

The approach of the “dortmund-project” proved to be rather successful: During only eight years (2000 to 2008) more than 10.000 new jobs were created in the frame of this project (Irle and Röllinghoff 2008).

3.3. Service Providers

The landscape of service providers is quite fragmented. This is very much due to the institutional architecture of the German minimum income system. As this system is highly inclusive, social and labour market related services are closely tied to the minimum income receipt. Nevertheless, the Jobcenter as the agency, where all roads run together, does not provide such services itself. They are rather contracted out to service external providers (see section 6.5). This holds true for Germany as a whole and therefore also applies to the situation in Dortmund. This is the reason, why we find a multitude of institutions that in some way or other provide such services. Generally spoken, such services include any kind of counselling as well as labour market related activation measures. Given the broad scope of actors, the

⁷ The Thyssen-Krupp AG was traditionally one of the main employers in the Ruhr Area and especially in Dortmund. The company was mainly active in the coal mining industry.

section will focus on three actors that provide good examples of the situation in Dortmund. The first one, the ISB was chosen for two reasons: Firstly, because this institution is very characteristic for Dortmund as it is an example of the comprehensive anti-poverty policies the city has established. Secondly, the ISB is an umbrella organisation where all major Welfare Associations participate. Therefore, it at least partly reflects the important role the Welfare Associations play in the German minimum income system. The other two actors were chosen against the background of the target groups in the COPE-project: One of them especially addresses long-term unemployed; the other one is focussed on the special needs of lone parents.

3.3.1. The “Association of social employment initiatives”

The “Association of social employment initiatives” (ISB) is an association with currently 20 members that was funded 20 years ago. The joint goal of the ISB-partners is to develop local offers for counselling, further education, qualification and employment (www.isb-dortmund.de/index.php?cat=%C3%9Cber%20uns). In order to achieve this goal, the ISB acts as a political lobby platform. The member organisations provide educational and labour market related training and counselling which aim at integrating the participants sustainably into the labour market. The offers are targeted at a wide range of people: Employees, unemployed, long-term unemployed, adolescents, pupils, migrants, refugees, persons with health problems and persons returning to the labour market after having a family as well as small and medium-sized firms (www.isb-dortmund.de/index.php?cat=%C3%9Cber%20uns). With regard to target groups in COPE; we can state that the ISB explicitly directs offers at long-term unemployed. Single parents however, and – yet to a lesser extent – working poor are also addressed by the ISB. The association is well placed on the network of relevant local actors on the labour market and collaborates closely with the Jobcenter, the local branch of the Federal Employment Agency, the municipality, the Economic Development Agency as well as the chambers and of course schools and enterprises. The interviewee from the ISB expresses a clear notion of how the severe unemployment problem in Dortmund could be solved or at least bettered; he stresses the importance of publicly funded employment: *“We are not able to get everybody into work, into an employment that is appropriate for his or her skills, not by means of employment initiatives, whatever these may look like. We face a changing working world what causes the problem that some jobs virtually vanish. If at all, these persons struggle along with employment offers, or they receive Hartz IV ever since it was implemented. Well, not only they receive Hartz IV but also their families. And that is I think a problem which we can only solve by establishing publicly funded employment. And that is the core topic of the ISB (...). We will not manage to integrate everybody into the first labour market. The individuals are too distant from the labour market and partially also are too impaired, have health problems, mental problems and so on. That’s why I think we need publicly funded employment. And there is enough that could be done, if we had the resources. We could tackle things we are ignoring at the moment; for example if we look at the public green in this city or the cleanliness; playgrounds, schools. If they become more attractive, we can create a better learning environment for children. In my opinion such things always start very much at the bottom. These things have to be organized. We have to have companies like*

us who organise that. I think that this is the only possibility we have to get everybody back into work” (SP2).

The ISB is funded through several sources. On the one hand, each member organisation has to pay 600€ membership fees per year. On the other hand the ISB applies to federal and European invitations to tender for bids. In such cases the ISB often acts as the applicant and, if the application was successful hands the funds on to the member organisations that complete the proposed offer (SP2).

How closely the ISB is integrated into the network and how important the role is they play, becomes obvious if we look at a statement of the representative of the Jobcenter. His main aspect is that the ISB has a very extensive network of social and welfare actors: *“Who does also play an important role (...) is the ISB. The ISB is an association of different employment and educational facilities (‘Bildungsträger’). Even when only taking their network into account they have a great importance in this city, also when looking at their know-how. The ISB also plays a leading role as far as socio-political arrangements, labour market or employment policies are concerned” (LM1).* The interviewee from ISB describes the ISB-offers from another point of view by stressing the management and the coordination function of the ISB: *“I think, it’s a pretty good deal for the Jobcenter and the Employment Agency that they don’t have to talk with each single provider if they don’t want to but instead can talk to the management [of the ISB]. That’s quite convenient and therefore the ISB has seats in many specialised commissions, for example in the advisory board of the Jobcenter. (...) Well, we try to be part in as many commissions as possible“(SP2).*

3.3.2. The “Centre for Unemployed”

The “Centre for Unemployed” (ALZ) considers itself as a lobby for unemployed persons. They closely collaborate with the municipality in a dense network of social initiatives. Their core message is to bring the living conditions of poor and unemployed persons into the public (Arbeitslosenzentrum Dortmund e.V.2013). In its everyday work the ALZ, who is also a member of the ISB, has two different stands. On the one hand the offer possibilities to meet other persons affected by poverty and/or unemployment, for example at the weekly breakfast for unemployed persons. On the other hand they offer a lot of counselling and information events for a broad scope of legal issues regarding for example unemployment, Hartz IV or skill training. *“Our focus is first and foremost on social counselling and on legal support for unemployed persons. The majority of our work is counselling. And of course, over and above all other things, our crucial concern is ‘How can people re-enter the labour market?’” (SP1).* In 2012 more than 12.000 persons came to visit the ALZ. In total, they offered 2.252 counselling during this year, of which the vast majority addressed social law aspects (e.V. 2013). The roots of the ALZ go back to the year 1984, as the whole project was established, interestingly as a job creation measure (SP1). The ALZ interviewee clearly stresses the political mandate the institution has and describes it as a mouthpiece for the interests of the unemployed: *“What we always regarded as crucial was that the experiences we gain in our work are feed into the local debates on socio-political issues. That’s a kind of lobby. A lobby, not only in order to create socio-political initiatives that directly result from our work but also in order to take a clear position for unemployed persons. That has always been our mandate, and I think till*

today there were no fundamental changes” (SP1). A crucial aspect of the work of the ALZ was from the very beginning on a close connection to the municipality. Interestingly the staff of the ALZ was in its history sometimes at least partially municipally funded (SP1). An interviewee from the municipal administration puts it this way: “What we purposely support as a critical counterpart in Dortmund is the ALZ. We support that strongly. Well, the ALZ is an institution that rightly offers biased counselling” (MA2).

3.3.3. The “Association for the needs of single parent’s households”

This association has three different strands: Their main task is to provide support for families in the field of social education (“Sozialpolitische Familienhilfe”). Furthermore they run a kindergarten and have organised family centre that provides some kind of assisted housing for families in need.

From an institutional point of view, it can be stated that the association acts on behalf of the municipality on the legal basis of the Child and Youth Services Act. Noteworthy, they receive their clientele from the Youth and Welfare Office, not from the Social Welfare Office or the Jobcenter: *“We have a cooperation agreement with the municipality. (...). The municipal Youth Welfare Department send us our clients. Well, the Youth Welfare Department comes across needy families. Either on their own or because they are reported the need from school, doctors or on which way ever. This family needs family assistance. They [i.e. the Youth Welfare Department] call us und tells us: ‘We have a new family. Please turn to the corresponding district, to the corresponding youth welfare service. The next step is a first contact between the family and one of our staff in which we define goals. Six to eight weeks later there is a second meeting and then we start with our work” (SP3). The association is funded by municipal resources. We can state that the association does not only take care of the needs of lone parents, yet, they constitute the overwhelming majority of their clientele. The family assistance is provided ambulant; the staffs mainly visit the clients at home. This whole procedure is done on a legal basis as regulated in the Child and Youth Service Act.*

3.3.4. Private Service Providers

Looking the importance of private actors we can state they do not play an important role in Dortmund. Asked if there are any relevant private service providers in Dortmund an interviewee from the municipal administration answers: *“There are no important private actors. Well, there are some specific networks. But I really couldn’t tell you if there are private actors that are part of these networks. It is not that someone would say, we do exclude them, well, anyway, they just do not play an important role” (MA1).*

Noteworthy, the overwhelming majority of the interviewees did not even know what to do with the term “private service provider”: *“‘Private Service Providers’? What do you mean by private’?” (SP1).*

3.4. Civil Society

Third sector or voluntary actors do not seem do have a decisive influence on labour market and social policy related issues in Dortmund (LM1). Only one interviewee explicitly names actors that are part of the civil society: *“Who demonstrates specific engagement, that’s what I*

experience often if I go in schools, are service club, Lions Club and Rotary. (...) For example they bear the costs for school lunch for children who arrive at school hungry. They pay the sum x and I think they also offer the possibility for those, who don't have enough clothes, to buy clothes and such things" (LM3).

When looking at all the different actors that shape anti-poverty policies in Dortmund described above it becomes clear how close they all cooperate. First and foremost, almost all of them are part of a dense network that has its institutionalised expression in the Social City Commission. Therefore, the network cannot only be described as very dense but also as very formal. *"Well, I'd rather say, that's a dense, formal network, whereby, we always also have an informal exchange"* (LM2). The cooperation within this commission is rather smooth and based on dense formal network structures (MA3): *"The formal structures of the network, that is the official commissions, have a very high overlap of their members, so that actors sometimes meet two or three times a week if there are many dates like advisory board of the Job-center, management committee of the Employment Agency and the Alliance for Dortmund (...). Well, therefore I don't have to pick up the phone if I want to discuss something, because I know that I will meet persons in charge more often during this week. I regard this as very very unusual. (...) And this formal structure, the network and the official committees, they all constitute the frame that is decisive for the well running informal structures"* (LM3).

These formal networks and especially the Social City Commission are really important when it comes to explaining the comprehensive anti-poverty approaches in Dortmund as they facilitate concrete joint actions directed at tackling poverty and unemployment related problems: *"In my experience all service providers, like for example the Welfare Associations are well networked (...). And there is this institution "Social City" with its commission where many actors, ranging from welfare organisations to representatives of the economy and the Employment Agency, interact closely in order to tackle concrete projects. (...) I think we are all aware that we need a concerted approach, if we want to put things forward"* (LM3). However, there are also informal structures that result from the formal networks in Dortmund that play an important, positive role: *"The relevant actors in this city know each other personally, especially on the operative level, not only on the strategic level but also on the operative level. And that's why there is certainly also informal cooperation, what does sometimes accelerate things beyond what the formal structures do"* (LM1).

Taken together, without any exception, all interviewees describe the cooperation as very successful. Asked about what could be improved, only two interviewees mention concrete ideas. The first one regards the governance structures: *"I think if we want to intensify the cooperation even further, this can only be accomplished if centralise it a bit more"* (MA3). The other interviewee mentions the possibility of making decisions more binding instead of declaring: *"What we do is self-commitment, we don't guarantee things"* (MA1).

4. Governance structure of minimum income schemes in Dortmund

As described above, the German minimum income provision system is quite centralised. Accordingly, Dortmund as an example the local level does not have much importance when it comes to issues like how to regulate this system. Therefore, the topics analysed below, very much apply to the overall situation in Germany. This section proves that the leeway the municipalities have in the minimum income system is rather narrow in terms of influence on the formal regulation of the benefit system. Yet, as will be argued, the discretion of the local level regarding social and labour market measures has increased in the course of the Hartz Reforms and the amending further regulations. These reforms will be described in this section, focussing on the consequences they had for the local level and the municipal actors. The results presented in this section allow testing the first of our hypothesis regarding the influence the Hartz Reforms had on the local respectively the municipal level in Germany and of course especially in Dortmund.

Despite the tight financial situation and the quite small institutional discretion, Dortmund is very active in minimum income policies as all actors on the local level always have made extensive use of this small municipal leeway by implementing quite creative anti-poverty policies. It was as early as 2000 that the municipal government and the local anti-poverty committee (“Trägerkreis Armut”) developed social guidelines for Dortmund that were used as the basis for the concept “Social City Dortmund” (Kock 2010). This consortium consisted of representatives of the worker’s association (“Arbeiterwohlfahrt”), the German Federation of Trade Unions (“Deutscher Gewerkschaftsbund”), both the catholic and the protestant welfare organisation (“Caritas” and “Diakonie”), the German non-denominational welfare association (“Deutscher Paritätischer Wohlfahrtsverband”) as well as the ALZ and the Social Research Centre at the Technical University Dortmund (“Sozialforschungsstelle”) (Prigge and Böhme 2013). The main goal of the concept established by this committee was to strengthen social cohesion in Dortmund (Sozialdezernat Dortmund 2007).

4.1. The governance of minimum income schemes

The dominating minimum income system in Germany, ALG II, is to a great extent exclusively governed by federal structures. On the federal level the main actor is the Federal Employment Agency. In order to organise the delivery of all ALG II transfers and services, the local administration and the Federal Employment Agency are merged to one local institution, the Jobcenter. These Jobcenters function as one-stop shops, bringing together the three pillars of the highly integrated ALG II scheme: Benefit transfer, job placement and delivery of social services. The Federal Employment Agency and the Jobcenter, and therefore the national and the local level, work closely together in this system. The municipality is involved in the issues of the Jobcenter insofar as representatives of the local government are part of the Board of the Jobcenter (“Trägerversammlung”). This multi-stakeholder board under the chairmanship of the Lord Mayor has six members, three of them representatives of the Federal Employment Agency and the Jobcenter, three of them representatives of the municipality. This board decides about issues regarding organisation and personnel of Jobcenter. Such a board exists

in all Jobcenters that are organised like the one in Dortmund, i.e. as a joint institution of the Federal Employment Agency and the municipality.⁸

What is unique for Dortmund is that it does not only have such a board but also a so called “Board of trustees” (“Trägerausschuss”). This board was explicitly implemented in order to improve the involvement of municipal actors in the issues of the Jobcenter. Other Jobcenters do not have institutionalised such an involvement of municipal actors (www.jobcenter.dortmund.de/site/wirueberuns/). Accordingly, this “Board of Trustees” is an institutionalised proof of the good cooperation between the Jobcenter and municipality. It was created as the institution of the Jobcenter, the ARGE as this agency was formerly named⁹, was established in the wake of the Hartz Reforms with the aim to represent the opinions of the political parties that are part of the municipal government in relevant issues regarding the Jobcenter. Its main task is to provide macro-data for the work of the Jobcenter and especially to give suggestions on who to improve the local labour market in Dortmund (Stadt Dortmund 2009). Given this special setting, the “Board of Trustees” can be described as a steering institution of the Jobcenter that is markedly characterised through a big influence of the municipality.

This board is regarded as being very helpful as a coordination agency. The board meets regularly every four months: *“We have this so called Board of Trustees. It has an equal representation with six persons from the Federal Employment Agency. The executive of the Jobcenter is part of this committee as well as six persons from the municipal council (...). It meets at least four times a year. That’s where all decisions are prepared for the Jobcenter Board. And it hasn’t occurred yet that the Jobcenter Board decided something different than the Board of Trustees proposed. And, as a matter of principle, that’s where social and labour market related policies are coordinated”* (MA3).

The important role of the Federal Employment Agency in the institutional setting of the Jobcenter is regulated by national law. The Federal Employment Agency structures local actions decisively by providing a nationally consistent approach to labour market integration (Petzold 2013). Moreover, performance targets and “quasi-law” recommendations of the Federal Employment Agency narrow the leeway of the municipalities concerning employment services. This municipal leeway is rather small and very much restricted to the municipal labour market program: *“Okay, first of all the benefit rates are standardised, what is appropriate. But of course we have a sphere of influence in the municipal labour market program. And that is right where we have to make sure that we have a sufficient proportion of work opportunities. (...) That’s where I can see the decisive local factors of influence (...)”* (LM3). Even though the leeway the Jobcenter has is very much narrowed by federal regulations, it is perceived as being rather big: *“We have an extremely big discretion. Okay well, that also depends on the financial situation how the general conditions are. But I regard the discretion of the Jobcenter as exceptionally high. We can do whatever we think is necessary, and well, the leeway couldn’t be bigger – as far as legally possible of course. But these possibilities allow a high flexibility if one is able to make use of the different instruments”* (LM1). As argued above and explained in more detail in the

⁸ This is not the only possible organisational structure: In the frame if the Hartz Reforms 108 municipalities were given the full responsibility for organising the whole ALG II provision (Petzold 2013). But as Dortmund does not belong to this group of authorised local authority agencies (“zugelassene kommunale Träger”), this topic won’t be analysed in detail. Yet, this fact is a strong argument in favour of the hypothesis that the importance of the municipalities increased as a result of the Hartz Reforms.

⁹ For an explanation of this abbreviation see footnote 10.

following sections, this leeway mainly refers to the discretion the staffs of the Jobcenter have in designing tailor-made placement, trainings and counseling offers for beneficiaries. This leeway increased significantly in the cause of the implementation of the Labour Market Instruments Re-orientation Acts (“Instrumentenreform”) in 2009 and 2012 (see section 4.4).

If we look at the findings presented in section three, we can state that also the Social Welfare Office plays an important role in this institutional setting. This office is in charge of the four other minimum income schemes in the German system: The social assistance (“Sozialhilfe”), the minimum needs-based provision for the elderly and in the event of reduced earning capacity according to SGB XII as well as the benefit schemes for asylum seekers and refugees and the scheme for victims of the war. But given the quantitative dominance of the ALG II scheme, there are only few people or needy households under the responsibility of the municipal Social Welfare Office. Therefore, we can state that the Jobcenter is the most important actor on the local level especially when it comes to organising the payment of ALG II benefits. As will be seen below, the responsibilities of the Jobcenter regarding the delivery of services are very much concentrated on organising and supervising these services as the Jobcenter itself does not deliver such services.

The whole ALG II system is also highly standardised in terms of the formal regulation of benefit rates and the eligibility criteria and in this regard does not leave the municipalities much of a leeway. However, the municipality does have a few own responsibilities regarding financial issues as described in the following section 4.2 (Figure 16). Furthermore, the local case workers at the Jobcenter have certain discretion: They have to pay the benefits and to offer job advice and job placement. How they put these service and placement aspects into practice is at discretion of the front line staff. This leeway is also especially relevant when it come to the issue of how strict for example sanction rules are to be applied (see section 5.2).

4.2. Funding structure for minimum income schemes

The overwhelming majority of the ALG II benefits are funded at the national level under the lead of the Federal Employment Agency. The extent to which the local level has responsibilities in this system is displayed in Figure 16.

Figure 16 Distribution of responsibilities between BA and municipalities regarding the delivery of ALG II transfers and services

Federal Employment Agency (BA)	Municipalities
Standard rates (ALG II, Sozialgeld)	Housing and heating
Additional demands	Childcare
Contributions to social insurances	Social services (incl. education and participation)
Employment services	One-off benefits

Source: (Petzold 2013), p.28

The benefits paid by the national level are the standard rates for ALG II and “Sozialgeld” as well as the benefits offered for further demands. Regarding the minimum income scheme, the financial responsibility of the municipality is to provide two third of the costs for housing and heating and certain one-off benefits. Furthermore, the local level is in charge of delivering

social and child care services. The municipality has to bear the cost for providing these services. The share of ALG II transfers and services supplied by the municipality is bound to the budget of the local Social Assistance Offices. The costs for benefits and services of ALG II including the costs for administration that are at the responsibility of the federal employment agency are fully paid out of the national budget. A lump sum is permitted for integration services and costs for administration. Taken together, 84.8 % of the costs for the administration of the Jobcenters like the one in Dortmund are paid by the federal budget (Petzold 2013).

4.3. Individual complaints and co-decision

In general, it is not especially intended in the ALG II system that the clients raise their voice regarding the local delivery of benefits and services. Nevertheless, both the Jobcenter and the local branch of the Federal Employment Agency in Dortmund have institutionalised complaints management. On the national level, the organisational unit of the Federal Employment Agency that has to be addressed with such complaints is the Management of Client Reactions (“Kundenreaktionsmanagement”). On the local level, the first person to address with complaints would be the individual case manager or the personal advice service in the Jobcenter.

4.4. Changes in the governance structure

The Hartz Reforms entailed important changes for the municipalities and the local level in several ways. In 2003 the first and second Hartz reform became effective. Under the general guideline of making the German minimum income system more flexible, Hartz I and II introduced training vouchers as well as minor employment in Mini- and Midi-Jobs. Their greatest impact on the municipalities was that they transformed the employment as well as the social welfare offices into one-stop shops, the so called Jobcenters¹⁰, which became responsible for all employable persons. As in the majority of all cases, the Jobcenter in Dortmund is organised as a joint institution of the federal employment agency and the municipality. One year later, Hartz III restructured the Federal Employment Office into the Federal Employment Agency, introducing the system of personal advice service and case management focused on the placement of unemployed rather than on their administration.¹¹ The final Hartz IV reform in 2005 established ALG II as a new categorical minimum income scheme, by merging the former social assistance and the unemployment assistance. ALG II integrates all needy households with at least one employable person into a single scheme. As a result, ALG II became the dominating minimum income benefit. The delivery of all benefits and services is completely to be organised by the Jobcenters. Social assistance, which still is under municipal responsibility, lost much of its former relevance; so that in this respect the importance of the municipal actors decreased markedly.

¹⁰ At first, these institutions were named “ARGE” what is an abbreviation of the German word for “working group”. This directly relates to the joint organisation of competencies between municipality and federal employment agency at the national level. Later, in the cause of the Organisational Reform (“Organisationsreform”) in 2010 the name was changed into Jobcenter.

¹¹ The personal advice service is in charge of all persons who do not face severe problems in being (re-)integrated into the labour market. Persons who have server barriers regarding their labour market integration are taken care for by a personal case manager.

These reforms were followed by several smaller acts adjusting the financial and organisational structure of the newly created institutions and schemes. Two of them were of special relevance for the local level:

1. The so called Labour Market Instruments Re-orientation Acts (“Instrumentenreform”) in 2009 and 2012: These acts aimed at enabling individually tailored employment services at the local level. As a result, they again increased the flexibility of the labour market instruments, introduced individual placement budgets and very much opened the room for discretion for the Jobcenters. At the same time, job creation systems were abolished and employment that was federally funded was markedly cut down. Especially the latter had massive negative consequences for the municipalities as it led to a dramatic break off of jobs especially for low qualified people.
2. The so called Education and Participation Package (“Bildungs- und Teilhabepaket”), implemented in 2011. It entitles children living in needy families to apply for financial support e.g. for learning material or sports and music classes. These benefits have to be organised under the financial autonomy of the municipalities. To at least partially reduce this financial burden, the federally funded part of the costs for housing and heating was increased.

There is one aspect of the Labour Market Instruments Reorientation Acts that is mentioned by the majority of all interviewees and that is described as being really detrimental for the situation in Dortmund: That is that a certain labour market instrument the so called “JobPerspektive” was abolished in the second of these acts. The scheme was targeted at those unemployed for whom it was particularly difficult to find a job. It gave them the possibility to take up a publicly funded employment, by giving the employers an employment grant for up to 75% of the wage. This scheme had a comparatively long-term perspective as the individual employment grants were paid for up to two years. The “JobPerspektive” is right the aspect why this scheme is evaluated that positive: *“In my view, the ‘JobPerspektive’ was the best labour market program we had in the past years because it allowed persons with multiple placement obstacles to find a job, even in private sector economies, as there was the possibility to subsidise the wages. The good thing about this whole story was that it was a permanent funding”* (MA1). Consequentially, the abolition of this instrument is described as a severe setback. *“At first, we all were a bit paralysed, as this program expired”* (LM2). Given the fact that this scheme was really successful, such an evaluation is not astonishing. About 1500 persons participated in this program (LM2) and for 300 to 400 persons the scheme lead into a regular employment (MA3). Taken together, many interviewees describe these Labour Market Instruments Re-orientation Acts as follows: *“These SGBII reforms were masked as reforms of the labour market instruments but in fact funds were cut down. They declared that they were going to consolidate the instruments but actually they have drastically reduced resources”* (SP2).

The implementation of the Education and Participation Package is described as being quite successful, regardless of the fact that the general architecture of this act is highly criticised mainly because its enormous administrative complexity: *“Regarding the Education and Participation Package, things are going quite well. This package was regularly labelled ‘democracy monster’, because no one applied. (...) The implementation is certainly unsatisfying because of construction flaws on the federal level. But we always try to simplify it and there*

have been considerable successful” (SP2). In Dortmund, a great deal of the funds of this package was used to finance social work in schools, to help the parents in organising extra tuition or to provide financial resources for school trips (SP2).

These three reforms are far from being the only major changes; in fact there was a huge bulk of smaller and middle-range reforms and acts that followed the Hartz Reforms. This situation entails a lot of problems for the administration on the local level because the regularly have to implement new regulations: *“The heads of the Jobcenters in North-Rhine-Westphalia have listed all regulations and legislative amendments since the implementation of Hartz IV in 2005 and noted down which administrative acts resulted from these changes. They make the point that a public authority is bombarded with work just by realising these administrative acts”* (LM2).

4.5. Anti-poverty policies in a multi-level setting

The comprehensive scope of anti-poverty measures is characterised though a pronounced multi-level character. This does not only apply to funding aspects but also includes governance structures. The Northern City District provides a good example of how this multi-level setting is implemented in practice. The situation in this city district is a mixture of detrimental features: a very low overall income, high percentages of children with health problems, a high share of families receiving socio-education support in the frame of the Child and Youth Services Act as well as a very mobility rate and many vacant properties (Prigge and Böhme 2013). The Dortmund municipality is very much aware of the problems in the Northern City District and since decades has a broad scope of activities and projects that tackle these problems. These projects are a good example of the multi-level structure of anti-poverty measures in Dortmund: They include municipal, federal and EU initiatives. The municipal projects are mainly all part of the “Action Plan”, described above. The federal projects are funded by the scheme “Social City – Urban Districts in urgent Need of Development” (“Soziale Stadt – Stadtteile mit besonderem Entwicklungsbedarf”). This program was initiated in 1999 by the then federal government in cooperation with the federal states. In 2012 the program was slightly revised and renamed “Social City – Investment in the Quarter” (“Soziale Stadt – Investitionen im Quartier”). The program follows a neighbourhood management approach (“Quartiersmanagement”). This approach implies a decentralised, local governance of the projects (Hanesch 2011) The focus of the scheme is put on developing and meshing local resources. An important aspect is the aim to foster the active participation of the local people in creating and implementing projects. These projects are financed by the “Social City” program and they are closely monitored and evaluated within this scheme (Hanesch 1997). The EU is part of this setting with the URBAN I and II scheme. This scheme is ERDF-funded. The projects that are part of the URBAN scheme focus on three strands: (1) Improving local qualities (“Verbesserung stadträumlicher Qualitäten”); (2) Supporting local economy (“Förderung lokaler Autonomie”) and (3) Creating resident-based institutions and structures (“Aufbau von bewohnergetragenen Einrichtungen und Strukturen”) (www.urban.dortmund.de/project/assets/template7.jsp?iid=projektuebersicht&smi=2.4&tid=755839). Coordinated by the municipal Economic Development Agency the URBAN projects include five projects (www.wirtschaftsfoerderung-dortmund.de/de/standort/urban.jsp):

- “Nordstern”: a competition in the field of start-ups, enterprises and cooperation. Persons who consider establishing their own business can take part in this competition. They receive business counselling and other related services.
- „Profiling special business areas (“Profilierung spezieller Gewerbequartiere”): Targeted at persons owning commercial real estates, this project offers support for renovating and improving these buildings.
- Self-help organization for migrants (“Migranten-Selbsthilfeorganisation”): This initiative fosters the creation of trade organisations for migrants and offers support for existing associations.
- Transition school – employment (“Übergang Schule-Beruf”): This project aims at helping school leavers in finding a vocational training opportunity.

5. Regulation and Provision of Minimum Income Benefits in Dortmund

The common theme of this paper, the high degree of legal centralisation of the minimum income system in Germany and the narrow leeway for the municipalities is especially true for the formal regulation of the minimum income standards. It will be shown in this section that Dortmund does not have decisive discretion in terms of benefit levels or eligibility criteria. However, regarding the delivery of services and the application of sanction rules the local actors, mainly of course the front-line staffs in the Jobcenters have a certain leeway.

5.1. Minimum Income Standards in Dortmund

The eligibility criteria for receiving ALG II benefits are all subject to national legislation. They are regulated in SGB II. This code defines four individual criteria for being eligible to ALG II: 1. Working age (15 to 65); 2. Employability, i.e. being capable to work for at least 3 hours per day; 3. Need; as measured by the social minimum for households and 4. Place of residence in Germany. In contrast to handling the sanction rules or to deliver social and labour market related services, the municipalities have no discretion in how to apply these eligibility standards.

After having increased several times since the implementation of the scheme, the standard rates are now at 382€ per month for a single household. The benefit level varies according to the composition of the needy household (Figure 17).

Figure 17 ALG II Standard Rates by Household Composition

Composition of needy household	Monthly standard rates
Single person or single parent	382€
Couples (both persons >17 years)	345€
Persons aged 18 to 25	306€
Children aged 6 to 17	289€
Young children (up to the age of 5)	224€

Sources: Own research

These federally funded benefits include all expenses for food, clothes, furniture, health, transportation, communication and leisure activities (Petzold 2013). Additionally, the beneficiaries receive financial support for housing and heating. These costs are partially born by the municipality. In case of special needs, e.g. when being pregnant beneficiaries can apply for additional one-off benefits. Children are eligible for benefits within the frame of the Education and Participation Package, described in section 4.4.

These standards apply to all the target groups of the COPE project. Long-term unemployed and single parents are per se in the scope of the minimum income system. The working poor are eligible for receiving additional ALG II benefits in order to top up their income to the subsistence minimum defined by the ALG II standard rates.

Asked about whether or not the interviewees regard the standard rates as sufficient, the answers reveal diverse opinions. A member of municipal government describes a problematic balance of his opinion regarding the question whether the standard rates are sufficient or not: “As a member of the financial committee I’d say: ‘Okay, the standard rates are sufficient’. As

a social policy expert I'd say: 'No, they are insufficient'. (...) The standard rates are not enough to socialise, to find a sense of satisfaction. We have to manage the balance between sufficient standard rates and the motivation to take up an employment" (MA3). A representative of the Free Welfare Associations puts it in quite clear words: *"Hartz IV is too little money to live on "* (SP2). This position is supported by the representative of the trade unions: *"They [the standard rates] certainly are not sufficient. It was absolutely clear for us to say, one cannot make a decent living on this basis"* (LM2). Taken together, the critical assessment dominates among the interviewed persons. However, not all of them share this opinion as the example of a representative of the local branch of the Federal Employment Agency demonstrates: *"I think it's a good system for providing the resources to live. That's what is intended in the basic constitutional law ('Grundgesetz'): A social bread line"* (LM3).

5.2. Local sanctions

In the wake of the Hartz Reforms and their amendments sanction rules for ALG II recipients were established. They are carried out by the front line staff in the local Jobcenters. All these rules are subject to federal legislation, however leaving the personal advice service and the case managers in the Jobcenter certain discretion in how strict to apply them.

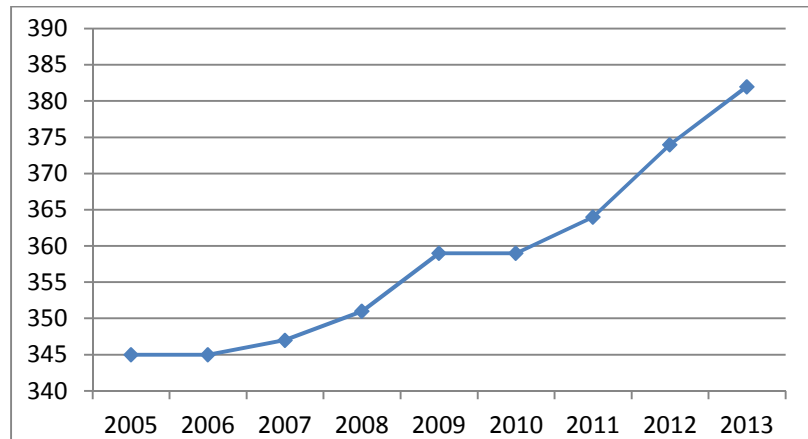
An important reference for applying the sanction rules is that the beneficiaries and the personal advice service or the case managers in the Jobcenter enter into an enforceable integration agreement. Sanctions can be imposed if the beneficiaries do not comply with this agreement; that is if they refuse to take up reasonable job offers or if they do not behave in a manner that is appropriate to bring them back into the labour market. The sanctions become effective by reducing the benefit rates. The reduction is limited to a duration of 3 months. A first breach of the integration agreement is sanctioned by reducing the benefits by 30%. The second one entails cuts of 60% (Petzold 2013). As a last consequence, the beneficiaries can be refused the whole ALG II rate. In this case, the benefits are replaced by food vouchers. If the beneficiaries are not available for the Jobcenter, e.g. if they do not inform the Jobcenter about an absence from their home town, the benefits will be cut down by 10%. In general, these sanction rules apply to all ALG II recipients. Yet, there are some special regulations: The sanctions for beneficiaries under the age of 25 are much stricter whereas single parents with children younger than three might not in each case be obliged to up any employment offer.

An interviewee describes that the way how the persons in charge deal with sanctions in Dortmund is not very strict: *"Well, I think that there always is a very balanced assessment of the facts. Thus, the colleagues in the Jobcenter make use of their leeway in order to apply sanctions in those cases in which they cannot be avoided and in which they are necessary. I am rather convinced that some cases, in which, from a legal point of view, sanctions could have been applied, this is not necessarily done. I don't believe that these are things that are applied with pleasure but I think they are part of the instruments and they are applied in a considered way"* (LM3).

5.3. Changes in formal regulation of minimum income standards

At the beginning, the standard rate of the ALG II scheme was 345€ per month for a single person, supplemented by the cost for housing and heating as well as support for additional demands if necessary. The standard rate followed the rule that the benefit level should be significantly lower than the wage level. As a second important principle it was declared that the rates regularly had to be adjusted to the development of net incomes as well as to the average costs of living. Accordingly the standard rates increased regularly (Figure 18).

Figure 18 Development of ALG II Standard Rates 2005-2013



Note: ALG II standard rate in Euros excluding financial support for housing and heating or benefits for additional demands.

Sources: Own research

In 2010 the Federal Constitutional Court judged the method of defining the standard rates as unconstitutional because of lacking transparency. This verdict led to new legislations which again increased the standard rates. Since 2013 they are at 382€ and thus 37€ above the initial level in 2005.

6. Integration of Benefits and Services: Active Inclusion Policies in Dortmund

As argued above, one main characteristic of the German minimum income system is that the municipalities do not have much to decide regarding the institutional or organisational structure of this system. Yet, and this is to be proved in this section, they play a decisive role when it comes to the delivery of activation measures and social services.

6.1. General structure

In general, the Jobcenter as a one-stop shop is responsible for job counselling and placement as well as for all financial issues of the ALG II beneficiaries. ALG II recipients have privileged access to employment services. Those services are at the discretion of the Jobcenter and are paid out of the budget for placement. The case managers and the personal advice service provide services of career counselling and placement which are primarily important for long-term unemployed and single parents (Petzold 2013). Activation measures are part of the individual integration agreement between the beneficiaries and the case manager. As the Jobcenter is linked to the municipality, there are no special exclusively municipally run activation units in Dortmund.

The municipal administration and the Jobcenter are closely cooperating in the field of activation services. The individual case managers offer the employment services and are in charge of coordinating the activation measures. These are offered by various local institutions which are run by the municipal administration, the Free Welfare Associations or third sector organisations. The funding of these institutions varies: Some of them are funded directly by the Jobcenter and therefore receive federal funds, other are entirely municipally funded. A third group of organisations receives third party funding, mainly from the ESF. In Dortmund, this group includes for example activation measures which are especially directed at migrants or lone mothers (Jobcenter Dortmund 2011).

6.2. Activation offers

As an integral part, ALG II comprises of employment and activation services. These services include several measures (Petzold 2013) S.60:

- To get familiar with vocational training as well as with labour market requirements;
- To detect, reduce and if possible remove placement obstacles;
- To find an employment subject to social insurance contributions;
- To get familiar with self-employment;
- To consolidate recently started employment.

Most of these services mainly aim at (re-)integrating the recipient into the labour market. Especially with regard to persons younger than 25, these activation services follow a work-first approach. The general paradigm is that all services will be granted by the Jobcenter if they are conducive for labour market integration. The three dominating activation measures are firstly the “One-Euro-Jobs”¹², work opportunities with additional expenses compensation,

¹² Such working opportunities have to be of public interest as well as neutral in terms of effect on competition and must not exceed a total of 24 months within a period of 5 years (Petzold 2013).

– they are named like this because their hourly wages mainly are between 1 and 2€ –, secondly integration grants and thirdly job entry premiums (Petzold 2013).

The German and therefore also the minimum income policies in Dortmund since the Hartz IV Reform do very much follow an activation, work-first paradigm. Accordingly, activation measures are closely tied to the receipt of ALG II benefits. As described above, beneficiaries face severe sanctions in form of cuts in benefits, if they do not comply with the obligations of the Jobcenter (see section 5.2). These sanctions are especially strict for recipients below the age of 25, whereas lone parents have a certain discretion of not to attend an activation measure, in case they face child care problems.

6.3. Activation service providers

Public actors dominate the activation scene in Dortmund. Private organisations do not seem to play an important role in offering activation services. In general, such private actors are involved right the same way as the public ones. There are two ways how an actor can become part of the employment service system (Petzold 2013): Through voucher systems and through competitive contracting-out. The voucher system consists of activation and placement as well as training vouchers. Beneficiaries can redeem these vouchers in public and private organisations. The latter, however, have to be accredited; otherwise the beneficiaries will not be allowed to choose their offers. Secondly, placement, activation and training measures are also contracted-out to private providers that have successfully applied to a tendering procedure (see also 6.4). Yet, such private providers seem to play a minor role in Dortmund.

One important provider of activation measures in Dortmund is the ISB (see section 3.3). This institution has an explicitly local focus; nationwide acting providers are highly criticised as delivering only low quality services: *“Our association is organised exclusively locally and we have good liaison systems into the municipality and to the politicians. And I think that’s why we can act as kind of a mouthpiece between target group and politics. Well and that is right how we regard ourselves. This mouthpiece is really important especially regarding the big providers of qualification services, who position themselves somehow nationwide and try to make their offers regarding qualification and employment as cheap as possible. We are, on the one hand focussed on quality but also on communication with the relevant positions”* (SP2).

6.4. Integrated activation services

The minimum income system in Germany in general and in particular in Dortmund is highly inclusive, i.e. the receipt of income provision is very much tied to activation measures and – to a lower degree – to social services. This is reflected in the organisational structure of the Jobcenter as a one-stop shop. They are responsible for paying the benefits, for job counselling and placement as well as for initiating the beneficiaries’ participation at employment and social services.

And again, Dortmund has a leading role in strengthening the integration of minimum income provision, activation measures and social services as they have established a so called “Support Centre” (“Förderzentrum”). This ‘Support Centre’ acts as an instrument that coordinates the relevant social and labour market related actors: *“We agreed on the conceptual idea of the*

*‘Support Centre’. That is, we have established a very close coordination between the service providers and the Jobcenter, in order to have a look at what a recipient truly needs. And if somebody needs assistance for 24 months than this has to be done. But if somebody just needs a job application training then he or she will only be granted this training. This is of course done in a public tendering process what is extremely fierce for the providers, because jobs depend on the result of this process. But we have (...) this construct, this ‘Support Centre’, where everybody does his bits, whatever seems to be the most adequate for the recipient. This structure does not apply to all trainings and services; it is restricted to some of them. (...) The ‘Support Centre’ is a combination of various measures. It is coordinated by the Jobcenter, of course, in cooperation with the different service providers, with the different organisations and institutions. And then the various measures are coordinated, so that we can make it definitely sure that nobody has to take part in job application training if he has already done that. (...) The access to all these trainings is individually coordinated by the case manager” (LM2). The “Support Centre” offers 40 ALG II beneficiaries that face multiple, mainly health related, barriers to labour market (re-)integration individual support (www.dobeq.de/ortogo_cms/projects/dobeq/index.php?id=foerderzentrum_dortmund). The Jobcenter sends eligible beneficiaries to the “Support Centre”. It’s the core objectives of this institution are to reduce the placement barriers, to foster every day and labour market related competencies of the participants with the aim to sustainably improve their labour market and their social integration. The measures of the “Support Centre” last for up to 12 months. The ultimate goal of all these services is the long-term integration of the beneficiaries. Additionally there are 200 places at the “Support Centre” that are especially targeted at adolescents and young adults under the age of 25 (www.dobeq.de/ortogo_cms/projects/dobeq/media/2012-10-24_fz_flyer_final.pdf). The training and counseling measures that are offered as part of the “Support Centre” are provided by several cooperating organisations, among them free Welfare Organisations of the municipality. The “Support Centre” is coordinated and led by the municipal organisation dobeq¹³. The big advantage of the “Support Centre” is the great extent to which the single measures are coordinated and financed out of one fund: *“I think that is really good in Dortmund with the new instrument ‘Support Centre’ where all trainings and services interlock. The funding structure is the same paragraph in SGB II, but the Jobcenter has been so clever to decide to integrate everything, even the different financial resources and to offer a one-stop model. That’s a good mode, isn’t it? Some persons just receive little support, those who are close to the labour market, they receive little and others they can stay for up to three years and have a fixed contact person, a regular social worker, a regular job coach and so on. And so they don’t have to perform soul striptease again and again in constantly new abstruse training and counselling”* (SP2).*

And again, we can derive the conclusion that the barriers to improve this situation are of purely financial: *“The obstacles to improve the situation have to do with the resources. It is not that we don’t cooperate and work together. On can really not say that”* (LM2).

From an institutional point of view, the approach to foster the integration of services, benefits and trainings is also mirrored in the unique organisation of the Jobcenter: *“What is as far as I*

¹³ „Dobeq“ is an abbreviation for the German name „Dortmunder Beschäftigungs-, Qualifizierungs- und Ausbildungsgesellschaft“ (Dortmund Agency for employment, qualification and vocational training).

know not that frequent, is that Dortmund as early as 2005 as the Jobcenter was established, has transferred the competencies according to §16a, the social counselling, debt and drug counselling as well as child care to the Jobcenter. So we have municipal employees in the Jobcenter, social workers, who carry out these tasks on behalf of the municipality. They counsel as part of our placement teams ('Vermittlungsteams'). (...) An inclusion, so to speak, of the social work of the Dortmund; and we are the opinion that this has proved to be really successful because we have really short distances. That is, if we have a person with a certain problem, we don't advise him or her to go to a social counselling somewhere in this city, what always bears the danger that he or she doesn't arrive there, doesn't find it or loses faith, many things can happen. Well here the social counselling is quasi next door. So the case manager can take the client to the social worker and find out if he or she can take the case and what he or she can do. (...). That really works very harmonic. Regarding the social counselling we are well placed, as the phrase goes, and play an important role in this city" (LM1).

How unique this setting in Dortmund is, becomes even clearer if we recall that such services generally do not belong to tasks Jobcenters have in the architecture of the German minimum income system. Job counselling and placement by the personal advisers are to be delivered by the Jobcenters themselves. All other services, be they social services or labour market related such as activation and training measures, are sourced out to external providers (Aurich, Zimmermann et al. 2013). Nevertheless, if long-term counselling is needed, this is not provided by the staff in the Dortmund Jobcenter themselves; it is contracted out to external providers: "*The social workers in the Jobcenter aren't specialised on drug counselling, on psychological or on debt counselling. As kind of a management role we consider what a recipient needs at for the moment and how we can establish contacts and then we send them to drug counselling services, provided by the Welfare Associations or to debt advisory services (...). These service providers are specialised adequately, the social workers in the Jobcenter is in charge of managing the client*" (LM1).

In general, there are two tracks how non-public service providers are included in the delivery of services: (1) Through a voucher system and (2) through competitive contracting-out processes. The voucher system is based on "activation and placement vouchers" and "training vouchers". These vouchers entitle ALG II beneficiaries to choose the services they need among accredited providers. The second track refers to services and trainings that are contracted-out to private providers which have been successful in a competitive tendering process controlled by the Federal Employment Agency. Such contracts vary in terms of payment method (from performance-based to service-based). Generally spoken, we can state that the vast majority of ALMP delivered by private providers are paid on a fees-for-service basis (Aurich et al. 2013). Since 2012, all private providers have to be accredited by a federal accreditation agency ("Deutsche Akkreditierungsstelle") which is a non-profit organisation. Before the implementation of this agency, this task was done by an accreditation unit within the Federal Employment Agency (Petzold 2013).

To sum up, the integration of the different pillars of active inclusion policies seems to be working smoothly in Dortmund: "*I can put it like this: Everybody contributes the part, he or she can contribute in this field and makes sure that it closely meshes to the contributions of the others*" (LM3).

6.5. Minimum income systems and other social services

Social services are the third pillar of the integrated minimum income system in Dortmund. They are a crucial part of the activation paradigm case manager and personal contacts are to apply. Following this active approach, the frontline staffs in the jobcenters closely cooperates with external organisations providing social services. Social services to which beneficiaries have privileged access, insofar they are necessary for (re-)integration into the labour market are (Petzold 2013): 1. Care of underage or disabled children and relatives who are in need of care; 2. Credit counselling; 3. Psychological counselling, and 4. Drug counselling. ALG-beneficiaries who are younger than 25 are also eligible for special services that are part of the Education and Participation Package.

The Jobcenter in Dortmund does not deliver such social services itself. Yet, it is responsible for sending needy persons to social service providers. Furthermore, the Jobcenter pays for the social services delivered to the recipients as part of the activation strategy. The social services themselves are mainly carried out by third sector organisations. Many of these organisations are part of the Free Welfare Associations (FWA). These organisations are non-profit institutions with a public responsibility. They traditionally play a crucial role in the German welfare state setting. From the very beginning of the welfare state in Germany in the Bismarckian area, the delivery of services as part of the welfare arrangements was organised as a public-private partnership between the public administration and the free welfare associations. Until today they form a sound pillar of the German welfare regime. The six most important ones which form the Free Welfare Associations are: 1. The “Caritas” a part of the Catholic Church; 2. The “Diakonie” as the protestant welfare association; 3. The “Arbeiterwohlfahrt” (worker’s welfare organisation) that has its origins in the workers movement; 4. The “Paritätischer Wohlfahrtsverband”, a joint non-denominational welfare association; 5. The German Red Cross and 6. The “Zentralwohlfahrtsstelle der Juden”, the Jewish welfare association.

These six Welfare Associations deliver the majority of all social services that are integrated in the German minimum income system. Their main fields of activity are (Bauer 2005): Education and counselling for children and young people; family care; support for old people; support for mentally and physically impaired persons; health care; support for persons with special problems; employment services and vocational training; counselling and care of migrants, asylum seekers and refugees; services for people on the road as well as emergency aid.

The Welfare Associations are organised at the local level and provide services in all field of social work like old-age care, childcare and various kinds of counselling. They closely cooperate at the regional and federal level and usually have higher-level consortia. These consortia negotiate agreements with the main funding institutions of their services, namely the municipal authorities, on how they ought to provide and deliver their social and welfare services.

And interviewee from the municipal government criticises this system that the Welfare Associations act as providers of social services as too fragmented: *“There is no such thing as a formal structure that allows having a look at how the financial resources of these associations are. The Welfare Association A does not refer a client to the Welfare Association B, if they don’t have time at the moment; they add them to the waiting list. That’s not supposed to happen. (...) Each Welfare Association is a competitor for the others”* (MA3). This inter-

viewee clearly calls for a more centralised governance: *“The service delivery can remain decentralised but there has to be a centralised governance structure somewhere. Because all these funds are public ones and I think we have to make use of them as efficient as possible”* (MA3).

The municipalities are in charge of providing public welfare. This is done by running public institutions such as kindergartens, school or hospitals. The fact that private providers play a very limited role in Dortmund is very typical for the architecture of the German minimum income system.

Contracting out such services to private providers does not seem to be that frequent in Dortmund: *“There might be some [private providers], but I couldn’t tell you who, because we have relatively big local providers in Dortmund. Now and then some private providers pop up, who don’t even have offices here, we have experienced that a few times. They come from other cities, are based somewhere else. To some extent this has to do with how to apply for these services [i.e. the tendering process organised by the Jobcenter]”* (SP1). That such private providers play a rather small role in Dortmund can at least partly be explained by the good standing of the ISB and the “Support Centre”: *“Their role [i.e. the private providers] has been bigger in the past, before we have established the ‘Support Centre’. But in practice we try keep them out by making use of the structures of the ISB”* (SP2).

7. Europe and the local fight against poverty

There are two topics that dominate the perception of the role the EU plays in the anti-poverty policies in Dortmund: Poverty-driven migration from southern Europe and EU-funds for local anti-poverty initiatives and programs. The EU-2020 strategy or any kind of EU-set targets for reducing poverty are not perceived as relevant. Furthermore, none of the interviewees were directly involved in working with the National Reform Programmes or the National Social Reports.

7.1. Poverty-driven migration

The poverty-driven migration is mentioned by almost every interviewee when asked about the role of EU in the anti-poverty policies in Dortmund. Some even name this topic as a dominating issue in the debates on poverty in this city. *“Poverty-driven migration in the EU from Bulgaria and Rumania is a huge issue”* (SP2). At the same time all interviewees clearly point out to the fact, that they expect the poverty-driven migration to have severe negative consequences in Dortmund: *“Europe is an issue, a big issue, as we expect an enormous immigration from southern Europe, Rumania, Bulgaria. That will severely affect quite a few cities in the Ruhr Area like Dortmund”* (MA3). An interviewee describes referring to the example of the Northern City District these consequences and states that the poverty-driven migration has already set in: *“In 2006 95 persons from Rumania and Bulgaria were registered in the Northern City District. 2007 there were 100. Currently we have about 1800. And these figures only refer to the Northern City District. An increase from 95 up to 1800. And if we take into account that probably each registered person comes with about three not-registered persons, we can assume that about 10 to 15 percent of the population in the Northern City District are poverty-driven migrants; with all consequences, decaying houses, moonlighters, prostitution and theft”* (LM4).

It is quite obvious that anti-poverty actors in Dortmund blame the EU for having caused this problem. They accuse the EU of neglecting a problem that could have been anticipated and the name the implementation of the freedom to move as the origin of the problem. As the example of an interviewee from the municipal administration demonstrates, some even go as far as to expect, the poverty-driven migration flows or respectively their detrimental consequences to weaken the common consent to the EU in general: *“We are a destination of the European poverty-driven migration; mainly from Rumania and Bulgaria. Therefore we have to deal with this topic. It is tangible in this city what that means, what the big poverty disparities within the European Union what they mean. It’s about the free movement of workers (...). In fact, 80% of all these persons arriving in Dortmund lack qualification. In this regard the EU has an enormous regulation deficit. That was clear, that that would be going to happen but on the European level this is widely neglected. We are the ones who have to regulate that now, and I predict that if Europe is going to carry on like this, debates are going to distance themselves from Europe more and more. Well, despite the positive developments like for example the funds or the European idea and so on, we are going to ask in this city: ‘If that is Europe, then what is the point? What’s the hidden purpose?’”* (MA1). There seems to be a solution for this problem; support on the EU-level, mainly through EU-funds: *“From next*

year on, we have the freedom to move. The migration will increase und we are not going to cope with this problem without additional resources. We need support from the EU. As Rumania and Bulgaria joined the EU, well, Europe should have known they were doing. But they only had political considerations as they accepted the accession. That's why the federal government and the EU should not leave us alone in finding solutions for this problem. We strongly hope for EU-funding. Because, the people, they are going to come. (...) I think we need social employment policies on the EU-level that accompany such migration flows in one way or other and that provide some kind of support" (MA3). At the same time, these problems seem to call for a stronger governance, regulation and harmonisation of EU-policies: *"In my opinion, that [i.e. the poverty-driven migration] is a huge challenge for European social policies calling for harmonisation. (...) In my view, there has to a commonly coordinated social policy in the EU, just right the way we have a common economic policy"* (LM1).

7.2. EU-funds

The second dominating topic concerning the role of the EU is the importance of EU-funding. *"Of course we make use of the European Social Fund and the European Regional Development Funds and so on. We are very active in this area. (...). Especially regarding anti-poverty measure, the European Social Fund is of paramount importance"* (SP 2). Applying for EU-funds, especially ESF and ERDF, is well-established in Dortmund: *"I have seen some figures referring to the last year, showing that we receive considerable ESF-funding. Well, that's kind of an economic sector, given all the millions we are receiving. We shouldn't underestimate that. The money secures jobs and fosters, as I would put it, employment and qualification of unemployed persons"* (LM1).

However, many interviewees describe the role EU plays in this field as rather ambivalent. While they stress the importance of EU-funds like the ESF, they highly criticise the big effort one has to undertake in order to apply for EU-funding: *"I have to be honest and say that, in fact, because of the financial reporting and the implementation of the projects the EU requires, fewer and fewer say, we are going to do that. Hardly anybody in private economy, actually nobody, is willing to run such projects. There are only the global players who are still doing that. The trade unions don't run such projects any longer. We don't have the capacities to doing that. (...). You know, by now the EU-programs have such an organisational complexity that we all have to say, we are losing our interest. We are not participating any longer. Regardless of how much money the EU has, they have to put in place conditions that don't allow us to bring the effort you need in order to benefit from these funds"* (LM2).

Interestingly, we can state that Dortmund is also very active in this policy field. The city aims at supporting the application for EU-funds in order to increase the number of EU-projects. The municipality recently created a special office, based at the Jobcenter where all EU-funding related topics are to be coordinated. Its main task is to provide comprehensive information about the various possibilities of EU-funds: *"We have, coordinated by the Jobcenter, created a job with the only task to keep an eye on in which EU-programs the Jobcenter or the municipality is involved, what's going on there and last not least, how these programs subserve the municipal employment strategy. We are presently at the beginning. We have recruited someone last autumn and now she is about to evaluate the situation. (...) We have to*

cluster that, have to have a look at what we need; not only at what we are doing but also at how we can structure our efforts so that we are able to benefit from the added value. Or if we run projects: 'Whom do we need involve in order to foster sustainability?' We are trying to reorganises ourselves, to make sure that our efforts in the field of labour market policies are no longer random, but follow a strategy are part of a puzzle" (LM2).

Targets set by the EU, for example in the EU-2020 strategy, do not trickle down to the local level in Dortmund. An interviewee from the Federal Employment Agency puts it like this: *"Well for me, it is not at all transparent what the EU does agree upon"* (LM3). Regarding the explicit EU-2020 targets, they seem to be overlaid by the municipal targets: *"We have our own ambitious targets to combat unemployment and to markedly reduce the unemployment rates. And in this regard the great EU-strategy is no-longer important. It is overlaid by municipal plans and our own ambitious goals"* (LM1). These ambitious goals certainly refer to the fact that in 2012 the Lord Mayor declared the aim to bring the unemployment rate below the 10% threshold by 2015 (www.dortmund.de/de/leben_in_dortmund/nachrichtenportal/nachricht.jsp?nid=176133). Generally spoken, we can state that in Dortmund the EU, and EU-policies in the field of active-inclusion are perceived as something rather distant that does not have big consequences for the local situation: *"Well, we are struggling with maintaining a connection to the federal level. And, well, this is much more complicated regarding the European level"* (MA3). Interestingly, and interviewee expresses the opinion that EU-policies should trickle down to the local level as this is level is crucial for the Europe: *"If Europe does not reach down to the municipalities and is lived out there, Europe can't work"* (MA1). Put in a nutshell, we could say that the EU is not perceived as being that important for Dortmund, while on the other hand the municipalities are regarded as being crucial for the EU and its future.

8. Conclusion

Since the Hartz IV reform in 2005, ALG II is the dominating minimum income scheme in Germany. Regarding the three target groups of the COPE-project it can be stated that all of them are in principle eligible for ALG II benefits. Long-term unemployed can be said to be one central focus group of this scheme as persons have to be unemployed for at least 12 months in order to be entitled to receive ALG II benefits; and 12 months is right the definition for long-term unemployment. Single parents are eligible for this scheme if they fulfil the unemployment criterion and the basic requirement applying to all potential beneficiaries that is to be able to work at least three hours per day. Working poor can receive additional ALG II benefits if their total household income is below the social minimum that is defined by the ALG II standard rates. The four other minimum income schemes in Germany – minimum income benefits for victims of wars; for refugees and asylum seekers and for the elderly and in the event of reduced earning capacity as well as the general social assistance scheme – have a very limited scope today; in terms of the number of beneficiaries as well as regarding their institutional importance.

It was the aim of the present paper to examine how the recent reforms of the welfare system and the labour market in Germany, mainly of course the Hartz Reforms, have affected the local level. This starting point of the analysis was the hypothesis that the consequences of these reforms on the local level were threefold: It was assumed that they have led to a loss of importance of the local level in quantitative terms while on the other hand the leeway on the local level increased even though the reforms entailed an even stronger centralisation of the minimum income system that traditionally has always been highly centralised at the national level (Gough 2001). This hypothesis was tested by analysing the specific situation in Dortmund. While the results regarding this first hypothesis hold true for the whole German system, a second hypothesis was derived regarding the special situation in Dortmund. It was assumed that the specific social, economic and political setting in this city have resulted in comprehensive and creative active inclusion policies; mainly based on a dense and close network of all relevant actors. The following sections provide an overview of relevant results regarding these two hypotheses.

8.1. The local level in the German minimum income system: Great impact of the Hartz Reforms

The Hartz Reforms have significantly changed the role of the local level in general and particularly the importance of the municipal actors within the architecture of the German minimum income system. The quantitative importance of the municipalities has declined markedly: Since the Hartz IV reform, the overwhelming majority of all needy persons and households are eligible for the federally regulated ALG II scheme. Quite a few of them would before the reform have received social assistance, a scheme that is under municipal responsibility. This explains the loss of municipal importance in terms of the number of recipients. On the other hand, the Hartz Reforms and their amending regulations have increased the discretion of the local level regarding social and labour market related services. In general, ALG II is completely regulated formally on the federal level. The eligibility criteria as well as the

benefit level are exclusively governed by federal law. This also applies to the activation paradigm of the scheme and therefore to the basic, highly integrated structure of ALG II:¹⁴ The receipt of benefits is closely tied to activation measures and social services that aim at (re-)integrating unemployed persons into the labour market. This directly fits the threefold concept of active inclusion used by the EU, i.e. the triad of benefits, activation measures and access to quality services. This general architecture is completely regulated on the federal level. How these three pillars are organised at the local level, however, can differ from municipality to municipality (Reis 2011). The discretion on the local level mainly regards the decision about the delivery of labour market related and especially of social services as well as the question how strict the sanction rules are applied. The front-line staffs in the Jobcenters have quite a leeway in organising these services according to the special needs of the unemployed person. Yet, the Jobcenter does not deliver these services itself. This is mainly done by public, municipal or third sector actors. In this regard, the municipalities do also play a decisive role.

8.2. Active-Inclusion Policies in Dortmund: Cooperation and Consensus

These results in general hold for the whole German minimum income system and therefore also of course apply to the situation in Dortmund. Yet, this city has certain unique characteristics. This is, as Dortmund is part of the Ruhr Area, first and foremost the strong industrial legacy. Accordingly, the city is highly affected by the structural change that set in in the 1960s. Until today, Dortmund is suffering from the economic and social consequences of this structural change especially from high unemployment rates and high shares of persistent long-term unemployment. However, despite tight budgets, the municipal government has implemented ambitious social policies (Prigge and Böhme 2013).

Anti-poverty and labour market related policies in Dortmund are characterised through a unique setting: The network of all actors is really dense and all of these actors share a sense of what the relevant problems in Dortmund are and how they are to be tackled. The various actors do certainly have differing opinions in one or other aspect, but and that is quite astonishing, there are no fundamental differences. How can this good cooperation and the broad consensus be described?

As outlined in the introduction this consensus has its roots in the structural change of the economic landscape in Dortmund. Ever since the structural change appeared on the horizon it was obvious that it would entail tremendous negative consequences. Everybody was aware that these developments would lead to an enormous loss of jobs, which in turn it was expected to cause rising problems with poverty and social exclusion. Dortmund faces this situation since the late 1950. This long-term time span is a first important factor explaining the broad consensus in Dortmund. This consensus all involved actors share, includes the definition of the problem and the approach to improving the situation. It can be regarded as the starting point, as the foundation of the comprehensive anti-poverty policies Dortmund has established to date. This is reflected in a statement of a representative of the Jobcenter: *“I think this [the broad consensus] has something to do with the history of Dortmund, the Ruhr*

¹⁴ The exception are those municipalities that have the full responsibility for organising the whole ALG II provision (see footnote 6). These municipalities are also responsible for regulating their activation policies.

Area and the structural change. Everybody is aware of the problem; you don't have to explain a lot" (LM1). The huge importance of this consensus is reflected by the fact that it is well-known almost nation-wide, labelled as the "Dortmund Consensus" ("Dortmunder Konsens") (Neuendorff 1992). An interviewee describes this consensus as something very unique: *"We meet and discuss things. Very pragmatic. There is a broad agreement across all stakeholders regarding the fundamental interpretation of how the situation is in this city. That is something unique you won't find elsewhere, a mutual understanding between the main actors, ranging from the municipal administration and the employers' associations to the chambers of economy and commerce and the trade unions"* (LM4).

The next explanatory step is that this setting would let the Lord Mayor decide to make anti-poverty issues a matter for decision at the top level. The fact that the Lord Mayor himself attaches a great importance to these issues has fostered positive developments in several ways. On the one hand it clearly showed how urgent and severe the situation was. This should have facilitated to broaden and to deepen the consensus among the relevant actors. On the other hand, this decision of the Lord Mayor positively influenced the situation from a resources point of view as it facilitated decisions to make resources for active inclusion measures available comparatively easy. This holds true both for financial as well as for human and administrative resources. And indeed, as could be seen above, the municipality spends a lot of money for anti-poverty and labour market related policies. This becomes even more unique if we recall that Dortmund is in quite a financial distress. Furthermore, all this fits the picture that the municipality has established a multitude of commissions in the field of anti-poverty and labour-market related policies.

As analysed above, the most important one is the "Social City Commission". All relevant actors, be they municipal, public or third sector participate in this commission. It is a highly inclusive institution both in terms of actors as well as regarding the thematic scope. Yet, there are several more specialised commissions. The committee for the municipal labour market strategy, where a broad range of labour-market related actors meet, the Board of the Trustees in the Jobcenter that mainly has a control function for the work of the Jobcenter and the "dortmund-project" are among the most important ones. Even the smaller providers of social counselling and trainings are organised in a formal network, the ISB. This setting has several advantages: First and foremost, it fosters people to people contacts between the involved actors: *"Because of the dense formal network of committees the actors sometimes meet each other twice a week or even more often if certain meeting accumulate. (...) So I don't have to pick up the phone if I want to coordinate something, because I know I will meet the contact during this week anyway. Something very very unusual, I think"* (LM3). These frequent contacts, in turn, constitute a long-term foundation of trust. On the other hand they certainly facilitate cooperation. Actor A knows: If I do not move towards the direction of actor B in this commission, actor B will not support my opinion in another committee. *"We talk about such topics [i.e. poverty and unemployment], because, you know, we meet each other – in a big city like Dortmund you regularly meet the same actors. (...) The person who told me, poverty that's none of my doing, is for example also part of the administrative board of the Jobcenter where we can discuss things from a different point of view. Well, a close cooperation and interlock is possible"* (LM2). Furthermore, the fact that all actors meet so frequently helps to establish a long-term basis for intense discussions and debates. Personally knowing each oth-

er and meeting each other regularly can be described as the more informal aspect of the highly positive setting of active inclusion policies in Dortmund.

The various commissions entail a further important advantage: That the setting is not informal but instead highly institutionalised very much facilitates the implementation of new policies. The commissions provide a good organisational and administrative basis for putting decisions into praxis.

There is another aspect that explains why anti-poverty issues are attached such a great importance in Dortmund: The consensual patterns are also a result and an indicator of the long-lasting social-democratic hegemony in the city and the federal state. Dortmund is governed by the SPD ever since the end of World War II; be it in a coalition or not. This should have facilitated to implement pro-poor policies: *„Dortmund has always been SPD. And whoever wants to be somebody in this city has to have the right party card (...). That might also have played a role, because everybody (...) always got along well, they got together on different occasions. One can say, that were always the same persons, but if they are the right ones, who want to tackle the challenges, I would say, that in this case it can indeed be helpful that there is a hard core, pushing things. (...) Things work because for example the respective management boards support that”* (SP2). Nevertheless, the dominance of the social-democratic hegemony in the social and political networks might also have negative aspects when looking at some kind of locked-in effects. Yet, none of the interviewed persons mentions any negative consequences of these dense networks.

All these elements explain the unique setting of anti-poverty policies in Dortmund. They lead to or rather express a certain culture: *“We have this culture in Dortmund to try to work together closely instead of focusing too much on the differences, when it comes to our interests and to consider what we can focus on as a linking element and to bundle our forces”* (MA1). Another interviewee labels this consensus as a *“well-practiced tradition”* (LM4). An interviewee from the Federal Employment Agency describes what is at the heart of this culture: *“Short communication paths, open arrangements and cooperation and what is really crucial is that if there are contrary positions we clarify them jointly and take coordinate action”* (LM3).

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